

GOVERNMENT TRANSPORTATION POLICY
IN SELECTED COUNTRIES

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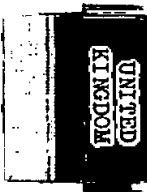
VOLUME II
RAILWAYS
HIGHWAYS

CENTRAL INTELLIGENCE AGENCY

RAILROADS

F-5

NO. 25



~~RESTRICTED~~UNITED KINGDOM - RAILWAY TRANSPORTATIONPOLICIES

1. Policy of the UK with respect to rail transportation will be fundamentally altered by the Transport Act, scheduled to become effective 1 January 1948. Historically, policy of the UK toward the rail lines has been one of non-interference in private enterprise. Under the provisions of the Transport Act, private ownership will be terminated and the government will take possession of the railroads. The Act provides that the rail lines, with certain minor exceptions, will be controlled by a Transport Commission, under the Ministry of Transport, which will have authority "to carry goods and passengers by rail, road and inland waterways." Direct managerial functions will be vested in a railway executive, appointed by the Transport Commission. The Commission will have authority to carry on, with minor exceptions, all of the operations previously performed by the railroads under private management. The present position of the state as the controlling factor in rail operations dates from 1 September 1939, when the Ministry of Transport, under the Defense of the Realm Act, assumed control of the four main line railway companies, the London Passenger Transport Board, and certain other railway undertakings in Great Britain. As a result of this step, certain financial arrangements were made between the operators and the Ministry which provided for pooling of net revenues, with certain exceptions, and for annual payments from such pooling arrangements equivalent to the average net revenues of the rail companies for the years 1935, 1936 and 1937. The London Passenger Transport Board was guaranteed a sum equivalent to its net revenue in the year ended June 1939. The agreement provided, furthermore, that after such payments had been made, any balance in the pool up to £ 3,500,000 was to be paid to the rail lines and the Transport Board in proportion to their respective guaranteed net revenues.

The government will reimburse the four railway companies, whose operations are now to be taken over under the Transport Act, on the basis of the stock market value of their shares as of 1 November - 8 November 1946. Under this plan, the shareholders will receive only about £ 22,700,000 for the four lines whose capitalization is £ 1,101,000,000.

2. Policies with respect to the rail lines are presently determined by the Ministry of Transport and they are subject to a high degree of integration and central administration by the Ministry. Policies with respect to the coordination of rail and sea transport are relatively unimportant. (Coordination of coastwise shipping and inland waterway policies with those of rail lines has been accomplished through private committees and associations.) The Railway Air Services Ltd. was established in 1934 in order to integrate rail and air operations. The integration of surface and air activities is further assured by a recent decision of the British Government that the Boards of Directors of the three government controlled airlines (B.M.A., BOAC and B.S.A.) shall include representatives of shipping and rail circles.

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UNITED KINGDOM - RAILWAY TRANSPORTATION (A-3)

3. Rail policies in the UK have been formulated primarily upon the economic requirements of the country. Although little construction, other than repair of war damage, has been carried on in recent years, there is no doubt that strategic considerations would greatly influence a decision to undertake new construction.
4. Since the earliest days of railway development in the UK, the question of outright state subsidies has received little consideration. Before the war, the four main line companies comprising the major portion of the state's rail system made money steadily, never went into a receivership, and, in fact, entered the recent war in better financial shape than did US railroads. During the depression of the late thirties, the financial decline of the British railways was in no way comparable to that experienced by most US rail interests. British rail operators spent proportionately more on capital renewals than did the US railroads, and made a practice of setting up specific funds for maintenance and additions out of operating expenses (a practice not required of US rail carriers until 1943). The present financial difficulties of the British rail lines can be traced directly to the war. Rolling stock and facilities suffered enormous damage from enemy action, and the present acute shortage of materials and the policy of the government toward imports have operated against any substantial improvements in rail transport.
5. British railways, in the past, were privately owned and were little affected by state policy until recent years. Policy with respect to their operations was influenced primarily by vested interests represented by the stockholders; geographic, historic and political conditions have exerted only a secondary influence.

B. ORGANIZATION

1. Railway operations are under the jurisdiction of the Ministry of Transport. Until the Transport Act becomes operative, 1 January 1948, the following offices, within the Ministry are concerned with railway problems: (a) The Office of Railways deals with rail operations; (b) The Railway Executive Committee, established in 1939, implements state railway policy; and (c) The Railway Rates Tribunal, established by the Railways Act of 1921, authorizes rail rates. In addition to the agencies mentioned above, there are in the UK a number of private and state-sponsored organizations dealing with railway problems.
2. The Office of Railways is the permanent office within the Ministry of Transport dealing with all aspects of railway operations. This office is to be abolished 1 January 1948 and its functions are to be assumed by a Transport Commission appointed by the Ministry of Transportation. The Railway Executive Committee and the Railway Rates Tribunal will continue to function as in the past.

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UNITED KINGDOM - RAILWAY TRANSPORTATION (E-3)

3. The various agencies dealing with rail operations are administratively separate, but coordinate closely in dealing with problems of mutual interest. They are subject to controlled direction and coordination by the Ministry. There is no direct connection between the agencies concerned with rail operations and those concerned with shipping and civil aviation, except in the establishment and operation of coordinated policies.
4. The present status of railway control under authority of the Ministry dates back to the Ministry of Transport Act, 1919, which transferred to the Ministry the powers and duties formerly exercised by other government departments in relation to the various media of transport.
5. Although the Ministry of Transport is generally conceded to be performing exceptionally well in view of the present critical conditions in the UK, there is considerable opposition to the labor government's policies, both present and contemplated, with respect to state ownership and operation of transport facilities. The railway companies insist that nationalization at the present time will be disastrous, that further unification of management is undesirable, that the rail lines should retain their statutory right to earn revenues fixed by law, and that the present plans of the Ministry will completely disrupt rail facilities within the state.

C. ADMINISTRATION

1. The establishment of new railway lines is authorized by the Ministry of Transport.
2. The Railway Rates Tribunal, created by the Railways Act of 1921, is the authority responsible for fixing rail rates. The Tribunal holds annual investigations of railway operating results, and rulings with respect to establishment of rates are based upon such investigations. Historically, British rail rates have been based on the value of the goods conveyed. The railway companies have thus been able to charge exceptionally high rates for some traffic, while at the same time they were compelled to carry coal and other raw material at very low rates. This ad valorem principle employed by the railways has resulted in a rapid increase of highway trucking of certain types of goods at cheaper rates.
3. Competition to the rail carriers in the UK has been offered primarily by highway transport. The ad valorem principle mentioned in 2. above, plus the comparative freedom of operations allowed the road operators, has diverted a large volume of high-class traffic from the railroads. Competition from the road transport operators seriously threatened the financial position of the rail lines, and in 1938 the rail operators requested the Ministry of Transport to revise rate structures and regulations to enable them to compete with the the road operators. Arising out of this request, a Joint Conference was formed shortly before the war to revise rate structures and to coordinate such structures for road and rail service. Although the work of this Conference was inter-

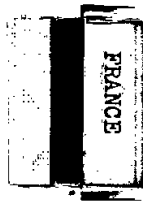
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UNITED KINGDOM - RAILWAY TRANSPORTATION (C-3 CONT'D)

rupted by the war, considerable progress toward rate structure coordination has been accomplished. Under the provisions of the Transport Act, further coordination of road and rails will be carried out and competition between these two media will be largely restricted.

5. It does not appear that the state is participating in the training of technicians for rail transport. The railroad operators, however, have instituted staff training schemes, and Schools of Transport for training of personnel have been established. It is planned to extend such training under government ownership to practically all classes of personnel in the railroad industry.
6. Because of its geographic isolation, international agreements concerning interchange of traffic, joint facilities, rate-fixing, and other problems which in other countries are of considerable magnitude, are of little importance in the UK. An exception to this is the operation of "train-ferries" by two of the major railroads. The London and North Eastern Railway operates three ferry boats, each capable of carrying 45 freight cars of 20 ton capacity between Harwich and Zeebrugge, Belgium. The Southern Company operates three ships of about 3000 tons capacity, each capable of carrying 40 freight cars or 12 passenger cars between Dover and Dunkirk. These operations are carried out under international agreements between the countries concerned.
7. Railroads are required to file income statements with the Ministry of Transport, in accordance with the provisions of the Railway Companies (Accounts and Returns) Act, 1911. These statements are similar in content to those required by the Interstate Commerce Commission with respect to the operations of the US railroads.

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TRANSPORTATION - FRANCE

THE SUPREME TRANSPORTATION ADVISORY BOARD

NOTE: The following information was not available during the preparation of this study.

1. The most important development in French transportation since the war is the establishment by the National Assembly in August 1947 of a Supreme Transportation Advisory Board. The Board will advise the Minister of Public Works and Transport on all transportation matters submitted to it, but may also formulate recommendations on its own initiative. The Advisory Board's immediate mission is to present, within one year, plans for the coordination of rail, highway, inland waterway, air and ocean transportation. It will include in its plans coordination of domestic transport with colonial and international transportation. The Board will study all social, technical, financial and economic matters relative to the organization and functioning of the various modes of transportation; it will also study matters concerning stock and equipment, technical and commercial development and the social, economic and administrative problems arising therefrom.

2. The Supreme Transportation Advisory Board is established under the Minister of Public Works and Transport and consists of 69 members, including representatives from various government agencies, members of Parliament, specialists from the large transport organizations, employee representatives from the operating companies and public organizations such as tourist travel agencies. Seven permanent commissions are established under the Board, charged with examining questions of transport coordination. These are as follows:

Rail	-	highway
Rail	-	inland waterway
Rail	-	air
Rail	-	sea
Highway	-	air
Highway	-	inland waterway
Sea	-	air

3. The Supreme Transportation Advisory Board is financed through a special fund provided by the Minister of Public Works and Transport. The sum expended shall be reimbursed to the state by the various transportation operators under conditions to be set forth by decree of the Minister of Public Works and Transport and the Minister of Finance.

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FRANCE - RAILWAY TRANSPORTATIONA. POLICIES

1. French Government policy, over a long period of time, has been to foster the development of rail transport through legal, financial and administrative assistance of various types. French rail policy attempts to avoid both outright private operation and complete Government ownership by having the roads remain under corporate form with the state owning 51 per cent of the stock.
2. French rail policies are determined by the Department of Railroads and Transport (DIRECTION GENERALE des CHEMINS de FER et des TRANSPORTS) which possesses considerable freedom of action under the authority of the Ministry of Public Works and Transport (MINISTERE des TRAVAUX PUBLIQUES et des TRANSPORTS). Rail policies are integrated into the over-all transport policy as determined by the Ministry.
3. Systematic planning of rail facilities has been a traditional feature of the transport policy of the state. The rail policy of France was historically greatly influenced by the German strategic policy with regard to railroads under Von Moltke. It is probable that French rail development was greatly expedited by the apparent emphasis which her neighbor across the Rhine placed upon rail network development. Recent strategic policy with regard to railroads has been to attempt to counteract, insofar as possible, any transport plans of neighboring states which might threaten national security.
4. The French Government has always promoted the development of rail facilities, and the state has been very liberal in subsidizing and otherwise encouraging such development.
5. French rail policy has been influenced principally by political and economic conditions. While political conditions furnished the first great impetus, it is evident that the economic needs of the country have generally determined the eventual course of railroad policy (except during those periods when military policy determined that national security transcended other factors).

B. ORGANIZATION

1. The rail system of France is under the direction of the Department of Railroads and Transport (DIRECTION GENERALE des CHEMINS de FER et des TRANSPORTS) in the Ministry of Public Works and Transport.
2. The Department of Railroads and Transport is organized into six offices. Of these, five deal with the various aspects of railroad management, such as: (a) administration, (b) finance, (c) control, (d) technical developments, and (e) labor. The sixth deals with over-all coordination of rail and road transport.

FRANCE - RAILWAY TRANSPORTATION (B-3 CONT'D)

3. The Department of Railroads and Transport is an independent agency in the Ministry. It has no direct relation to any other agency in the Ministry, the Ministry performing the functions of such coordination and over-all control as are found necessary. The rail system is related to shipping and civil air functions only through the over-all administration of the Ministry.
4. From the earliest days of French railroads a century ago, the state has shown great interest in their development, and the present "nationalized" rail system is the logical sequence of state policy as developed over the years.
5. In the light of present conditions, it is believed that operations are as efficient as can be expected in view of the economic disruptions and rolling stock shortages due to the war.

C. ADMINISTRATION

2. Proposed rail rates are prepared by the railroads and submitted to the Ministry for study and approval. If the proposed rates appear justified, they are approved. In case of disapproval, the railroad has the right of appeal to Parliament for debate and decision.

In March 1947, the French National Railways brought into operation a completely revised system of rates for freight traffic. The new system is the outcome of several years of detailed investigation. Prior to the new system, freight rates were based on the ad valorem principle. (High rates for high-value cargo regardless of weight or difficulty of handling.) From a national policy standpoint the ad valorem principle had many advantages, but from the standpoint of the rail system, such policy was not entirely satisfactory. As long as rails had a practical monopoly the system worked well, but as soon as competition with other forms of transport developed, the railroads were placed in an unfavorable position, since the ad valorem principle disregarded the actual cost of such transport, while road haulage rates were based on an entirely different principle and took much of the high-value traffic away from the railroads. The new revised freight rate principles include the following points: freight shall not be carried at a rate less than cost; rates for each class of merchandise shall be scaled to meet the level of charges by competing forms of transportation; and, more efficient car loading procedures shall be designed to effect necessary economies. Virtually every commodity has been covered under the new freight rates with the exception of livestock, certain types of road vehicles, and certain high-value commodities, such as precious stones and securities. The present rate system is considered to be a distinct advance over the former policy of charging as much as the traffic would bear and is expected to equate, as far as practicable, rail charges with road rates and still allow an area of competition between the media.

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3. The rail system and the water carriers have a distinct advantage over highway transport, since rail and water carriers receive state aid, while highway carriers do not. (Policies on competition between competing modes of transport are described in C-2.) It is not likely that the acute competition that developed between road and rail facilities in the thirties will be allowed to recur, because this experience proved that each held certain natural advantages which could not be overcome by rate cutting or by traffic practices that eventually proved disastrous to both.
4. Inspection of equipment and safety regulations are the responsibility of the rail lines under the supervision of the Controller of Public Works in the Ministry of Public Works and Transport. European international standards are followed and enforcement of inspection and safety regulations is undertaken by both railroad and state inspectors.
5. The railroads provide technical training courses at the ECOLE POLYTECHNIQUE, which is state-controlled. The government evidences keen interest in the training of transport technicians.
6. The government, through its control of the French rail system, has committed the railroads to a policy of participation in international agreements on exchange of traffic and related problems; in addition it has concluded a number of bilateral agreements with other countries regarding such matters.

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NETHERLANDS - RAILWAY TRANSPORTATIONA. POLICIES

1. Railways of the Netherlands are state-owned and operated. Rail policy is determined by the state through the Ministry of Transport. The government is concerned, at present, with rehabilitation of the railways which suffered extensive war damage. Pre-war studies indicate that: rails accounted for only 15 per cent of all traffic; the principal mode of transport; insofar as freight is concerned, is by water; rails, however, account for the bulk of passenger traffic; and passenger revenues exceed freight revenues on the railroads. It may be expected that rails will assume increasing importance in Netherlands transport as war damage is eliminated and the need grows for rapid transit.
2. Rail policies are determined by the Netherlands Railways Company under the supervision of the Ministry of Transport. Policies for rail transport, while determined independently from other forms of transport, are subject to integration and central administration by the Ministry.
3. The vulnerability of the Dutch railways was amply demonstrated during the war. Strategic considerations, however, have had little effect on development of the railways, which lie off the main European east-west traffic routes, and serve a purpose primarily domestic.
4. Under the policy of complete ownership and control of rail transport, the state is directly concerned with the development of new equipment and the replacing of ways and rolling stock destroyed by the war. Since the end of the war, the state has directed large sums of money to reconstruction work.
5. State policy with respect to railroads has been developed primarily under the impact of economic and political forces. The geography of the country dictated that first efforts toward transport development be directed toward the waterways, but during recent years (since c.1900), the state has recognized that railroads offer probably the best all-around transport system. Rail policy is now influenced considerably by the rapid strides made by highway transportation.

B. ORGANIZATION

1. The railroad system of the Netherlands is under the authority of the Ministry of Transport. However, actual operation of the lines is under the jurisdiction of the Committee of Management of the Netherlands Railways Company. A Rate Commission, independent of the Ministry of Transport approves rates for all forms of transportation.
2. The Committee of Management is appointed by the Ministry of Transport. It has complete control over railway operations. The Committee is composed of representatives of both state and private enterprise.

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NETHERLANDS - RAILWAY TRANSPORTATION (B-3)

3. The various agencies within the Ministry of Transport dealing with the several media of transportation are not related to each other. The Ministry, however, coordinates all transport policy.
4. The present Ministry of Transport was established by the Royal Decree of 18 July 1946, which also abolished the old Ministry of Transport and Power. By the same decree, the Ministry of Shipping was abolished and its functions were assumed by the Ministry of Transport.
5. The rail system of the Netherlands was badly damaged in 1940 by the retreating Dutch Army and later by Allied bombing and by the German policy of retribution for the rail strike in September 1944, called as an aid to the Allied effort. The rail system is recovering its pre-war efficiency as fast as shortages of material and rolling stock will permit. The Ministry of Transport appears to be operating efficiently and in the public interest.

C. ADMINISTRATION

1. The state, through its ownership of the rail system, determines the program for construction or extension of rail lines. Such plans must be clearly in the national interest and necessary to the general welfare.
2. Rates on all transport must be approved by the Rate Commission, similar in function to the US Interstate Commerce Commission.
3. The state does not favor competition between the state-owned rail lines and the privately-owned water carriers. Such competition was one of the primary causes for the state's action in organizing the railroads into a state-owned company. The action of the state in recent years leads observers, and particularly the water carriers, to believe that the state is attempting to move away from its traditional policy of dependence upon inland waterways.
4. There is no state agency dealing specifically with inspection of equipment, but the Scientific Commercial Car Institute, a private organization, contracts to inspect cars and issue certificates of loading capacities.
5. Technical education in the Netherlands is sponsored increasingly by the state and consists of full and part-time training covering a wide range of trades and professions. Excellent training courses for railroad technicians are provided by the State University at Delft. The state does not sponsor railroad training, however, to the extent that it sponsors training in navigation (inland and ocean-going).
6. The railroads of the Netherlands are a party to the Bern Convention regarding traffic, rates, facilities and related international traffic matters.

USSR

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USSR - RAILWAY TRANSPORTATIONA. POLICIES

1. Basic Soviet policy with respect to railway transportation is expressed in the current Five-Year Plan. The plan lists in first place among the 15 major tasks confronting the national economy, "the restoration and development of heavy industry and railway transport, without which the rapid and effective recovery and development of the entire national economy of the USSR would be impossible." The foregoing text is significantly worded. Repeated mention of war damage restoration ahead of new development reflects the most determining factor in the Soviet railway problem. While new construction is in progress to satisfy the expanding Soviet industrialization and the geographic readjustments of post-war Soviet industry, the major emphasis for some time will be placed upon repairing war damage in areas of German occupation, where rail capacities are still below minimum levels demanded by the National interest.

Railway policy, except on minor matters, is exclusively determined by the State at high political levels. The railways are viewed by the government solely as an economic instrument of national policy. Considerations such as convenience of the public, the interests of private ownership, or the requirements of industry, which would strongly influence railway policy in other countries, are of little or no importance in the USSR, where the railway system must be responsive to over-all economic planning, which itself is essentially a manifestation of the Communist Party's political will.

2. In the USSR, policy for the various media of transportation is administered primarily by separate agencies, although coordination in administration can be enforced, if necessary, by the State Planning Commission (Gosplan). In the determination of policy, on the other hand, there is little latitude for independent action, because all important aspects of transportation policy must be approved by the State Planning Commission (and on occasion by the Politburo of the Party). Because the State Planning Commission is charged with establishing over-all economic policy responsive to the Party's political will, and is disinterested in the narrow points of view of individual interests, integration of policy at the planning level is thus theoretically assured.
3. Economic considerations originally determined the pattern of the Russian network, and prior to World War II strategic and military considerations did not strongly influence rail policy, although occasionally, as in the Siberian Maritime Provinces, railroad construction was undertaken with substantially strategic objectives.

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USSR - RAILWAY TRANSPORTATION (A-3 CONT'D)

During World War II the USSR carried out some major emergency railroad construction solely for military reasons, and administration of lines under Soviet control was directed exclusively toward meeting the demands of the war effort.

The announced future development of Soviet railroads does not appear to include major projects which are primarily strategic, although many projects will increase the Soviet economic potential, and thus the military potential. There can be little doubt, however, that the USSR has become more aware of the strategic implications of rail development, or that the Soviet General Staff is carefully scrutinizing all features of railway policy. However, it will not be possible for the USSR rapidly to eliminate the major strategic weaknesses such as (a) the broad gauge of Soviet railroads, (b) the lack of reserve capacity, (c) absence of railways in large sections of the USSR, (d) poor rail connections to border areas along most of the USSR's southern boundaries, and (e) relatively low potential of the existing trans-Siberian railroad. (The completion of the projected South Siberian trunk line, as described in the fourth Five-Year Plan, which will not provide the USSR with a second transcontinental rail connection, is justified in Soviet statements on economic grounds.)

4. As in the case of all other Soviet enterprises, state ownership of railroads makes the question of subsidization inapplicable. (See Merchant Shipping, A-3).
5. Vested interests, in the usual private sense, could not exist in the USSR, and therefore do not influence rail policy. Within the Communist Party, however, thirty years of power have produced some measure of bureaucratic factionalism, which might introduce conflicts at the planning level. Historical circumstances obviously moulded the development of Russia and thus influenced the pattern of rail construction. No historical factor, however, appears to exert a determining influence on present rail policy. Geographic conditions have always influenced rail policy and still limit the direction in which railway development can proceed. Geography and climate, for example, have excluded railroads from Northern Siberia, and the only rail connection from the Atlantic to the Pacific (the Trans-Siberian) is actually a circuitous route when compared to the great circle from Gibraltar to Vladivostok, which passes in the vicinity of Leningrad and touches the Arctic Circle. Climate has also produced large arid areas in the USSR, where water supply

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USSR - RAILWAY TRANSPORTATION (A-5 CONT'D)

for steam locomotives is a major limiting factor in railway operation. Large rivers in the area of railway concentrations (western USSR) have also interposed serious barriers to railway construction. Political considerations indirectly dominate Soviet rail policy, in the sense that the Communist Party's entire economic program, which governs rail policy, is itself a manifestation of the Party's political will. The progress of Soviet industrialization will provide the major incentive to rail development, once the extensive damage of World War II has been repaired. For the next few years the Soviet economy will witness a continuation of the race which has been in progress for many years in the USSR between expanding requirements of industry and increased rail capacity. During this process, rail facilities have never had substantial reserve capacity, nor are they likely to achieve this desirable goal during the current Five-Year Plan.

B. ORGANIZATION

1. While railroad operations are administered by the Ministry of Railways, there are several other Ministries whose activities affect railroad operation and construction. Among these are: (a) the Ministry of the Iron and Steel Industry, (b) the Ministry of the Transport Machine Building Industry, and (c) the Ministry of Internal Affairs. In addition to the direct controls exercised by the above listed Ministries, each charged with specific functions, all aspects of Soviet railroad policy are subject to the over-all economic plans of the State Planning Commission and the political program of the Communist Party.

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USSR - RAILWAY TRANSPORTATION (B-2)

2. The Ministry of Railways is responsible for the formulation of rail policies and administrative procedures at the Cabinet level. Since the Ministry of the Iron and Steel Industry produces major items required by the railroad industry, such as rails, its program must be carefully integrated with projected railway plans. Likewise, the capabilities of the Ministry of the Transport Machine Building Industry, which constructs rolling stock for the railroads, must be considered. The Ministry of Internal Affairs also plays an important role in Soviet rail plans, because it is responsible for roadbed construction and the rail laying.
3. While each of the foregoing agencies is an administrative entity and is independent of outside control at the Cabinet level, they are all subject to top-level direction and coordination by the State Planning Commission. A general statement with respect to overlapping and conflicts in Soviet administrative organization is contained in the answer to B-3 covering USSR Inland Waterway Transportation.
4. The present Ministry of Railways was originally a part of a Commissariat having over-all responsibility for all transportation, with departments to administer the various media. The development of economic planning during the past twenty years has resulted in a sharp compartmentation of transportation administration, so that today there are separate Ministries for railroads, inland waterways, and the merchant marine. There is no evidence of impending change in the present administrative structure.
5. By Soviet definition, all government agencies operate in the public interest, because they implement the Party's program. On the other hand, even official assessment of the efficiency of individual agencies is frequently unfavorable, as evidenced by press criticisms of operational and bureaucratic deficiencies. If the efficiency of the railroads themselves is compared to that of the US or UK, for example, Soviet operations appear inefficient in certain respects. Trains operate at low speeds, automatic block-signal equipment and modern couplings are only available in limited quantities, car loadings and unloadings are subject to delays, and passenger traffic is badly neglected. On the other hand, many increases in efficiency, postponed by the war, are now being effected. The average length of haul is being reduced, heavier rails are being laid in large quantities, long stretches of line are being electrified, Diesel equipment is being introduced, and numerous lines are being double-tracked. The result of this program will be a material adjustment upward in the rail system's ability to meet the requirements of the planned Soviet industrial expansion. The railroads, however, will not soon be able to offer comfortable transport to a large volume of passenger traffic, because the Fourth Five-Year Plan provides for relatively minor construction of passenger cars.

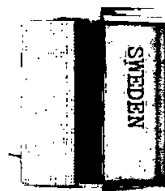
USSR - RAILWAY TRANSPORTATION (C-1)C. ADMINISTRATION

1. Projects for the construction of new rail lines in the USSR are the responsibility of the Ministry of Railways at the Cabinet level. Because of their importance, however, there is little doubt that they must be referred to all agencies, political, economic and military, whose interests might be affected. The final decision, in fact, is probably taken in the State Planning Commission, or even the Politburo.
2. Rates for railroad traffic are centrally determined and apply to all Soviet lines. They are established at a level which assures the return of a planned profit to lines which operate at average efficiency. The USSR may permit sub-marginal lines, which could not show a profit on the basis of official rates, to maintain the fiction of operating profits through the use of concealed special charges. In the numerous instances where the demand for freight space far exceeds the available supply, the state equates supply and demand by allocating space on the basis of a complicated system of traffic priorities, instead of permitting rates to be raised by the competition of shippers for space.
3. Competition, in the usual sense, does not exist in the USSR, and there is no competition for business between the various rail lines. (Shippers, in fact, are more likely to compete for space.) "Socialist competition", present in all forms of transportation, is especially well organized throughout the rail system. This activity is promoted by the trade unions and the state in order to increase operating efficiency in such ways as hauling larger loads, speeding up service, and reducing the accident rate. Competition between the railroads and the other transport media in the sense of one media invading the logical province of another is theoretically eliminated by the transport planning activities of the state.
4. There are carefully defined rules covering operating safety and the condition of equipment on Soviet railroads. Both equipment and personnel are subject to periodic inspection, depending upon the type of equipment on the one hand and the nature of work engaged in on the other. In the regulations great emphasis is laid upon the personal responsibility of operating personnel for the condition of equipment under his jurisdiction. Accidents are investigated on the spot, such investigations being held in "people's courts" where greater emphasis is reported to be given to the circumstances of such mishaps than to legal aspects. The importance which the State attaches to the investigation of railroad accidents is revealed by the fact that military tribunals have jurisdiction to a certain extent over the conduct of such investigations, although safety regulations are established under the authority of the Ministry of Railways. The actual administration

USSR - RAILWAY TRANSPORTATION (C-4 CONT'D)

of the rules outlined above is frequently lax, and public hearings regarding accidents sometimes reflect political considerations beyond the merits of the cases.

5. Technical schools are under the jurisdiction of the Ministry of Labor Reserves. The state maintains a network of such schools devoted exclusively to training technicians for the railroad industry. These schools are distinct from the technical schools where training in transportation is given as a part of the general curriculum. In addition to the foregoing training, boys with only elementary school education who wish to join the railroad industry are enrolled in trade schools where they are given training below the level required by technically skilled workers. Further training of selected students from the above group is given at the college level. It is known that Soviet workers in theory must possess evidence of qualifications and previous employment. These papers can be demanded as a condition of employment.
6. International agreements covering railway operations have been an important feature of Soviet foreign policy since the end of World War II. In 1945, for example, the USSR solidified its position in Manchurian railway transportation by concluding with China a Treaty of Friendship and Alliance. In connection with this agreement, joint Soviet-Chinese ownership and exploitation of the important Manchurian trunk lines were guaranteed for a period of 30 years. The USSR is entitled to unimpeded transit of goods from the Soviet naval base at Port Arthur and the free port of Dairen to the system's connections with Soviet territory. Another formal agreement has been concluded with Roumania, giving the USSR preferential rights on the Roumanian railroads. Irrespective of signed agreements, the USSR controls railroads in the Soviet-occupied areas of Europe, where drastic measures with regard to the utilization of rolling stock, change of gauge, and even dismantling of lines have been carried out.
7. Voluminous statistical and economic reports are submitted monthly to the Ministry of Railways by the low-level operating and administrative groups.



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SWEDEN - RAILWAY TRANSPORTATIONA. POLICIES

1. The majority of Swedish railroads are owned by the state. The policy of state ownership dates back to the middle of the 19th century, and in recent years there has been a marked trend toward complete nationalization of the rail system of the country. The railroads are Sweden's prime form of transport, and the bulk of all freight traffic, except timber and iron ore, moves by rail over a well-developed network, about half of which is electrified. All policies concerning railroad administration and operation are determined by the state through the State Railway Administration (J.R.N.V.A.G.SSTYRELSEN).
2. Railroad policies are determined and administered separately by the State Railway Administration, an independent office in the Ministry of Communications. The Ministry is charged with integration and administration of all communications and public works policies, and is the liaison channel through which the various organizations concerned with transport deal with the state.
3. Strategic and military considerations have had little effect upon the determination of Swedish rail policy which directs the railroads in furthering economic and industrial considerations.
4. Since the government owns the major portion of the rail system (74 per cent in March 1946), subsidies, in the commonly accepted usage, are of little consideration. The government, however, is very active in promoting improvements in equipment and operating procedures on both state-owned and privately-operated lines.
5. Government rail policy in Sweden has been influenced in recent years by economic and geographic considerations and vested interests have relatively little direct influence.

B. ORGANIZATION

1. The agencies of government concerned with state-owned and private lines are as follows:

The State Railway Administration (Ministry of Communications)
 The Railway Council (J.R.N.V.A.G.SRADET)
 The State Railway Board

2. The State Railway Administration is organized by bureaus, each dealing with specific problems of administration and operation, such as traffic, safety and finances. The Railway Council acts as an advisory board on questions involving rail traffic. The State Railway Board is appointed by the government and operates through district administrators. Representatives of the State Railway

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SWEDEN - RAILWAY TRANSPORTATION (B-2 Cont'd)

Board are customarily appointed to the Board of Directors of private rail lines to which the government has made loans.

3. The State Railway Administration has no direct relation to any other transport agency, except as its operations are affected by over-all control and coordination within the Ministry of Communications.
5. The Swedish railroad lines are considered by competent authorities to be among the most efficiently operated of all state-owned systems and no public criticism is apparent concerning either administration or operation.

C. ADMINISTRATION

1. The Ministry of Communications is charged with the responsibility for determining the need for new rail lines or extensions of the existing systems. The need for new rail facilities is determined by the government in accordance with the needs of industry and commerce. The Ministry is inclined to allow privately-controlled lines to develop as they see fit. It should be noted, however, that due to the intense competition of highway transportation, no new rail construction is contemplated and some rail lines have either discontinued or sharply curtailed their operations.
2. Rates applicable to the state-operated lines are promulgated and established by the Ministry of Communications. Rates on privately-operated lines must be submitted to the Ministry of Communications for approval. Minimum freight and passenger rates are established by the State Railway Board, which has authority to effect changes under certain conditions.
3. The principal competition to the rail lines is offered by the highway transport carriers. The state does not attempt to favor rails over highway carriers, despite the financial interest of the state and as a result of this policy, the rail lines have suffered. This is particularly true of the 35 privately-owned and operated lines which account for 26 per cent of the total rail mileage. Despite the basic competitive positions of the two media of transport, however, a policy has been evolved which enables both rail and road transport to organize cooperative services for their mutual benefit.
4. The regulations applying to both state and private railways are issued and enforced by the Royal Railway Board, whose decisions in all major matters are subject to the approval of the government, and in specific cases, of the Riksdag.

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SWEDEN - RAILWAY TRANSPORTATION (C-5)

5. There are a number of technical schools which are either state-operated or state-subsidized, offering courses in technical training. The Royal School of Technology in Stockholm, and the Chalmers Technical College at Goteborg are examples.
6. Sweden is a party to many international agreements concerning traffic facilities, rates and other related railroad problems.

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PRE-WAR GERMANY - RAILWAY TRANSPORTATIONA. POLICIES

1. The Reichsbahn law of July 4, 1939, was the final definition of the position of the German National Railroad: its internal organization, its financial status, its relationship to the Government and other public bodies and undertakings. Paradoxically, the Reichsbahn must be described as a completely state-owned enterprise which still enjoyed financial, administrative and operating autonomy. As a juristic person, it administered all its operations under its own responsibility. Its peculiar status under the legal device of a "Sondervermögen des Reiches" (Special Property of the Nation) gave it the self-government necessary for successful operation, though "belonging to the Reich alone, influenced by the Reich alone, and responsible to the Reich alone". The only injunction expressly laid on the Reichsbahn was that it was not to consider itself as a profit enterprise but as a public service which had to be self-supporting at the same time.

The transportation policy of the German Governments between the wars transcended the usual duties of regulation of abuses arising from monopolistic tendencies, or the general protection of the public interest. The preamble to the law on land passenger traffic of December 6, 1937, expresses the German attitude in these words:

"In the National Socialist state the leadership (Führung) in regard to transportation is a task of the State. The means of transportation can be operated either by private persons or by public bodies. But all must subject themselves to the rules which are framed uniformly for the whole Reich. Each branch of transportation must be assigned those tasks which it is likely to serve in the best possible manner within the frame of the whole transportation system and of the national economy."

In transportation, as in other phases of economic activity, the Nazi state brought to completion tendencies already existing, for "in Germany the concept of transportation (Verkehrsgedanke) has always been most intimately bound up with the concept of the National State (Reichsgedanke)". The German transport system has been "nothing other than the expression of the political and politico-economic ideas" of Germany.

Paragraph I of the law of February 17, 1934, charged the Reich Minister of Transport with the organization of the whole system of surface transportation on the basis of this conception of uniform control. The way had been prepared for him by the nationalization of the state railroads and the main highways, the inauguration of motor transport regulation, and the assumption by the Hitlerian State of broad powers after the eradication of the states as political entities. More than 90% of the trucks, about 50% of

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (A-1 CONT'D)

the buses, and most of the river vessels were permitted to remain privately-owned and operated. However, the Ministry, by means of the "self-governing" Transport Groups, exercised far-reaching control on the transportation services and auxiliary enterprises not immediately owned by the Government. Hence, the German Ministry of Transport from 1934 to 1939 exercised the functions of a railway board of managers for the Reichsbahn, combined with responsibilities similar to those of the US Interstate Commerce Commission and of the US Maritime Commission as regards the remaining carriers.

In pre-war years such as 1937, the Reichsbahn handled about 73% of all freight traffic of the country, as against 3% handled by privately-owned railway lines, 21 1/2% by waterway carriers and 2 1/2% by highway vehicles. In the passenger field, statistical evidence is less complete, but the Reichsbahn apparently conducted some 70% of all passenger travel, privately-owned railways about 3%, and the motor carriers about 27%, much of which was purely local business. In physical extent, the inland waterways (streams and canals) totaled 12,000 kilometers, the railroad net 80,000 kilometers, and the road net (including the Autobahnen) 250,000 kilometers.

The following indicates generally the proportions of the pre-war division of traffic:

<u>Type of Transportation</u>	<u>Freight Tons</u>	<u>Passengers</u>
Private railways	3,700,000,000	22,200,000
State railways (the Reichsbahn)	97,832,600,000	618,204,100
Waterways	28,972,600,000	-----
Highways	3,254,000,000	214,000,000
Total	133,759,200,000	881,404,100

- The law of February 17, 1934, combined in the National Transport Ministry the governmental regulation of all modes of surface transportation with the management of the national railroads. The glaring exception to the "uniformity of control" prescribed by this law was the independent administrative position of Dr. Fritz Todt, succeeded by Alfred Speer, as General Inspector of the German Road System.

Although the posts of Minister of Transport and General Manager of the Reichsbahn were combined in one person after 1937, the Transport Ministry, through its railroad departments, administered the railroads on a basis of extreme decentralization.

- The Germans were among the first to recognize that the "armed forces of a nation are not a thing in themselves, but an expression of the entire state and folk structure. A real people in arms must utilize for the purposes of national

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (A-3 CONT'D)

defense everything that the land and its characteristics provide... An industrialized state must possess armed forces that use all the possibilities of industry". This concept is that which General Thomas, Chief of the Military-Economics Section of the German General Staff, called "depth of armament", and which is usually described in Ludendorff's phrase as "total war". "A certain military political meaning can be demonstrated for every branch of politics". The place of transportation in this scheme of grand strategy is subordinated to the general needs of the economy. "The principle is that transportation does not exist for itself, but has its only meaning and justification in serving the country's economy". The Mittelland canal, for example, was conceived in terms of the huge Hermann Göring works at Salzgitter.

The roles assigned to transport in theoretical considerations of strategy were therefore secondary to its economic importance in the war potential. At the same time, German transportation was in a state of all but complete mobilization even before the outbreak of war. Most obviously, pre-war physical transportation facilities far exceeded the demands of a normal peace time industry. That the restrictions on highway and inland waterway traffic were kept in force until 1938 demonstrates that neither the Autobahnen nor the canals fulfilled essential needs. "If from many sides critical opinions are heard which proclaim our overcapacity, it still remains an enduring principle that a responsible government plans and creates all traffic means and establishments in terms of the future. In transportation, potential must be greater than immediate transport needs. The best example is the building of the Autobahnen ordered by the Führer."

The strategic meaning of the Reichsbahn in Nazi thinking is illustrated by a significant change in the wording of the fundamental laws. Paragraph 2 of the laws of August 30, 1924, and March 13, 1930, agreed that the Reichsbahn was "to conduct its operations for the preservation of the German folk economy under business principles." In section 3, paragraph 3, the law of July 4, 1939, provided that the "Reichsbahn is to be administered for the use of the German people; in this connection, the importance of the national defense is to be considered".

4. After November 1923, the German Reichsbahn received no financial subsidy from the Reich. On the contrary, from 1924 to 1931 the railroad paid sums approximating 660 million RM annually for reparations under the Dawes plan, and at the same time a transportation tax averaging 290 million RM annually. After the end of reparations, a fixed sum of 70 million RM was paid annually in addition to the transport tax. With the expansion of German industry under the Nazis, the Reichsbahn was called on to contribute even more substantially to the Government. In 1937, a plan was worked out whereby 3% of a total under 4 billion RM, and 9% of any sum over 4 billion RM, were to be turned over to the Government. The amounts for 1937 and 1938 were 157.8 million RM

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (A-4 CONT'D)

and 193.4 million RM respectively. In addition to these sums the Reichsbahn paid the transport tax, which for 1937 was 254.7 million RM and for 1938, 286.7 million RM. The law of July 4, 1939, on the assumption that with the absorption of the Austrian, Sudeten, and Memel lines a total operating income of 4.6 billion RM might be expected, provided that 3% of this amount--and in no case less than 100 million RM annually should be paid to the Nation. This was to be treated as operating expense. In addition, it was provided that the contribution should be increased or decreased by 10% of the amount of which the total income exceeded or fell below the stated level of 4.6 billion RM.

5. The use of the "Gemeinnutzliches Tarifsystem" as an instrument to effect Nazi economic ideas is described in C-2.

The subordination of the states to the nation was an avowed goal of the post-Bismarckian German Nation. As part of this policy, the Weimar constitution assumed for the Reich control of all means of transportation, but practice lagged behind the expression of intention. The states fought the Reichsbank on the allotment of railroad stops and stations, and the geographical definitions of administrative boundaries. Seven thousand local political units were involved in the administration of the roads. The transfer of waterways to the Reich set for April 1, 1921, was never effected, because the states wished to give up only the duty of maintenance, while reserving to themselves the right of administering flood control, drainage, reclamation and water transportation. The law of February 17, 1934, with exceptions already noted, accomplished the transport unification of Germany, to go along with the political unification proclaimed by Hitler on January 30, 1933.

In the field of what the Germans called "Bevölkerungspolitik" (population politics) important missions were assigned the railroad and the Autobahnen. "The state has built a series of railroads which, by private economic standards, were never worth building, because they brought in no profit. Thinly settled, economically poor districts have been tied up with industrial and cultural developments. The economy of border districts, where the populace, because of the proximity of the foreigner, needed particular strengthening, has been supported." The decentralization of industry was stated as an official government policy as early as March 29, 1935.

Transportation was also an agent of politics in the narrowest sense of that word. The canals, the Autobahnen, the commercial air fleet were all visible symbols of the vitality of the new regime, as well as sources of employment for the workless. "At all times the roads have been the expression of the culture and status of a people. The highways of ancient Rome, of Napoleon and the Chinese Empire, and of the Incas bear witness to this fact. Our roads also shall exist eternally--The name Adolf Hitler obliges us to make of his roads the expression of our new era."

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (A-5 CONT'D)

The German conception of the place of that country in the world geographic structure has been popularized in the geo-political writings of Karl Haushofer. The traffic-geographical conditions of Germany can be summarized as: (a) the almost parallel south to north course of comparatively closely situated rivers (Rhine, Weser, Elbe, Oder, Vistula) which needed only the east-west connections supplied by the Mittel-land and Adolf Hitler canals; (b) the influence of river valleys by the shaping of the mountain ranges in the development of the railways; (c) the full opportunities provided the automobile by the extensive lowlands that make up the greater part of Germany.

The perennial aspirations of the nationalistic intelligentsia of Germany, Middle Europe under German domination, and the "Drang nach Osten" were undoubtedly conscious aims of the German transportation policy. An example in point is the waterways. "The prime consideration has been not whether the way would be a sound economic development, not whether tolls received plus income from power plants would carry the fixed charges incurred for construction, but whether the completed waterway would serve as an artery in a completely united and self-sufficient economic area, composed of Germany and the small states on the Danube, under the domination of Germany, and affording basic economic security and military power."

B. ORGANIZATION

1. The Ministry of Transport was concerned only with major prob-
2. lems of policy, such as rates, status of personnel, and bud-
3. getary matters. Routine control and day-to-day management were effected by the 26 (in 1938) Divisional Managements (Reichsbahndirektionen), who were not limited in authority to the maintenance of way and structure and the operation of equipment, as in the American scheme of divisional organization. On certain matters of policy the Minister had the advice of a special advisory council, formed of representatives of industry, trade, and public. Directly under him there were two technical offices, at Berlin and Munich, in charge of mechanical and civil engineering, workshops, research, and other technical matters requiring common administration.

Under the divisions were the local district offices for traffic, construction, operations, locomotives and rolling stock, responsible for their particular function in their districts. The major workshops were supervised by a board consisting of ten of the division managers. To coordinate the work of the 26 divisional managements there were three operating offices, in Berlin (East), Essen (West), and Munich (South). They were responsible for the harmonious coordination of train and traffic working in the divisions under their immediate control. However, the divisions were on equal footing with the operating offices, and in all administrative matters were responsible only to Berlin.

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (B-1, 2 & 3 CONT'D)

The general regulation of private railroads was also the task of the divisional president, although tariff problems were still reserved to the Minister. In the case of light railroads, the regulatory functions were divided. Powers of administrative regulation were delegated to the state authorities, whereas technical regulation was exercised in all areas (except Bavaria) by the presidents of the division managements. Both private and light railways were members of the Reich Railways Transport Group in the National Transport Group of the German corporative system. The Railway Transport Group therefore represented the railroads insofar as they remained in private, municipal or state hands, but only in a consultative sense.

The centralization of power in the Reichsverkehrsministerium (Ministry of Transport begun by the decree of June 21, 1919, and confirmed by the law of February 17, 1934, continued all through the pre-war period. It is to be noted that two aspects of transportation were assigned to other agencies: (a) air transportation was the business of the General Air Office in the National Air Ministry, (b) the supervision of road construction and maintenance had been shifted to the Inspector General for Roads.

The Ministry of Transport was headed by a Minister, Dr. Ing.e.h. Dorpmüller. The Undersecretary, Dr. Ing. Ganzenmüller, was the overall head of the Railroad Divisions. An Advisory Council (Beirat) consisting mainly of industry representatives and transportation experts, carried out purely consultative functions. The various divisions of the Ministry will be discussed below as they were related to each form of transport.

The railroad divisions of the Reichsverkehrsministerium did not merely "supervise" or "control" the administration of the Reich railroads; they managed them directly. All organs of the Reichsbahn were Reich agencies, its employees were civil servants of the Reich. The Minister of Transport was the head of the Reichsbahn, with the title of Generaldirektor der Deutschen Reichsbahn. As Assistant in this capacity, he had an Undersecretary of the Ministry, whose title was Stellvertretender Generaldirektor (Deputy General Manager).

The Railway Traffic and Rates Division (Eisenbahn-Verkehrs- und Tarifabteilung) prepared and adjusted rate schedules, organized the regular transportation services for passengers and shippers, and in addition handled large mass movements of persons and goods and arranged preferential rate schedules therefor. In this capacity, it managed the transport aspects of the Nuernberg mass meeting of "Kraft durch Freude"; and in wartime it adapted railroad transport regulations to military needs, in cooperation with the Railroad Finances and Legal Matters Division.

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (B-1, 2 & 3 CONT'D)

The Operational Management Division (Eisenbahnbetriebsabteilung) controlled the operational coordination of the whole railroad system, including the technique of train and locomotive services, marshalling and switching, and the preparation of timetables.

The Machine-technical Matters and Purchasing Division (Eisenbahn-Maschinentechnische-und-Einkaufsabteilung) placed orders for major new acquisitions, and was the top administrative agency in control of workshops, stores, locomotives and electrification works. It handled mechanization projects, electrification, and research on the problem of substituting domestic materials for imported ones in order to save foreign exchange.

The Railroad Finances and Legal Matters Division (Eisenbahn-Finanz-und Rechtsabteilung) handled the finances of the Reichsbahn, one of the world's largest single business enterprises, separately from the general finances of the Reich. The accounts of the Reichsbahn were prepared from the daily reports of the 26 Divisional Managements, which were treated almost as separate enterprises. As prescribed by the Reichsbahngesetz, balance sheets and profit-and-loss accounts had to be published yearly. This Division had two sections. The Legal Section (Rechtsabteilung) handled the Reichsbahn's day-to-day legal business, formulated rail legislation and transport regulations. The Light Railroad Section (Kleinabteilung) regulated the 136 privately-owned railroads, the 309 narrow-gauge railroads, and the 100 commercially run sidings, all totaling about 13,000 kilometers, which formed approximately 20% of the Reichsbahn's entire network. Routine technical matters for these roads were controlled by division managements. The private and light railroads were organized into a corporate system of transportation, which as a unit exercised strict control over its members and interfered radically with the management of the component enterprises. This corporate system was under the control of The Division for General Administration (Abteilung für Verwaltung).

The Division of Personnel Matters (Eisenbahn-Personalabteilung) handled the personnel affairs of more than 1,000,000 men and women. One section (under a Ministerialdirektor) dealt with employees; another (under a Ministerialrat) with laborers.

The Division of Construction (Eisenbahn-Bauabteilung) supervised the reconstruction and expansion program. In addition, numerous Construction Offices (Neubauämter) were created; these were subordinated to the Divisional Managements.

The Railway Planning Division (Eisenbahn Planungsabteilung), a newcomer among the railroad divisions, seems to have assumed, before 1943, the functions of the former Railroad

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (B-1, 2 & 3 CONT'D)

Construction Division (Eisenbahn-Bauabteilung). Although no complete description of the work of this division is available, it may be assumed that the jurisdictional difference between it and the Division of Construction was that the Planning Division prepared the plans for new construction and reconstruction projects, the execution of which was supervised by the Division of Construction.

The Railway Military Matters Group (Eisenbahnwehrmachtliche Angelegenheiten), set up long before the war as a liaison between the Ministry of Transport and the Wehrmacht, prepared the plans to meet the needs of military transportation and arranged schedules to go into effect when war should begin. During the war, this division cooperated closely with the military authorities.

The Audit Organization of the Reichsbahn (Hauptprüfungsamt) audited the Reichsbahn accounts. It cleared accounts with the Rechnungshof des Deutschen Reiches (Court of Accounts of the Reich). Subordinated to the above were the audit offices attached to the Central Offices and to each Division Management. The chiefs of these were the accounting officers of the respective agencies. When they acted in the capacity of chief of audit offices, they reported to the Chief Audit Office; otherwise, they reported to the President of their agency.

Complementing the Transport Ministry in its performance of regulatory functions were two organizations, a resume of whose workings will be given here.

By the Act of November 27, 1934, Germany's business enterprises were organized into self-governing groups, headed by the Reich Economic Chambers, with compulsory membership. The 140,000 transportation enterprises were originally a part of this system, but by a decree of September 23, 1936, they were separated from the other Reich groups, renamed "Organization of Transport", and divided into seven functional groups.

The Transport Groups were placed under the jurisdiction of the Minister of Transport, whereas the other Reich Groups remained under the nominal administration of the Ministry of Economics. The Transport Groups, although referred to as "self-governing bodies", acted as government agencies, with power to intervene in almost every aspect of the management of the transportation enterprises, including questions of expansion, transfer of officers, and personnel problems. Through interchange of delegates with the other organizations, such as the Reich Chamber of Economy, the functional and regional groupings of industry and trade, and the German Labor Front, uniformity of administration was theoretically ensured.

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (B-1, 2 & 3 CONT'D)

Those transportation facilities which were not in the hands of the Reich were thus united into the Reich Transportation Industry (Reichsverkehrsgewerbe) with these seven groups:

1. Ocean Transport
2. Motor Transportation
3. Private Railways
4. Inland Shipping
5. Forwarding and Storage
6. Auxiliaries of Transport
7. Hauling and Carting

These groups were divided into Trade Groups (Fachgruppen), which in their turn were divided into Sub-Trade Groups (Fachuntergruppen).

The function of the National Transportation Advisory Council was to produce a close liaison between different branches of the industry and in turn with the users of transportation. The results of their deliberations were presented to the Transport Minister to use or reject as he saw fit. The Council meetings were held irregularly at the convenience of the Minister, who also fixed the agenda for the meeting. The broad purpose was an exchange of ideas on the national scale between shipper and carrier. The composition of the council indicates the character of its representation: The leaders of the 7 transport groups, 6 delegates from industry, 2 from the National Food Chamber, and 1 each from the Air Ministry, the Post Office, and the Inspector General of Roads, the Cities, the German Labor Service, and the National Cultural Chamber. The Advisory Council was duplicated all down the echelons of command so that every subgroup had an advisory council formed on the same representative principle.

4. As has been said, prior to the Weimar Republic, transportation matters were not centralized in the Reich. The Weimar Constitution, however, transferred the state railroads to the Reich for uniform management. By the decree of June 21, 1919, the Reich Ministry of Transport was established. In 1934, the Reich Ministry of Transport and the Prussian Ministry of Transport were unified under the name of the Reichs-und Preussisches Verkehrsministerium. After the annexation of Austria, the name again became Reichsverkehrsministerium.

When the Ministry of Transport was created, the aim was to concentrate all supervision and control in one Reich agency. The states showed considerable resistance, which was gradually overcome to some extent. Under the Nazi regime, the internal

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (B-4 CONT'D)

organization and personnel of the Ministry of Transport were at first left relatively unchanged. The concentration of power in the Ministry of Transport continued, although important sectors were again taken out of its jurisdiction: (a) the Ministry of Air Transport took over aerial transportation; (b) the construction of waterways was transferred to the Inspector General for Water and Power; (c) the supervision of road construction and maintenance was transferred to the Inspector General for Roads; and (d) maritime shipping was placed under the Reich Commissioner for Ocean Shipping in 1941.

5. In the absence of a free press or of parliamentary debate on the Anglo-American model, there could be no free expression of opinion in Germany on the operating efficiency of a government department or a state monopoly. Taking performance as the yardstick of measurement, we have the statement of the United States Strategic Bombing Survey:

"In brief, the Reichsbahn was the sort of plant any railway man would like to have constructed had he been free from financial obligations...Esprit de corps among German railroaders appears to have been very good. Moreover, the standard of technical training and general competence was exceptionally good."

"Prior to the war, Germany possessed one of the most complex, adequate and well-maintained railroad systems in the world...A strong inland waterway system connecting the important rivers of North Germany, crisscrossing the Ruhr coal area, and providing through water transportation from the Ruhr into the Berlin area, accounted for 21 to 36 percent of the total freight traffic movement. It was well adapted to the movement of heavy cargoes in and out of the Ruhr district. Commercial highway transportation of freight was of little significance, accounting for less than three percent of the total, and coastwise shipping was of minor importance compared with the total inland movement. Contrary to general belief at the outbreak of the war, none of these transportation systems was undermaintained. Standards were well above those common in the United States, an element of strength which would permit curtailment in maintenance for a period of years before operating efficiency or safety would be affected."

C. ADMINISTRATION

1. This question is not strictly applicable, since the governmental policy was one of restricting rather than expanding transport facilities and enterprises. For specific information, see the relevant sections of this report.

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PRE-WAR GERMANY - RAILWAY TRANSPORTATION (C-2)

2. The German rate structure was known as Gemeinwirtschaftliches Tarifsyst~~e~~m (rate structure based on the interests of the economic life of the country as a whole). The subordination of the freight rate structure to considerations of economy, defense and politics may be illustrated by noting some of the special adjustments. The railroad rates effective in 1937 reflected the four-year plan. Thus special rates were established for raw materials used in the manufacture of artificial wool and cotton yarns. Special rates were also allowed for German raw materials where such rates stimulated their use and saved foreign exchange; examples were ores, slags, and synthetic Diesel fuel. Low rates on potash and calcium were designed to help agriculture. On the other hand, by way of aiding exports, iron and steel goods, paper, glass supplies, and chemicals could be hauled to seaports at special rates. Material for the Autobahnen was carried at cost, this accommodation (rendered for an ostensible subsidiary which was in reality a rival) amounting to a probable total sacrifice of 100 million RM at the end of 1937. In addition, some arrangements were even more directly political. Building materials for the party grounds at Nurenberg were forwarded at a reduced rate of 30 percent. In addition, goods destined for winter help were shipped free of charge, entailing a freight revenue loss to the Reichsbahn of 18 million RM.

The Reichsbahn had separate rating systems in operation for wagon-load traffic and traffic in part wagon-loads, and further, according to whether the traffic was conveyed in ordinary freight trains. The ordinary rate classification applied only to wagon-load traffic; there was no classification for part wagon-load traffic, which was charged according to freight tables based on weight and distance. Wagon-load rates applied to wagon loads of 15 tons and upwards, and were increased by fixed percentages, varying with the class of goods for wagon-loads of ten tons and five tons respectively. All haulage rates tapered downwards with increase in distance.

The exceptional tariffs were not always special rates as usually understood, that is, rates applying to certain goods and to certain areas. There was a considerable number of exceptional tariffs in favor of certain commodities from all stations to all stations in Germany. Some of these so-called special rates had a general application and thus functioned merely as a new classification added to the general tariff. Thus, there was a raw materials tariff for bulk commodities such as fertilizers, potatoes, minerals, etc. These general exceptional rates had no quantity restrictions and were available to and from all stations in Germany.

In addition, there were many genuine exceptional tariffs. These rates were subjected to a number of restrictions over and above those which would apply to the same commodity when dispatched at the normal rate. The employment by a

PRE-WAR GERMANY - RAILWAY TRANSPORTATION (C-2 CONT'D)

trader of a given special exceptional tariff was usually dependent upon the observation by him of certain attendant clauses. An example was the 'producer' clause; when this was imposed the goods for dispatch must have come from a particular country, district or town. This clause was generally imposed as a discrimination between home products and imported goods, but was also employed to aid the development of an industry in an area unfavorably situated geographically. When the clause 'prohibiting re-export' was applied, goods were given a reduced rate to a particular foreign country on the understanding that once the goods had reached their destination, they would not be re-consigned elsewhere.

Exceptional tariffs were introduced on the German railways as part of a policy which aimed at adjusting the cost of transport so as to benefit the country as a whole by assisting industry and trade against foreign competition, and by developing exports. The exceptional tariffs may be divided into two main categories: (a) Exceptional assistance tariffs; these were introduced in order to favor economic activities within Germany. They facilitated the transport of vital goods, the movements of exports from their place of origin to the seaport, and protection of home markets. They overcame temporary disadvantages by emergency measures, e.g. they permitted the granting of rebates to retain the custom of traders near a frontier, who could obtain cheaper rates by using a foreign railway. (b) Exceptional competitive tariffs: these tariffs were designed to prevent any undue trespassing within Germany of foreign transport systems which could offer lower rates for exports and imports - seaports, railways, waterways, air or road transport. A prominent example of such tariffs was the Seehafenausnahmetarife, which exerted a powerful influence in diverting to Bremen and Hamburg from Antwerp and Rotterdam the traffic of Western Germany, and which to some extent diverted from Antwerp, Rotterdam, Marseilles, Genoa and Trieste the traffic of South Germany and Switzerland.

3. Since the fixing of tariff rates is the single most important instrument of regulating transport competition, this question is implicitly answered in the answers to question C-2.
4. There were no peculiarities in the German administrative system of safety regulation and inspection which require enumeration here. The only difference from commonly accepted practices lay in the high degree of centralization within the Ministry of Transport.
5. The employees of the Reichsbahn, by far the largest single element in transportation, were civil servants, and therefore subjected to the training and educational requirements of civil service. They were similarly divided into three main classes: higher civil servants (höhere Beamte), civil servants of intermediate rank (mittlere Beamte), and those of lower rank (untere Beamte). Prior to the war higher officials numbered about 1.2%, civil servants of intermediate rank 30%, and those of lower rank 68.8% of railroad personnel.

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PRE-WAR - RAILWAY TRANSPORTATION (C-5 CONT'D)

The higher career was in general open only to well recommended applicants with full university education and good scholastic records. Applicants with legal background were required to have passed the state bar examination which required, in addition to graduation from a university, 3 to 4 years of training in courts and law offices. Applicants with engineering background were required to have graduated from an institute of technology in mechanical or civil engineering, and, after 3 years training in technical railroad service or in other technical enterprises, to have passed a special engineering examination for higher railroad service. When admitted to railroad service, both classes were trained for a period of 1 1/2 to 2 years in all fields of practical routine (in division managements, superintendents' offices, and subordinate agencies). They then started as junior section members of a division management. Promotions were based on ability. Under pre-war conditions about 45% of higher officials were civil engineers, 25% mechanical engineers, and 20% had legal training. Only about 10% were promoted from the intermediate ranks.

The intermediate career was open to boys who had completed 4 years of grammar school and 6 years of high school. Many applicants, however, had a better education, and for admission to technical services graduates from technical high schools were preferred. Positions as chiefs and assistants in the agencies subordinate to the division managements and all important clerical jobs in agencies of all grades were filled with civil servants of intermediate rank.

Civil servants of lower rank were usually recruited from workmen employed in railroad service or from former non-commissioned army officers who -- after a certain period of service -- had obtained a certificate for preferential admission to civil service (Zivilversorgungsschein). Such positions as stationmaster at small stations, clerical helper, locomotive engineer, fireman, conductor, and foreman in maintenance of way and structure and equipment service, were occupied by servants of lower rank.

The status of workmen was similar to that which prevailed in German industry in general. The largest groups of workmen were helpers in services usually performed by civil servants (Hilfskrafte in Beamtendienst), workers in train and switching service (Betriebsarbeiter), track laborers (Bahnarbeiter), and shop laborers (Werkstattarbeiter). A small number of employees, such as typists and clerks (mostly women), had the status of clerical workers (Angestellte). Their status was determined by the general provisions which German legislation had established for clerical workers.

6. As of September 1, 1938, Germany had ratified these international transport conventions of the League of Nations: the transit conventions, ports convention, railways convention, the declaration recognizing the flag of Inland States, the hydro-electric power convention, the road and motor traffic conventions. Germany

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PRE-WAR - RAILWAY TRANSPORTATION (C-6 CONT'D)

belonged to the following international organizations concerned with transportations:

The Baltic and International Association of Navigation
Congresses
International Shipping Conference
International Shipping Federation
Union for the Use of Carriages and Vans in International
Traffic
International Railway Congress Association
Central Office for International Railway Transport
International Railway Union
International Railway Wagon Union
International Conference for Promoting Technical Uniformity
on Railways
European Conference on Time-Tables.

In addition, Germany was a member of the Verein Mitteleuropaischer Eisenbahnverwaltungen (Association of Central European Railway Administrations). The last organization, since voting representation was based on mileage and its decisions were binding on all memberships, was of fundamental importance.

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RESTRICTEDCANADA - RAILWAY TRANSPORTATIONA. POLICIES

1. The Canadian railway system, throughout the years, has represented a planned development, pointed toward national political objectives. It has provided the transportation basis for a very substantial movement of traffic across Canada, and has thus largely contributed to the establishment of a purely Canadian economy, independent of the US railway network. Railway policy has been determined by the State, which has implemented its will through the power to regulate rates.

The Canadian railway system occupies first place among the various media of transportation, both economically and strategically. In a political sense it binds province to province and the Maritimes on the Atlantic to British Columbia on the Pacific. At the same time, the two transcontinental systems operate numerous lines connecting up with others south of the border.

The emergence of two powerful railway systems, the Canadian Pacific Railway, owned and operated by private interests, and the Canadian National Railways, owned and operated by the Dominion, appears to be eminently satisfactory to Canadians and to the government.

2. Over-all transportation policy is certainly administered at Cabinet level. The Dominion Department of Transport was organized in November, 1936, to unify in one department the control and supervision of railways, canals, harbors, marine and shipping, civil aviation and radio.
4. The government and the provinces liberally extended subsidies to railways during the days of pioneering and assumed as a result a large volume of debt. The government, therefore, was in the railway business almost from the beginning. To protect its interests it was compelled to take over the Canadian Northern, the Grand Trunk, the Grand Trunk Pacific and other lines which were consolidated in 1922 into the Canadian National Railways. Except for a few years during World War II Canadian National Railways have operated at a loss and have been subsidized to that extent by the Dominion Government. A staggering burden of public debt has been acquired by the Dominion Government as the result of its involvement in transportation. At the end of 1937, 70 percent of the combined non-self-supporting debt of the Dominion, provinces and municipalities, was directly attributable to transportation. An attempt was made in that year to determine what part of the cost of public transportation was borne directly by the users of the facilities and what part was borne indirectly by the general public through taxation. The total cost of public transportation was found to be approximately \$1,367,000,000, of which about 88.5 percent was directly borne by the users and 11.5 percent by taxes of general application. The progressive accumulation of obligations on

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CANADA - RAILWAY TRANSPORTATION (A-1 CONT'D)

behalf of water and rail transportation facilities owned by the Dominion in 1936 had reached \$3,386,000,000, a per capita basis of \$307, as against \$22 in the year 1852.

The Canadian Government still assumes the annual deficit which is incurred by its wholly-owned system, the Canadian National Railways. This system has operated at a profit only during the war years. In view of possible reductions in volume of freight, and increased operating costs, it is likely that the Canadian Government will be forced to continue its substantial subsidization of this system. At the present time railroads have before the Board of Transport Commissioners a request for an over-all 30 percent increase in rates. Hearings have been conducted throughout the country on the request and despite violent opposition from some quarters, largely agricultural elements, it is probable that the request will be granted.

5. Early railway and canal policy was greatly influenced by the capitalists who prospected that development. In later years the public interest has dominated that of the vested interests.

In the early nineteenth century Canada experienced a period of enthusiastic railway building similar to that in the US, and by the time of Confederation in 1867 plans were afoot for the establishment of the first transcontinental railway. (The waters of the St. Lawrence and the Great Lakes had given the early explorers and fur traders ready, if not convenient, access to the interior of the continent and the valley of the Mississippi. Access to Canada's prairies was also developed by way of the Hudson Bay, where Fort Churchill was early established.)

While the large volume of trading which has always existed between Canada and the United States, has favored the orientation of Canada's railroad development into north and south routes. Provincial and Dominion political considerations have been strong enough to counteract this economic requirement. Canada's railway development, consequently, has progressed from east to west and has finally resulted in two strong competing systems, both operating transcontinental routes-- one the Canadian Pacific Railway, a private enterprise, the other the Canadian National Railways, government-owned. Destructive competition between these two gigantic systems has been very largely avoided.

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CANADA - RAILWAY TRANSPORTATION (B-1)B. ORGANIZATION

1. The over-all policies are applied in the case of inland & waterways, highways and railways through the Board of Transport Commissioners; and in the case of ocean-going traffic through the Maritime Commission. These two organizations are autonomous bodies, with both administrative and judicial functions. It is doubtful that the Minister of Transport, who heads the Department of Transport, could directly influence them unless they were in full agreement with his policies and objectives. For example, in the case of the Board of Transport Commissioners, the only administrative tie-up with the Department of Transport is that the latter receives from the former its annual estimates and submits them to Parliament with its own annual request for operating funds.
3. The various agencies regulating transport operate very close to the Cabinet and look to that source for major policy. The Minister of Transport has lost much of his responsibility to the Board of Transport Commissioners, the Air Transport Board and the Maritime Commission, all three of which are largely autonomous. However, as indicated, the Ministry of Transport furnishes extensive services to all three fields of transportation.
4. The Board of Railway Commissioners was established in 1903 and succeeded what was then known as the Railway Committee. It consisted of three members, later increased to six, appointed by the Governor in Council. It is autonomous, has both administrative and judicial functions, and is a court of record. It has gradually assumed most of the administrative and judicial functions formerly falling under the Minister of Transport and has practically complete authority on railway matters. Its orders are, however, subject to appeal to the Privy Council and in some circumstances to the Supreme Court of Canada. In 1938 the title was changed from Board of Railway Commissioners to the present title, "Board of Transport Commissioners", at which time its power was extended in certain respects to the fields of water and air transport.
5. In the main, the Canadian agencies handling transportation policy are regarded as operating efficiently in the public interest. The Board of Transport Commissioners and its predecessors have played a vital role in the development of the railway systems in the national interest.

C. ADMINISTRATION

1. The Board of Transport Commissioners exercises authority as to location, construction and operation of railways.
2. Passenger rates are divided into standard and special. Freight rates into standard, special and competitive. Standard rates

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CANADA RAILWAY TRANSPORTATION (C-2 CONT'D)

are maximum rates and the only ones that must be approved by the Board before they are applied. Special and competitive rates, being less than maximum rates, may be applied by railways without the Board's approval, provided that a change of rates has been advertised. This permits the railways to compete, insofar as rates are concerned, with motor carriers.

3. Although all lines of transport are subject to some government regulation, there is a wide area permitting free competition. With the uniform establishment of rates by the Board of Transport Commissioners, competition resolves itself largely into a question of efficient operation. The Canadian Pacific Railway manages to show a profit whereas the government-owned and operated Canadian National, except for the war years, has operated in the red. This is not entirely due to the lesser efficiency of operation resulting from government ownership and control. Both roads own and operate extensive industrial and mining interests. They are both heavily involved in the operation of hotels, steamship companies and air lines.
4. Safety regulations and operational procedures have been standardized on both sides of the border and are satisfactory.

The Board of Transport Commissioners establishes rules and regulations and enforces them with respect to railway operations. It investigates accidents in a judicial capacity.

5. The Government does very little to foster or regulate training of technicians in any of the fields of transport.
6. There appear to be no high-level international agreements in the railway field to which Canada is at present a party.

Canadian railways and American railways work out understandings on the operational level as to the division of payments for freight and passenger transportation arising in their respective countries. The railways maintain a division sheet indicating the amount of charges received for service accruing to the Canadian and American carrier. Waybills are settled with each carrier's audit office. These payments are not of interest to either government. It is required, of course, that freight tariffs pertaining to Canadian companies be posted with the Board of Transport Commissioners and that the tariffs pertaining to American companies be posted with the United States Interstate Commerce Commission. Through freight rates, however, are essentially worked out by the carriers themselves and neither government injects itself into the matter unless it is considered that the rates are exorbitant.

It is possible to ship merchandise on a through bill of lading, for example, from New York to Winnipeg. Most of the travel in international freight movements occurs within Canada, the relative mileage being approximately 60 per cent in Canada and

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CANADA . - RAILWAY TRANSPORTATION (C-6 CONT'D)

40 per cent in the United States. The distribution of railway revenue on international traffic is a matter adjusted in each case between the connecting lines.

The United States Office of Defense Transportation has established an upper limit of 8,000 US cars as a maximum to be in Canada at any one time. There have been several misunderstandings about this arrangement, the most recent one having led to considerable ill-feeling at the time.

During the war there was very effective pooling of traffic and equipment, both as to railway and water transport. At the present time, however, no such arrangements exist.

The American Association of Railroads has worked out an understanding with the Canadian roads on the return of American freight cars, which again is an agreement on the operational level.

7. The reports which are required to be submitted to the various supervisory agencies of the government are too numerous and variable to permit listing. Such a list, if it were possible to compile, would change substantially from day to day. The nature of the replies to the questions previously covered is believed to indicate in a broad sense the nature and extent of the reports desired. The Dominion Bureau of Statistics, for purely statistical purposes, requires numerous reports as to traffic, materials used, employment given, etc. Rates in all cases must be filed with the appropriate supervisory board or agency. Practically all details as to the operation of common carriers are supplied in printed form to the public by the Dominion Bureau of Statistics. Further information is made available through the annual reports of the Department of Trade and Commerce, the Board of Transport Commissioners, the Department of Transport, and others. Similarly information is published annually in the Canada Year Book and in special reports periodically made by the various agencies. These reports make it evident that transport companies file an infinite variety of reports and forms during the course of operations. Reports on inspections of accidents are periodically published by the agencies concerned, in the case of the railroads by the Board of Transport Commissioners, in the case of the air lines by the Air Transport Board, and in the case of waterborne traffic by the Department of Transport.

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BRAZIL

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BRAZIL - RAILWAY TRANSPORTATIONA. POLICIES

1. Railway transportation policy is determined by the state. Basic transportation policy in Brazil has favored railway development more than that of other forms of inland transportation, and the isolated population areas along the coast have been able to organize individual rail networks serving their respective hinterlands. Government policy, however, has not been sufficiently farsighted to insist on development according to a national plan, and many largely unconnected systems with different gauges have resulted. Recognizing the importance of adequate railroads, the Government is now belatedly attempting to effect a certain degree of standardization in gauge, and to achieve by expansion a more integrated nation-wide system with connections into Uruguay, Paraguay and Bolivia. A continuation of the trend toward nationalization will probably further reduce the number of privately-owned rail systems.
2. Policy governing all forms of transport, except air, is controlled by the Brazilian Ministry of Transport and Public Works. There exists, however, little integration within the Ministry of its components which regulate the individual transportation media, and the Ministerial Departments are largely autonomous. There has been, moreover, a certain degree of decentralization in the administration of Brazilian railways. Whereas the Federal Government owns 21,368 kms of railway lines, it actually operates only 13,068 kms. The delegation by the Federal Government of operating responsibility to the individual states is indicated by the fact that while the states only own 3,274 kms, they operate 10,550 kms (private interests own and operate about 10,000 kms of rail lines).
3. While the development of the Brazilian railway system has been dominated by economic considerations, there are certain aspects of strategic significance. One objective of Brazilian policy is to establish a lateral railway line behind the entire Brazilian coast from the mouth of the Amazon to the Argentine frontier. If this line materializes, the movement of material and troops could be organized sufficiently distant from the coast to be independent of local military developments in the coastal port areas. Another objective of Brazilian policy is to connect its railway system through Bolivia with what may eventually become a transcontinental rail artery. In achieving this, Brazil would counterbalance the advantage now enjoyed by Argentina, its most powerful potential enemy in South America, which already is connected by railway with the Chilean Pacific port of Valparaiso. Possible future rail developments into Bolivia, Paraguay and Uruguay would also be of advantage to Brazil in case of localized military operations in these areas.

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BRAZIL - RAILWAY TRANSPORTATION (A-4)

4. Brazilian railroads are not subsidized, although operating deficits are covered for the lines under government ownership. Indirect support is given the railroads in the form of import tax exemptions for fuels and equipment. According to press reports, the Brazilian Ministry of Transport and Public Works has asked the US export-import bank to finance a projected five-year plan for transport development in Brazil involving the expenditure of \$200,000,000. Included in the plan is a program for railway improvement. For this purpose the Brazilians are said to desire to purchase 1,100 locomotives, 7,000 freight cars, 42,000 tons of rails and 2,500 tons of railroad bridge material.
5. Vested interests exerted great influence throughout the development of the Brazilian railway systems. A substantial part of the Brazilian railways was constructed under private initiative in which the profit incentive was dominant. The present disjointed character of the Brazilian network, with its lack of uniformity in gauge, is strong testimony of the pressure which was exerted by private interests desiring only a rail development satisfying their particular individual requirements.

Brazilian geography has also played a large role in establishing the pattern of railway development. The country has a narrow coastal plain backed by a low sierra and upland plateau, with the population of over 40 million largely concentrated in areas along the Atlantic coastal strip south of the Amazon. These population concentrations have developed relatively independently of each other. The resulting railway construction accordingly, has served primarily to connect each coastal city with those points in its back area which it has desired to develop. There have resulted more than 50 lines, which include over 30,000 kms of one-meter track (about 39 inches), 2,000 kms of various broad gauges, and approximately 1,500 kms of various gauges 3 feet and under.

Domestic political considerations have affected Brazilian railway development because the government has been subjected to pressure from local political factions interested in specific railway projects.

B. ORGANIZATION

1. The Ministry of Transport and Public Works controls, through its departments, all forms of transport except air. The Federal Department of Railroads administers the Ministry's responsibility for railroads.

A separate Government agency, the Tariff and Transport Council, has jurisdiction in matters of rates.

2. Despite general administration of railroads by the Federal Department of Railroads, other Ministries have specific responsibility as follows: Labor is responsible for working

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BRAZIL - RAILWAY TRANSPORTATION (B-2 CONT'D)

conditions; Finance for revenues and disbursements; and War for engineering. While railroad building policy comes under the control of the Ministry of Transport and Public Works, actual construction is carried out by the War Department.

3. During the war there was effective coordination within the Ministry of Transport and Public Works of transportation policy. This coordination, however, is now rapidly disappearing. There is no specific relationship between the Ministry of Transport and Public Works and the Air Ministry by which rail policy and that of civil aviation are coordinated.
4. No reorganization of transportation agencies appears now to be under consideration. Superimposed on the normal transportation agencies was a war-time arrangement by which the Council of National Defense was assisted in transportation matters by a temporary section called the Transport Department of National Defense.
5. The Federal Department of Railroads and the Ministry of Transport and Public Works are attempting to direct Brazilian railway policy in the national interest, but they are handicapped by political, military and financial considerations. Operating standards do not compare with those in the US.

C. ADMINISTRATION

1. New railroad lines must be approved by the Federal Department of Railroads.
2. Railroad rates are determined for individual lines by the Tariff and Transport Council. Different rates for the same merchandise frequently apply to the various railroad systems.
3. The Brazilian Government does not specifically regulate competition between railroads and other means of transportation. The government recognizes, however, the problems raised by competition between different forms of transportation. In a 1946 publication of the Brazilian Ministry of Foreign Affairs, rail and highway competition was described as having been acute since 1927. The Ministry described the results as "unfortunate". The government has encouraged the railroads to apply for revised freight and passenger rates in order to place the competition between railroads and highways on "fairer grounds".

The government has described the results of this effort as a "rational and spontaneous coordination of transportation . . . hitherto unobtained by any other country". This assertion, however, appears to misrepresent the actual situation with regard to coordination of transportation policy. (See A-2)

4. Safety regulations for railroads are enforced by Federal inspectors.

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BRAZIL - RAILWAY TRANSPORTATION (C-5)

5. The railroad systems have individual training programs, and the Federal Department of Railroads subsidizes an apprentice training school. Engineers are licensed by private professional organizations. Engineer licenses for foreigners must be re-validated every three years.
6. The lack of railway connections with foreign countries has made it unnecessary for Brazil to negotiate international agreements covering railway operations.
7. Comprehensive annual reports must be submitted to the Federal Department of Railroads. These reports cover traffic, rates, accidents, and the financial aspects of railway operations.

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ARGENTINA - RAILWAY TRANSPORTATIONA. POLICIES

1. Present Argentine policy on railway transportation reflects the economic and political philosophy of the nationalist government. The government has specifically stressed the public service aspect of rail transportation as contrasted with the profit-making incentive. A high government official recently described the transportation system, with particular reference to railways, as the key to Argentine production. Loans to neighboring countries for the construction of railroad lines, and cooperation with Brazil in the construction of an international bridge demonstrate that it is a feature of Argentine policy to improve rail connections with its neighbors.

The current Five-Year Plan provides for the intensification of government controls over the nation's economy, including a complete reorganization of the transportation system and an intensive technical educational program.

Basic railroad policy in Argentina is strongly influenced by the trend toward state ownership of the various forms of transportation. In its initial stages, this trend concentrated on lines in the less developed areas of the country. It later included the Argentine State Railways System (Administracion de Ferrocarriles del Estado), and by 1946, had encompassed nearly one-third of the total rail mileage.

After protracted negotiations with the Government of Argentina, British interests controlling nearly two-thirds of all mileage recently agreed to sell their holdings to the Argentine Government. Other lines owned by French capital, constituting nearly 10 per cent of the total, have likewise been acquired by the Argentine Government. It appears that formal ratification of these transactions by the stockholders will be forthcoming.

2. Under a Government decree of 15 July 1947, a new Secretariat was created responsible to the President, known as the National Economic Council (NEC). Its function is to coordinate the entire Argentine economy. Integration of transportation is accordingly a part of NEC's responsibility.
3. Both economic and military considerations have influenced Argentine rail policy. Railroads have opened up the interior for shipment of agricultural and pastoral products. Foreign capital was primarily attracted by the economic opportunities of rail development. On the other hand, strategic considerations have prompted the construction of some lines having no economic justification. The present nationalistic government appears to be particularly aware of the strategic aspects of proposed railway construction. For example, strategic and military considerations were undoubtedly responsible for the drive to complete the 180 km. Pedro Vargas - Marlargue line to the Andean slopes to transport livestock, oils, precious metals, Mendoza coal, copper, lead and vanadium. That the line runs through a military outpost

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ARGENTINA - RAILWAY TRANSPORTATION (A-3 CONT'D)

and near the Nihuil hydroelectric damsite may have strategic importance. In the race against Brazil to the southeastern Bolivian oil fields, Argentina installed rail connections from Yacuiba through Villa Montes to Santa Cruz.

4. To attract foreign capital, largely British and French, former Argentine Governments guaranteed a return of 7 per cent on railway investments. It was also necessary to offer inducements in the form of land grants and cash subsidies. As a result, in the eighty years from 1857 to 1937 about \$1,500,000,000 of British capital was invested, with additional large sums from a few French operators.

Under the provisions of the Mitre Law passed in 1907, railways have been exempt from customs duties on materials imported for use of the lines, as well as from national and provincial taxation. In return for such exemptions, the lines have been obligated to pay the government 3 per cent of net receipts, such payments being applied to improvements of highways and bridges. A further major form of indirect subsidy was the guarantee that additional concessions would not be granted to other interests within certain areas during the life of an agreement.

The provinces, on authority from the national government, have been empowered to grant concessions to railway interests, in order to further the development of the areas under their jurisdiction.

It is probable that the character of subsidies will change after the completion of the nationalization program. Deficit appropriations, as required, are expected to be adopted.

The current Five-Year Plan includes an appropriation for 800,000,000 pesos covering the purchase of equipment and rolling stock, and the improvement of rail connections with Chile, Brazil and Bolivia. The plan, however, does not provide for extensive construction of new lines.

5. Railway policy in Argentina has been strongly influenced by: (1) vested interests, largely British and French capital; (2) economic requirements, such as the program to develop the interior; and (3) geographic factors (Argentina, unlike Brazil or the US, has no extensive river system, and has had to develop rail and highway facilities to serve adequately the great pampas regions).

The nationalist complexion of the present government will undoubtedly result in careful examination of all future plans for railway construction to ensure the protection of strategic and political national interests.

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ARGENTINA - RAILWAY TRANSPORTATION (B-1)

B. ORGANIZATION

1. Ministry of Public Works:

Director General of Railroads

2. The Ministry of Public Works is responsible for railway transportation policy. The Director General of Railroads implements laws pertaining to railroads. He inspects railroads and supervises railway operation and construction. He initiates projects for extension of existing lines and the construction of new lines. He approves operating schedules, and collects, compiles and publishes statistics. The Office of the Director General is subdivided into sections responsible for:

Administration
Construction
Tariffs and Statistics

The Director General has a staff of railway inspectors.

3. Rail policy is integrated with policy on all forms of transportation at the level of the National Economic Council.
4. It is reported that a new transportation law is under consideration which may carry far-reaching changes in the organization of transportation responsibility.
5. Argentine railroads have been generally credited with a higher level of operating efficiency than any other South American system. This has been primarily due to the predominant British control. The US-trained Director General of Railroads is considered capable, however, and the impending elimination of British control may not be greatly detrimental to efficiency. On the other hand, governmental reorganization measures will introduce new control personnel, and may adversely affect operational standards.

C. ADMINISTRATION

1. New railroad lines are proposed by the Director General of Railroads, who submits his documented recommendations to the Congress. Any subsequent construction is under his supervision.
2. The Director General determines rates. Changes in current rates are expected, in view of the recent purchase of all lines by the state. The 1944 railroad rates are currently applicable.
3. With the assumption of state control of all railroad operations, competition will now be confined to quality of service rendered. Uniform rates will be applicable to all the lines, including those still temporarily under British operation.

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ARGENTINA - RAILWAY TRANSPORTATION (C-4)

4. Inspection and safety of equipment is a responsibility of the Director General of Railroads. Pertinent regulations were first approved in 1894 and modified as occasion demanded. The enforcement of these safety and inspection regulations is carried out by the staff of inspectors responsible to the Director General of Railroads. Regulations governing the safety of the operating personnel are determined by the Secretary of Labor and Social Welfare and enforced by that office.
5. The training of operating engineers is under the Director General of Railroads, whose office issues licenses required for operating locomotives. The training of other operating and shop personnel has been left to the individual lines. However, the Five-Year Plan provides an intensive technical education program for all media of transport.
6. International rail traffic is covered by agreements with neighboring countries which permit through passenger and freight traffic and the interchange of rolling stock (except locomotives). The country of destination picks up passenger and freight cars with its own motive power at frontier stations. There appear to be no international agreements on traffic or equipment pools, joint facilities, rates or routes.
7. The Director General of Railroads requires daily and comprehensive monthly reports covering traffic, operating costs and revenues, rates and other operating data. Reports concerning accidents and conditions of employment are routed to the Secretary for Labor and Social Welfare. Such reports have a bearing on government consideration of wages, personnel insurance and social security matters.

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PERU - RAILROADSA. POLICIES

1. Basic rail policy is determined by the government. It involves promotion and construction of new railroads to unite the widely separated regions of the country. Peru is a country of great geographical contrasts. There are three Perus--the dry, narrow coastal plain with modern cities and ports; the Andean Sierras with mineral resources; and the immense montana sloping eastward to the Amazon plain. It is fundamental to the national economy that these regions be connected by efficient transportation.

The populous and politically influential Southern Peru area is isolated from the capital. It is politically expedient for the party in power to provide this region with efficient cross country railroads connecting the Pacific coast port of Mollendo (Matarani) with Bolivia via Lake Titicaca shipping. It is advantageous, furthermore, for Peru to maintain Bolivian good-will by protecting this valuable outlet for La Paz. Actually, the new harbor facilities at the protected port of Matarani are not subject to the Pacific swells which endanger loading and unloading at Mollendo, and thus have improved the safety of the operations.

2. There is little integration between railroad policy and that of other forms of transportation.
3. For strategic and military reasons the Peruvian government is interested in maintaining the railroad route into Bolivia. Peruvian flag steamers operate to Bolivian ports on international Lake Titicaca.
4. There are no subsidies to privately owned railroads. The true financial circumstances to State owned railroads cannot be determined because some maintenance expenses are not accounted for. The extent of subsidization of state-owned lines is thus difficult to ascertain. The government promoted the construction of a rail extension to the protected harbor of Matarani, however, which improved the service between Bolivia (La Paz) and the Pacific.
5. The government's rail transportation policy is unaffected by vested interests. The railroads are indispensable for moving bulk products. Terrain difficulties, however, have forced Peru to subordinate rail policy to the requirement of highway expansion.

B. ORGANIZATION

1. The railroads of Peru are controlled by the following agencies:

Ministry of Development and Public Works
 Bureau of Highways and Railroads
 Railroad Section
 Department of Administration
 Department of Operations
 Department of Engineering

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PERU - RAILROADS (B CONT'D)

2. The Bureau of Highways and Railroads is headed by a Director General who is directly responsible to the Ministry of Development and Public Works. A sub-director is in charge of the Railroad Section which in turn has departments for Administration, Operations and Engineering.
3. Highways and Railroads are coordinated within the Ministry of Development and Public Works. There is, no direct, coordination between the Ministries responsible for the various media of transportation. There is no appreciable overlapping or conflict between them or between the national agencies and the political subdivisions.
4. Formerly government supervision of highways, railroads and all other public works was the responsibility of a Bureau of Public Works and Transportation. This proved unsatisfactory and resulted in a reorganization into separate specialized bureaus under trained personnel.
5. There are no known plans for reorganization or the establishment of new agencies. The present governmental agencies are considered to be fulfilling their functions adequately. The railroad agencies are operated for the public good. They are relatively free from Political interference. Engineering is good, but there is a need for more mechanized construction.

C. ADMINISTRATION

1. New railroad construction is decided by the Construction and Studies Department of the Bureau of Highways and Railroads after recommendations from appropriate commissions following approval of the current budget. However there has been no new railway construction of importance during the last thirty years. This emphasizes the priority given the highway construction in national transportation policy.
2. The tariffs of privately owned public carrier railroads are stipulated in contracts approved by law and renegotiated every five years. Higher rates can be authorized only by new contracts or by decree approved by the Ministry of Public Works. The rate schedules must be within the maxima established by the Bureau of Highways and Railroads. Rates on state-owned lines connecting both private and common carriers are patterned after the latter.
3. Basic government policy has, for the last fifteen years, favored highway transportation against railway transport, by approving the construction of roads which in some cases parallel the rail routes. Motor transport units follow no fixed schedules, charge what the traffic will bear, furnish inferior service, compete for the best paying traffic, provide door to door service and are primarily in the hands of non-liable individual driver-owners. Consequently the railroads have not been able to increase rates despite higher operating costs.

PERU - RAILROADS (C CONT'D)

4. Railway safety measures established by the Bureau of Highways and Railways are enforced by the Bureau's inspectors. Railroad personnel is not subject to government regulations. Railway accidents are investigated by both police and the inspectors of the Bureau of Highways and Railways.
5. There are no government-fostered courses for training railroad technicians other than the courses offered by the National School of Engineering. Training procedures at this school are determined by the Ministry of Education.
6. The Peru-Bolivia trade treaty of 1935 makes no mention of operational agreements, merely stating that Peru will furnish safe conduct for tax-free Bolivian cargo. The Southern Railway is owned and operated by the Peruvian Corporation. Moreover this corporation owns the Lake Titicaca steamship line and the rail line from the Bolivian shore to La Paz. Through handling of passengers and freight is an integrated operation by the Peruvian Corporation. The Tacna-Arica railway, extending a few miles into Chile, is not subject to any operating agreements. Operations are entirely under Peruvian government control. Free transit over Chilean territory is provided in Article VII of the 1929 peace treaty.
7. Railways must submit reports to the Bureau of Highways and Railways covering traffic, rates, and accidents. Traffic figures are reported annually for analysis and compilation by the Statistical Section of the Bureau of Highways and Railways. Routine inspection reports are submitted to the same Bureau by government inspectors, while accident reports are forwarded to both the Bureau and the police.

CHINA

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CHINA - RAILWAY TRANSPORTATIONA. POLICIES

1. The current basic objectives of the Chinese National Government with respect to railroads are: (a) restoration of war-damaged or destroyed lines; and (b) modernization wherever peaceful conditions permit. The Ministry of Communications has given first priority to the repair of the Tientsin-Mankang (Pukow) main line. Long-range Chinese rail policy, originally expressed by Sun Yat-sen, and reiterated by Chiang-Kai-Shek, involves an eventual railway network of 140,000 kilometers (present system about 14,000 kms.). This ambitious and presently unrealistic goal is considered by Chinese planners to be indispensable to China's economic development and political unification.

The present National Government has indicated a determination to exclude foreign interests from ownership and operation of future Chinese rail developments. Control will be vested in the National and Provincial Governments. (A conciliatory statement of the Ministry of Communications in 1945, inviting foreign capital to participate in the development of China's transportation, was careful to emphasize that the ultimate aim would be state ownership.)

2. Strong centralized control of railways is effected through the Ministry of Communications, which is responsible for all transportation, including civil aviation.
3. Strategic factors now dominate Chinese rail policy, particularly in Northeastern China. Even in south China, it is important to keep the railroads operating wherever possible for logistic reasons. Military operations in the civil war are directed largely toward control, disruption or reinstatement of rail lines.
4. The Chinese rail system is government-owned and is entirely dependent on government support. The operating losses of the individual government-owned lines are absorbed by the national treasury, and construction projects can only be accomplished as outright government undertakings. Although new construction is still effectively precluded by China's economic crisis, the Chinese Army is engaged in some patching up of damaged lines.
5. Vested interests do not appear to play an important role in influencing Chinese rail policy. On the other hand, railway policy clearly reflects historical, geographic, economic and political conditions.

The basic factors underlying modern Chinese history have prevented the development of an extensive nation-wide railway

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CHINA - RAILWAY TRANSPORTATION (A-5 CONT'D)

network. The same circumstances, in fact, have operated to stifle any substantial industrialization, and have thus removed some of the incentive which impels railroad construction in areas possessing more advanced economies. Nevertheless, the same geographic conditions which have distributed the Chinese population unequally (difficult terrain, divergences in rainfall and fertility, the location of ports and raw materials, and the river pattern, particularly that of the navigable streams) originally influenced the development of Chinese railroads. Out of these factors emerged economic requirements, such as the need for moving provincial raw materials to the population centers and for distributing food. These conditions have demanded, frequently without satisfaction, a suitable adaptation of the means of transport. Likewise, political conditions have reacted on railway policy. One of the cardinal political principles of Sun-Yat-sen was the removal of foreign privileges. The logical result of this nationalistic philosophy has been the exclusion of foreign ownership and operating control from Chinese railroads. The inevitable price of this policy, however, is an increased reluctance on the part of foreign capital to support the expansion of Chinese rail facilities.

Overriding the foregoing considerations, the exigencies of war have dominated Chinese policy for more than a decade. Chinese thinking has viewed the railroads almost exclusively in the focus of military events; these facilities, a source of defensive strength, have been repeatedly the objective of enemy operations.

B. ORGANIZATION

1. The Minister of Communications in the central Chinese Government controls railroads and all other forms of transportation, including civil air.
2. The Railway and Highway Department is charged by Article VII of the Organic law of the Ministry of Communications with the following far-reaching railway responsibilities:
 - (a) planning and construction;
 - (b) control of operations and subsidiary activities;
 - (c) engineering and mechanical problems;
 - (d) supervision of public and privately owned lines; and
 - (e) all other railway matters.

The Railway and Highway Department has jurisdiction over the following subdivisions concerned with railroads:

- (a) Administrations of the various railway systems, which operate under and are responsible to the Ministry of Communications;

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CHINA - RAILWAY TRANSPORTATION (B-2 CONF'D)

- (b) General Office of Railway Survey; and
 - (c) Railway Traffic Office
3. Transportation problems involving other Ministries such as Foreign Affairs, Water Conservancy, Interior or Economic Affairs are jointly studied, but final decision usually rests with the Ministry of Communications. Major conflicts on matters primarily concerned with transportation can be carried to the Executive Yuan or the Generalissimo. There is a tendency in the Chinese Government to allow Ministries other than that of Foreign Affairs to decide matters involving foreign policy. Sino-Russian railroad matters, for example, would be discussed by the Ministry of Communications directly with the Russian Embassy.
 4. The Department of Railways and Highways was established at the close of World War II. Previously rail administration had been in the hands of a Railway Ministry. The need for increased efficiency and greater coordination caused the Chinese Government to delegate responsibility for railroads to the Ministry of Communications.
 5. The Ministry of Communications, through the Department of Railways and Highways, undoubtedly attempts to operate the railroads in the public interest. The factors which prevent the Chinese railroads from satisfying more than a fraction of China's transportation needs are entirely beyond the control of the able Minister of Communications, General Yu Ta-wei, who was trained in German and US (Harvard) Universities. The insoluble problems include vast equipment shortages, commandeering of facilities by the military, track removals or destruction incident to the civil war, and inadequacy of national funds for railroad reconstruction operations.

C. ADMINISTRATION

1. Recommendations for the construction of new lines and the extension of existing lines are submitted by the Ministry of Communications to the Executive Yuan for final decision. The National Defense Minister, however, may decide independently that the prosecution of the civil war demands the development of rail facilities.
2. Prior to World War II, each railway Administration proposed a rate structure which was intended to cover operating costs or perhaps net a modest profit. After approval by the Ministry of Communications, these rate schedules were submitted to the Executive Yuan for final decision.

Rate determination for all forms of transport is now complicated by the severe inflationary trend of prices. Rates are no longer intended to cover operating costs; rather, a system of govern-

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CHINA - RAILWAY TRANSPORTATION (C-2 CONT'D)

ment support amounting to subsidization has been introduced in lieu of increased rates. While rates are occasionally increased, they lag behind the inflation of prices generally. The Executive Yuan appears to believe that price increases will be retarded if utility rates are kept low.

3. No competition exists in railway transportation, as the railways are all owned and operated by the Chinese Government. Other media of transportation, moreover, are so poorly organized that their competition is not seriously felt by the railways.
4. With respect to railway operation, regulations govern the inspection of equipment, choice and employment of personnel, and investigation of accidents. The Ministry of Communications can issue regulations of a purely administrative nature; the Executive Yuan establishes major regulations of an administrative or policy nature; and the Legislative Yuan and State Council adopt statutory regulations.
5. Training programs were stressed by Dr. Sun Yat-sen in the early days of the Republic. More recently, Generalissimo Chiang Kai-shek, in his book, "China's Destiny" asserted that the universities and vocational schools should produce the following:

Civil Engineers	222,400
Mechanical Engineers	136,400
Electrical Engineers	41,600
Navigation Technicians	7,000
Transport Specialists	37,000

Aware of the lack of trained personnel, the national government sent 1,200 young students in 1944 to the US for training in engineering and management at universities and in private industry.

6. The Chinese railway network is connected with foreign territory only by the Kunming Haiphong (Indo-China) line, and the Manchurian line running east from Manchouli through Harbin to the Soviet frontier above Vladivostok. The China-Indo China line is the subject of a new Sino-French agreement, concluded in February, 1946. Under the terms of this agreement, there shall be free exchange of traffic and equipment on the sections of the line owned by the two countries within their respective territories. Rates are to be established by a joint commission. Actually, however, the agreement cannot begin to operate until necessary bridge reconstruction and other rehabilitation has been completed within China.

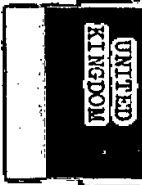
The status of the Manchurian railways is regulated by an Agreement accompanying the Sino-Soviet Treaty of Friendship and Alliance, concluded in 1945. This agreement specifically covers the trunk lines from Dairen to Harbin and from Manchouli

CHINA : - RAILWAY TRANSPORTATION (C-6 CONT'D)

through Harbin to Suifenho, north of Vladivostok. Joint ownership and exploitation of these lines is stipulated. The USSR is given free transit of goods from the Soviet naval base at Port Arthur and the free port of Dairen to the system's connections with Soviet territory. The Chinese Civil War, however, has made it impossible for the Chinese to keep the Manchurian lines in operation. Whole sections of trunk lines are in continuous Chinese Communist control, while other sections held by the Nationalists, are sporadically cut by the communists. After thirty years the lines now jointly owned will revert to the full possession of the Chinese Government.

7. Prior to World War II the Chinese railroad systems were required to submit detailed data on operations, as evidenced by the excellent government railway reports of that period.

HIGHWAYS



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UNITED KINGDOM - HIGHWAY TRANSPORTATIONA. POLICIES

1. It has been the basic policy of the UK with respect to road transport to impose as little restriction as possible on highway carriers. The state interest has been to coordinate highway and rail facilities and to regulate competitive practices which might prove harmful to the transport system as a whole. Highway transport in the UK, as in other countries, was of relatively minor importance before World War I, but during the twenties operations increased to a point where they seriously threatened the position of railroads with respect to (a) the transport of certain commodities and (b) certain short-haul operations.

Basic policies with respect to highway transport in the UK will be radically changed under the Transport Act, effective 1 January 1948. The Act establishes a British Transport Commission which will have power "to carry goods and passengers by rail, road and inland waterway within Great Britain." While the Act does impose certain restrictions upon the authority of the Commission, it is obvious that, as a practical matter, road transport in Great Britain will be largely nationalized. Exceptions to the policy of nationalization will be: (a) truckers, operating not as common carriers but for their own account with their own vehicles; and (b) truckers operating within a radius of 25 miles. These two groups will not be required to obtain government licenses for their operations. (Approximately 300,000 vehicles owned by 150,000 small operators will be thus exempt from nationalization.) Public highway carriers not affiliated with the railroads but subject to nationalization will be allowed considerable latitude in operations at least for the present. Road carriers owned by the railways will be subject to the same nationalization policies as the railroads.

2. Highway transport policies, under provisions of the new Transport Act, will be determined and administered by the Road Transport Executive in the Transport Commission. The Executive will be one of five such authorities appointed by the Minister to deal with the various media of transport.
3. Highway transport policies in the UK are unquestionably influenced by economic considerations (particularly the effect of road transport upon rail lines); strategic and military considerations have only a secondary role in the establishment of such policies. The slight influence of strategic planning in the development of UK highways is evidenced by the lack of an organized network of modern express highways.
4. The government does not subsidize highway transport and the

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UNITED KINGDOM - HIGHWAY TRANSPORTATION (A-4 CONT'D)

question has never been seriously raised in the UK. The state, however, has been interested in the development of road facilities and the extension of highways to benefit the general economy.

5. Highway transport policy has been influenced primarily by the demonstration of the usefulness of highway transport as an adjunct to rail and coastwise operations. Policy with respect to highway transport has been affected to a limited extent by the vested interest of the rail lines.

B. ORGANIZATION

1. The Road and Rail Transport Division in the present Ministry of Transport is the agency dealing directly with highway transport. Under the Transport Act, the new Road Transport Executive will be the administrative agency for highway carriers. The Transport Advisory Council, a government-sponsored organization to be set up by the Minister and composed of representatives of all media of transport, local authorities and labor, will advise the Minister with respect to coordination, improvement and development of transport generally. The Highways Division and the Highway Engineering Division are responsible for construction and maintenance of highways. The Road-Rail Joint Conference and the Road-Rail Tribunal deal with rates. The London Passenger Transport Board is a publicly-owned operating company in the Ministry of Transport created under the London Passenger Transport Act of 1933. Under the new Transport Act this company, which handles all highway and subway passenger traffic in the London area, will be under authority of the London Transport Executive.
2. There is a high degree of decentralization of authority in the Ministry of Transport with respect to transport problems. The Road and Rail Transport Division of the Ministry of Transport is divided into three parts. These deal with (a) highway engineering, (b) vehicle maintenance, and (c) administration and policy.
3. The agency dealing with road transport in the Ministry has no direct administrative relationship with the other transport agencies in the Ministry. All are subject to control and direction by the Ministry. There is no relationship between highway transport agencies and agencies dealing with civil aviation. (Civil aviation is organized under a separate Ministry.) There is no apparent conflict in government transport policies in spite of some integration of road and rail transport through the acquisition of motor lines by rail lines.

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UNITED KINGDOM - HIGHWAY TRANSPORTATION (E-4)

4. The present organization of the Ministry of Transport is based upon the Ministry of Transport Act of 1919. With the exception of assuming control of the main line railroads and of the London Passenger Transport Board on 1 September 1939, and the acquisition of the functions of the war-time Ministry of Shipping in 1946, there have been no major changes in recent years. Under the provisions of the Transport Act, the present organization of the Ministry of Transport will be considerably altered and expanded.
5. While general opinion is that highway carriers are operating efficiently under present conditions, nationalization is being accepted reluctantly as a necessary step to help overcome the present economic distress of the UK.

C. ADMINISTRATION

1. Regulations concerning the establishment of new motor transport lines are under the authority of the Road and Rail Transport Division of the Ministry of Transport. The Highways Division and the Highway Engineering Division are also concerned with such questions, since they are the agencies in the Ministry dealing with construction and maintenance of highway over which such operations would move.
2. Until 1938, there was little or no control over highway rates. In 1938, the rail lines, in an effort to curb highway competition, asked for the right to fix their own rates. The Transport Advisory Council, at the request of the Ministry of Transport, thereupon recommended that a Road-Rail Joint Conference revise the rate structures for both forms of transport. Although the work of the Conference was interrupted by the war, considerable progress has been made since then in establishing equitable rates. Rates are subject to appeal before the Road and Rail Tribunal in the Ministry.
3. The question of restricting or fostering competition between highway transport carriers and other media of transport, particularly rails, has been a difficult problem in the UK during the past 25 years. The rapid rise of highway transport carriers as a competitive factor during the twenties led the rails to ask the government for certain restrictions on the competitive advantages which highway carriers enjoyed with respect to rates, routes and operating policies. The state was sympathetic to the request of the railways and took steps to compose the basic conflicts between road and rail transport. Among the significant actions taken by the state to control competition were:

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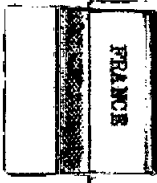
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UNITED KINGDOM - HIGHLY TRANSPORTATION (C-3 (a))

- (a) The Road and Rail Transport Act of 1943, which provided for the licensing of highway and transport carriers, thereby eliminating many of the unorganized or irresponsible carriers;
 - (b) The Road and Rail Central Conference, which came into being only a few months prior to the outbreak of the war. This Conference established procedures for filing of agreements with respect to rates and charges of highway operations and was very effective in regulating cut-throat competition between the railroads and the highway lines. At the same time, it exerted a salutary influence upon the operations of the highway operators, many of whom were financially and administratively irresponsible. The regulations established by the Conference are reported to have had almost unanimous acceptance by the road haulage industry;
 - (c) The Road Haulage Wages Act, which exercises statutory control over wages and working conditions of employees in road transport; and
 - (d) The Railway (Road Transport) Acts, 1928, which authorized the rail lines to operate motor vehicles in districts where they have rail lines, to make traffic agreements with the motor carriers, to hold their shares, and to incorporate motor lines into their operations as feeder lines.
4. The Vehicle Regulation section of the Road and Rail Transport Division investigates accidents. The Highways Division of the Ministry is charged with highway safety rules and regulations.
 5. The state evidences no special interest in the training of road transport technicians, leaving such problems to private initiative.

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TRANSPORTATION → FRANCE

THE SUPREME TRANSPORTATION ADVISORY BOARD

NOTE: The following information was not available during the preparation of this study.

1. The most important development in French transportation since the war is the establishment by the National Assembly in August 1947 of a Supreme Transportation Advisory Board. The Board will advise the Minister of Public Works and Transport on all transportation matters submitted to it, but may also formulate recommendations on its own initiative. The Advisory Board's immediate mission is to present, within one year, plans for the coordination of rail, highway, inland waterway, air and ocean transportation. It will include in its plans coordination of domestic transport with colonial and international transportation. The Board will study all social, technical, financial and economic matters relative to the organization and functioning of the various modes of transportation; it will also study matters concerning stock and equipment, technical and commercial development and the social, economic and administrative problems arising therefrom.

2. The Supreme Transportation Advisory Board is established under the Minister of Public Works and Transport and consists of 69 members, including representatives from various government agencies, members of Parliament, specialists from the large transport organizations, employee representatives from the operating companies and public organizations such as tourist travel agencies. Seven permanent commissions are established under the Board, charged with examining questions of transport coordination. These are as follows:

Rail	-	highway
Rail	-	inland waterway
Rail	-	air
Rail	-	sea
Highway	-	air
Highway	-	inland waterway
Sea	-	air

3. The Supreme Transportation Advisory Board is financed through a special fund provided by the Minister of Public Works and Transport. The sum expended shall be reimbursed to the state by the various transportation operators under conditions to be set forth by decree of the Minister of Public Works and Transport and the Minister of Finance.

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FRANCE - HIGHWAY TRANSPORTATIONA. POLICIES

1. The French government policy of state assistance to, or ownership and control of, rail and water carriers does not extend to support of highway carriers. Rapid development of road transportation after World War I constituted a threat to the position of the railroads, in which the state already had important financial and political interests. The government felt compelled, therefore, to adopt a policy of non-support of highway transportation in order to insure pre-eminence to both rail and water carriers. The affect of this policy is demonstrated by the fact that in the years preceding the late war, road transportation accounted for only ten percent of total traffic. There is little doubt, however, that without state assistance to the railroads, highway carriers would have acquired a much larger share of the total traffic.
2. National policy for highway transport is determined by the Ministry of Public Works and Transport and the Ministry of the Interior. The Ministry of Public Works, however, exerts the principal influence. Policy affecting highways is integrated into the over-all national policy on transportation but is relegated to a subordinate position.
3. Highway transport policies are based to some degree upon strategic considerations, but not to the extent that railroad policies are affected by such considerations.
4. With the exception of road transport services operated by railroads, the motor carrier industry receives no subsidies. The state, however, maintains the highways in excellent condition.
5. Policy toward highway transportation has been adversely affected by the prime interest of the state in rail and water carriers. Highway carriers in France, as in other Western European states, must contend with the high cost of imported gasoline and deisel oil but government policy has not assisted the highway carrier in overcoming this disadvantage.

B. ORGANIZATION

1. The national highways (ROUTES NATIONALES) are administered under the Ministry of Public Works and Transport, the principal Government agency dealing with all transport in France. Secondary roads are administered under the authority of the Ministry of the Interior. It should be noted that while the routes are under a divided responsibility, the authority for dealing with the actual operation of the highway carriers is under the direction of the Ministry of Public Works and Transport with responsibility centered in the Department of Railroads and Transport.

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FRANCE - HIGHWAY TRANSPORTATION (B-2)

2. Under the decree of 1937 road transport problems were decentralized as far as possible by letting the various departments (i.e., state) assume responsibility for administrative functions wherever possible. The Ministry, however, retains the power to grant licenses, without which it is impossible to operate since the licenses deal with such matters as scope of operations, rates, schedules and other vital operational matters. It should be noted that such licenses under the decree were to expire 31 December 1947.
3. See B. 1 and 2.
4. The correction of transport difficulties, both financial and administrative, brought about by the Decree of 1937, resulted in the nationalization of the railroads and a reorganization of government transport agencies. The present improvement in administration of highway transport can therefor also be attributed to the Decree. It is not known whether consideration is being given to reorganization of present agencies. It is possible that such action might be undertaken in view of the present agitation for nationalization of highway transport, but there is little evidence as yet.
5. The highway carriers are considered to be operating in the public interest and have received considerable praise for the part which they have played in alleviating the rail burden since the end of the war.

C. ADMINISTRATION

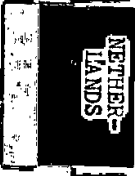
1. The Ministry of Public Works and Transport has complete authority over establishment of new motor transport lines and formulates procedures to be followed in this respect.
3. Competition between road transport and other media of transport is not fostered by the Government. Highway transport operators are not government assisted as are water and rail carriers, and such progress as has been made in road transportation has been largely despite state indifference. Competition is permitted by the State to a limited extent but policy denies duplication of facilities not shown to be in the public interest.
5. In contrast to the definite interest which the state takes in training technicians for rail and water transport, there is little interest shown in training technicians in highway transportation. This is largely due to the government policy of promoting rail and waterway facilities and relegating highway transportation to a secondary role.
6. Considerable work has been done by highway transport carriers to integrate French services with those of neighboring states. These inter-connecting bus services have been reestablished since the war and it is now possible to travel by omnibus from

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FRANCE - HIGHWAY TRANSPORTATION (C-6 CONT'D)

France to Belgium, the Netherlands or Sweden. There are no international highway transport associations of any importance in Europe and the French Government has shown little interest in promoting French international highway services.

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NETHERLANDS - HIGHWAY TRANSPORTATIONA. POLICIES

1. The Netherlands government has no fixed policy regarding highway transport, although competition by highway carriers to the government-owned railroads is not encouraged. Statistics show, nevertheless, that about one-third of all freight moves by highway, about one-half by water, and the remainder, about 15 per cent, by rail. This lack of definite policy is due to the comparatively recent development of highway transport as an important medium of transport for passenger as well as for freight movements. It should be noted, however, that despite the present trend in road transport, there is considerable feeling in official and industrial circles that rails offer the best long-range solution to the nation's transport problems.
2. Responsibility for policies regarding road transport, like that for other media of transport, is vested in the Ministry of Transport, which allows considerable administrative freedom to each transport-agency under its control. Coordination and control of road transport, however, is not effected to the high degree prevalent in rail and water transport.
3. Present government policy on highway transport is based primarily on the economic needs of the country, although strategic considerations may have a minor influence. The strategic significance of highways was vividly illustrated to the Netherlands in 1940 when the German army invaded the country by road. Another strategic aspect of the Netherlands highway system is its vulnerability, which is illustrated by a lack of bridges across its major water barriers.
4. The government does not subsidize road transport. It is interested, however, in the development of modern high-speed roads to replace the present system. Since 1932 the long-range "Government Road Plan" has operated toward that end.
5. State policy on highway transport has been influenced in the past by opposition of vested interests (the long established water carriers), but this opposition has declined in recent years.

B. ORGANIZATION

1. Road transport is under the direct authority of the Bureau of Roads, responsible to the Ministry of Transport through the Director General of Transportation, a war-time control agency dealing with transport reconstruction and rehabilitation. The Traffic Fund is an agency in the Ministry of Transport directly responsible for all transport revenue and expenditures.
2. The Bureau of Roads in the Ministry of Transport is organized into several offices, responsible for various aspects of highway transport such as rates, technical developments and.

NETHERLANDS - HIGHWAY TRANSPORTATION (B-2 CONT'D)

- inspection. Passenger and freight traffic problems are administered through separate divisions.
3. The Bureau of Roads is not related to the other Bureaus in the Ministry of Transport. Its activities are, however, coordinated by the Ministry in accordance with over-all transport policy.
 4. Until a few years before World War I the control of road transport in the Netherlands was largely in the hands of local authorities. The years after World War I, however, saw a growing dependence upon highway transport and increasing competition between road and rail. The state, therefore, took action to bring road administration under the direction of the central government.
 5. There appears to be general satisfaction with the Government's policy to rescue the road transport system from war-time disintegration. The highway carriers, however, do not like the fact that, under the present organization, highway tax revenues are being used to make up the deficits of the Netherlands Railway Company.

C. ADMINISTRATION

1. All projects for new transport routes must be approved by the Ministry of Transport and also by the Traffic Fund.
3. The government has a traditional policy of intervention to regulate competition in transportation, but natural economic forces have had probably equal influence in determining the final status of competition between transport media. The principal competition to highway transport comes from the rail carriers. This competition applies both to passenger and freight traffic. In the early days of rail development, there was considerable opposition on the part of the canal interests, but the problem has solved itself; the canals handle slow, bulky cargo, while railroads, (and recently, highway transport lines), concentrate upon speed and high-value, light-weight cargo, as well as passenger traffic. Coastal, ocean-going shipping and aviation offer little competition to highway transportation, and little has been done to regulate such competition.
4. The Government Traffic Bureau in the Ministry of Transport is responsible for the enforcement of safety regulations and inspection. As a matter of fact, there are virtually no laws covering vehicle inspection, overloading or safety regulations. This is partly the result of light highway traffic conditions together with the traditionally law abiding temperament of the Dutch people. A private organization, the Scientific Commercial Car Institute, has contracts to inspect and certify as to condition of trucks belonging to members of one of the large trucking associations.

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NETHERLANDS - HIGHWAY TRANSPORTATION (C-6)

6. Although there is no recognized European organization dealing with international highway transport and traffic problems, efforts have been made to break down the existing barriers to free exchange of highway traffic. Some progress has been made in this respect and there are weekly bus services from the Netherlands to several neighboring countries. In May 1946, NIWO (Nederlandsche Internationale Wegvervoer Organisatie) was founded; (a) to promote cooperation among international transport interests; (b) to function as intermediary between authorities and transport interests, and (c) to supervise the activities of the highway transport carriers. The government has granted NIWO a "special status" in international freight operations. Members of NIWO include trucking companies, rail lines, Chambers of Commerce and shipping operators. It has obtained the cooperation of other states for the abolition of various restrictions on international traffic. Among its major accomplishments has been progress in achieving uniformity in international bills of lading.



USSR - HIGHWAY TRANSPORTATIONA. POLICIES

1. The published text as well as Soviet official commentaries on The Fourth Five-Year Plan indicate that highway construction and the development of private motor vehicle operation hold a low priority in Soviet planning. The resources of the Soviet automotive industry will be primarily applied to truck construction. By 1950 the industry is scheduled to produce 500,000 vehicles annually. Of these, only 65,000 will be passenger cars. Bus production will total 6,400 units, while truck production is expected to reach 428,000 units. The USSR has indicated that in 1950 the national truck fleet will have reached approximately double its pre-war size. That the truck fleet will be still subjected to severe operational limitations, however, is revealed by the official statement that at least through 1950 large numbers of trucks will operate on producer gas and other "local fuels".

The few existing "arterial roads" are to be "restored" and completely overhauled, but apparently new first-class highways are not to be constructed. Even the subsidiary "improved motor roads" are to be extended by only about 7,000 miles throughout the whole USSR during the entire five-year period.

While Soviet policy will emphasize use of the truck fleet as an adjunct to the rail system in short-haul traffic, some progress will be made in organizing long-distance hauling.

2. While the various media of transportation are controlled by separate agencies, over-all coordination of transport policy is the responsibility of the State Planning Commission (Gosplan).
3. Prior to World War II, the Soviet highway system and the volume of motor transportation did not satisfy the strategic requirements of the USSR, and probably reflected little military influence. The most striking example of this was the failure to provide trans-continental highway communication between the Siberian Maritime Provinces and Western Russia. The Soviet military, however, now undoubtedly exerts a strong influence in planning of motor transportation development. A substantial portion of the present Soviet truck fleet, for example, consists of lend-lease trucks turned over to the military authorities, who presumably still largely control their utilization.
4. Subsidization in the USSR is an academic matter, since all economic activity is controlled by the State, and enterprises will be developed or maintained, regardless of their degree of self-sufficiency, if they serve the national interest. Both road construction and motor vehicle manufacture are covered by specific provisions of the Fourth Five-Year Plan.

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USSR - HIGHWAY TRANSPORTATION (A-5 CONT'D)

5. Czarist Russia and the USSR have never been able to develop an aggressive and completely effective policy with respect to highway construction and mechanized road transport. This backwardness has been primarily due to a long-standing combination of economic factors. Early railway development satisfied minimum national requirements for long-distance traffic, and the localized regional economies were able to exist with roads of low capacity. The USSR did not have the basic economic factors (rapid accumulation of capital, potentially large consumer market for motor vehicles, the imagination required for the full exploitation of national resources, and a rapid rate of industrialization) which combined in the US, for example, to create a motor vehicle industry which in turn set up a compelling requirement for adequate roads.

B. ORGANIZATION

1. There are three Ministries whose jurisdiction directly affects highway construction and motor transport in the USSR. They are: (a) the Ministry of Internal Affairs, (b) the Ministry of the Automobile Industry, and (c) the Ministry of the Industry for Building and Road Construction Machinery. As in the case of all other Soviet agencies, the State Planning Commission is responsible for over-all planning. It should be noted, however, that motor transport in the Soviet Union is not nearly so susceptible of centralized control as are the other transport media, since every Ministry or other agency whose operations require any substantial amount of trucking has a fleet of trucks under its own jurisdiction. Such dispersion of facilities patently produces a diffusion of control not present in the other transport media.
2. The Chief Administration of Paved Highways in the Ministry of Internal Affairs is charged with all planning, financing, construction and maintenance work on the principal highways, as well as regulations for their use. The Road Administrations of the various Republics perform similar functions for those roads under their jurisdiction. The Ministry of the Automobile Industry is responsible for basic planning and execution with respect to production of motor vehicles in accordance with over-all state planning. The Ministry of the Industry for Building and Road Construction Machinery is charged with basic planning and execution with respect to production of heavy equipment required for road construction and maintenance programs.
3. While there is no direct administrative relationship between the agencies listed in B-1 and the other state agencies, the activities of all the Ministries are coordinated by the State Planning Commission. The many government agencies utilizing their own fleets of trucks doubtless encounter administrative conflicts with the Ministry of Internal Affairs.

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USSR - HIGHWAY TRANSPORTATION (E-4)

4. After a period of shifting responsibility during the early years of the Soviet regime, the responsibility for road construction and other matters relating to highway transport was placed under the Commissariat for Domestic Affairs, as a result of which considerable progress in road construction was made. In 1936, the Chief Administration of Highways was created within the Commissariat for Domestic Affairs to administer and coordinate a widely decentralized program. In March 1946, the Commissariat for Domestic Affairs became the Ministry of Internal Affairs.
5. The basic social philosophy of the Soviet system postulates that all activity is carried on in the public interest. There is, however, little basis for claiming any high degree of efficiency in either highway construction or motor transport operations. Soviet highway standards are far below those of the United States, and the poor quality of Soviet maintenance and repair facilities became notoriously evident during the late war. That the Soviet Government is aware of the shortcomings of its highway facilities is evidenced by the open criticism in the press of officials responsible for the serious lag in the fulfillment of state plans with respect to road construction.

C. ADMINISTRATION

1. The establishment of new highways is the responsibility of the Ministry of Internal Affairs. Over-all authorization for new highway construction, however, is provided in the five-year plans of the State Planning Commission.
2. Since the agencies requiring any substantial amount of motor transport maintain their own truck fleets (see B-1) and private traffic is unimportant, the question of rates on motor transport traffic is largely meaningless. In those instances where one agency transports goods for another, the carrying agency sets the rates at a point calculated to return a normal planned profit.
3. There is no competition between highway transport carriers beyond state-sponsored "socialist competition" for the purpose of increasing efficiency, reducing accidents, etc. There is little competition between the various media of transport, since all are used to capacity and beyond. Furthermore, operations of all media are integrated within the over-all transport plan of the state.
4. Highways and equipment are subject to very strict rules established by the Ministry of Internal Affairs concerning operating safety and inspection of equipment. Regulations require constant inspection and necessary repairs at all times, as well as periodic inspections and scheduled overhauls at specific times. Accidents are investigated officially and negligence is severely punished, the offenders being considered as "enemies of the people".

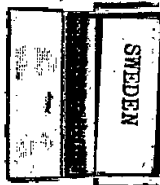
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USSR - HIGHWAY TRANSPORTATION (C-5)

5. The state has prepared extensive programs for technical training in transport, maintaining a number of schools for that purpose. Operating personnel must pass examinations and be licensed. Because of the poor distribution of repair facilities, every chauffeur or driver is supposed to be qualified in repair and maintenance. Procedures for training of technical personnel are under the authority of the Ministry of Labor Reserves, while the Ministry of Internal Affairs establishes regulations for the licensing of highway operators.
6. International agreements now in effect concerning highway transport problems are limited to incidental provisions of bilateral trade and political agreements between the USSR and its neighboring satellite states.
7. Highway transport is no exception to the generalization that the intensive planning of the Soviet economy necessitates the preparation of many reports covering all aspects of operations. The Ministry of Internal Affairs requires various reports dealing with commodities carried, operating costs, accidents, etc.

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SWEDEN - HIGHWAY TRANSPORTATIONA. POLICIES

1. Highway transport is second in importance to rails in the transport economy of Sweden. It provides the flexibility of transport essential to the economy of Sweden where industry and population centers are scattered to such an extent as to make concentration of rail facilities unprofitable. The basic policy of the Government with respect to road transport is to allow the highway carriers a large degree of freedom of action. Policies of restriction are practiced only as required by the overall interest of the state.
2. Policies concerning road transport are determined by the Board of Roads and Waterways in the Ministry of Communications. The policies determined by the Board are not subject to the control of any authority other than that of the Ministry of Communications, which integrates and coordinates all policies dealing with communications and public works.
3. Strategic and military considerations have had relatively little influence upon the highway transport policies of Sweden. The geographical position of the country together with its topography would render ineffective any attempt to base transport policies upon strategic and military considerations. Sweden's historic policy of neutrality in international conflicts also has permitted emphasis on economic needs rather than those of a military nature.
4. The Government does not directly subsidize highway transport operations, but it does expend considerable sums on the construction and upkeep of highway facilities.
5. Policy with respect to highway transport in Sweden has been developed by three factors of primary importance. The first of these is the vested interests of the rail lines, both private and state owned, which has influenced policy to favor rail lines. In contrast, however, private interests represented by industrial organizations have urged the development of highway transport, since such transport furnishes flexibility needed for fast, cheap, door-to-door transport.

The second factor which has influenced highway transport policy is the relative ease with which highway transport can be established and maintained, maintenance cost being particularly heavy on Swedish rail lines because of weather and terrain.

The third, and possibly the most important factor influencing highway policy is recognition by the state that despite its financial interest in the rail lines, highway transport enjoys a tremendous advantage in serving a population so widely scattered as to make rail operation uneconomic in a large part of the country.

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SWEDEN - HIGHWAY TRANSPORTATIONB. ORGANIZATION

1. Highway transport services are under the authority of the Board of Roads and Waterways (VAG - OCH VATTENBRGGNADSSTYRELSEFN) in the Ministry of Communications.
2. The Board of Roads and Waterways has administrative control over all highway transportation and inland waterways, but through a policy of decentralization of control the provincial governments are given authority to issue concessions for operations and to establish rate schedules. Inter-province traffic rates are determined by that province in which the greatest portion of the travel is performed. Inter-province concessions are assigned through mutual agreement of the provinces concerned.
3. The Board of Roads and Waterways, in addition to technical and administrative matters regarding roads, has authority regarding ferries, canals and inland waterways. There is no administrative connection, however, between the agencies within the Board dealing with highways and the agencies dealing with waterways. All activities and policies are directed and coordinated by the Ministry of Communications. There is no relation between these agencies and the agencies dealing with merchant shipping and civil aviation, and no overlapping or conflict between the various agencies is apparent.
4. There is no apparent consideration being given to reorganizing the present structure of the Ministry of Communications as it affects road transport, nor is the creation of new administrative agencies under consideration.
5. The policies regarding road transport, as laid down by the Board of Roads and Waterways, appear to meet with the general approval of all parties concerned.

C. ADMINISTRATION

1. There appear to be no legal barriers to the establishment of new highway services for passenger and freight. Routes and rates must be authorized by the provincial governments to be served.
2. Proposed rates are determined by the operators and submitted to the provincial authorities in whose territory service is proposed. Approval of such rates is readily given since inequities may be subject to review if protested.
3. Free competition between transport media is a basic policy in Sweden. However, highway rates leading to deficit operations are discouraged as being inimical to the public

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SWEDEN - HIGHWAY TRANSPORTATION (C-3 CONT'D)

interest. (Such operations adversely affect the rail systems, in which the state has a financial stake.)

In recent years, the railroads, in order to combat competition, have lowered their rates and organized truck operations in an effort to meet the competitive door-to-door service offered by the road carriers.

4. There is no uniform legislation applying to the country as a whole with regard to inspection and safety regulations. Such regulations are the responsibility of the provincial governments and indications are that such enforcement policies are not entirely successful.
5. There is no evidence of any particular interest on the part of the Government with regard to training of technicians in the field of highway transport. Sweden is noted, however, for a number of excellent technical schools whose curricula include instruction in such matters.
6. Highway transport carriers in Sweden have much to gain through the conclusion of international agreements concerning traffic, facilities, rates and other related matters. The general apathy of European governments, however, toward international highway transport and the strong position of the railroads in most countries has retarded the development of such agreements. At the present time, there is a considerable volume of long distance bus traffic operating passenger service weekly from Sweden as far south as Paris through neighboring states. In addition, long distance truck operations have grown rapidly, and at present there is considerable international traffic in fish and similar products. While the restoration of highway transport is notable, one factor acting to retard development of highway operations, international as well as domestic, is the acute shortage of vehicles.



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PRE-WAR GERMANY - HIGHWAY TRANSPORTATIONA. POLICIES

1. Information on transportation policy in general is contained in A-1 of the Pre-War German study on railway transportation. Germany, like practically every other government of Continental Europe, was intent on protecting the government-owned railroads against the competition of the highway carriers. Licensing requirements for existing long-distance freight carriers were very stringent, and no licenses were issued to new carriers from August 1933 to the summer of 1938. More important, the law of June 26, 1935 kept automobile trucking rates aligned with those of the railroads.

The civilian passenger car, as long as the Volkswagen remained an unkept promise, was important. There were numerous bus lines, run by the Reichspost, the Reichsbahn, and private enterprise, but about 90% of passenger traffic, both long distance and local, used the railroad. In view of the relative unimportance of trucking and passenger traffic, and of the civilian motor car, the famous Autobahnen, and indeed Hitler's whole road-building program, can be explained only as a rather grandiose gesture. Probably the larger purpose of the scheme was to provide employment, with considerations of prestige and military strategy playing a secondary part.

3. See A-3 of Railway Transportation for a general discussion of strategic and military considerations.
4. The financial maintenance of the Reichsautobahnen was entirely secured by subsidies from the Ministry of Finance in the form of a certain share of taxes. While in theory these roads were entitled to collect contributions from their users, no such contributions were in fact ever levied. During 1937 allotments from tax and duty receipts to the Autobahnen totaled 197,092,534 RM. Of this total, 104,600,000 RM came from the mineral oil duties, 61,700,000 RM from the mineral oil tax, and 30,800,000 RM from the transportation tax.

Any temporary financing was obtained by short and medium-term bills, drawn on the Reichs-Autobahnen-Beschaffungs G.m.b.g., which was a department of the Deutsche Verkehrs-Kredit A.G. (the banking institution of the Reichsbahn.) These bills could be rediscounted by the Reichsbank with the indorsement of the Deutsche Verkehrs-Kredit Bank. The total indebtedness of the Autobahnen on December 31, 1937 was stated to be:

1. Acceptance Credits	450 million RM
2. National Railway Loan	400 " "
3. National Unemployment Insurance	375 " "
4. Old Age Insurance Office	100 " "
5. Ministry of Finance	300 " "
6. National Association of Insurance Companies	237.2 " "
7. Others	33.6 " "

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RESTRICTEDPRE-WAR GERMANY - HIGHWAY TRANSPORTATION (A-4 CONT'D)

The following table shows the expenditures of Reich, states and municipalities for the highway system:

Expenditures for Construction and Maintenance of German Roads (Millions of RM)

	<u>Autobahnen building expenses</u>	<u>Maintenance and re- pairs</u>	<u>Other Roads Construction & Reconstruc- tion</u>	<u>Total</u>
Average				
1927-29	----	427.0	570.0	1042.0
1932	----	287.5	150.8	438.3
1933	11.5	331.7	360.1	703.3
1934	232.3	334.1	431.0	997.4
1935	476.9	344.9	437.3	1259.1
1936	617.8	317.3	471.5	1406.6
1937	663.5	315.0	525.0	1503.5
1938	850.0	310.0	540.0	1700.0

Neither passenger nor freight road traffic were subsidized by the Reich. The transport tax for long-distance freight traffic was 7%, and that for passenger travel was 12%.

5. See Railway Transportation, A-5.

B. ORGANIZATION

1. All the local political authorities charged with the administration and upkeep of the highways were subject to the supervision and control of the Inspector General of German Roads. Important highways, classified as national roads, were financed by the Nation, and administered by the Inspector General through the state and local authorities. Roads of primarily regional significance were designated as first or second-class roads, according to the importance of the area they served.

First-class state roads were financed and administered by the State and provincial authorities; second-class roads by the counties and districts. The Inspector General appointed the technical members of the administrative boards for these roads. The layout and manner of construction of the super-highways (Autobahnen) was his personal responsibility, although actual construction and management were handled by the specially created Reichsautobahnen Company, originally a subsidiary of the National Railroad.

The decree of October 6, 1931, as subsequently amended, gave the Minister of Transport the all-important power of fixing minimum rates for freight traffic. In 1935, all firms engaged in the transport of goods for the account of a third person in operations over 50 kilometers were required to become members of the Truck Operators Association, or Reichs-Kraftwagen-Betriebsverband (RKB). The main functions of this association were the organization and regulation of long-distance road freight transport, the distribution of freight orders among members, the invoicing and collecting of bills

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PRE-WAR GERMANY - HIGHWAY TRANSPORTATION (B-1 CONT'D)

on behalf of its members, and the compulsory insurance of all freight. At the same time, the RKB was incorporated bodily into the structure of the National Transport Group as the sole representative of private trucking.

See also B of Railway Transportation study.

C. ADMINISTRATION

1. This question is not strictly applicable, since the governmental policy was one of restricting rather than expanding transport facilities and enterprises. For specific information, see the relevant sections of this report.

Under a law of 1934, amended in 1937, the operators of road passenger services were required to obtain licenses, and sanction for alterations to licensed services, from the Ministry of Transport. Passenger traffic was in the hands of three groups of operators, namely, "private enterprise" (usually a municipal corporation), the Reichspost, and the Reichsbahn. Private enterprise was regulated by Under-Secretary K in the National Ministry, and represented in the National Transport Group. The Reichsbahn and the Reichspost were exempt from licensing, being required only to notify the local authorities of their intentions 4 weeks before beginning a service.

2. The emergency decree of October 6, 1931 on "Inland Traffic with Motorized Vehicles" compelled the common-carrier long-distance truckers to adopt the Reichsbahn tariff rates in toto. In 1935-36 the entire German trucking system was organized under strong state pressure for the purpose of compelling the truckers to abide by the prescribed rates. The public organization so founded, the Reichs-Kraftwagen-Betriebsverband (usually abbreviated RKB) procured orders for individual firms through a new-work of cargo space distribution agencies (Laderaumverteilungsstellen), took over the "billing, collecting and payment of freight monies" (to avoid the possibilities of price-cutting), and insured the freight carried. To all intents and purposes, the truckers became employees of the RKB. The freight rates established by the Reich Trucking Tariff of March 30, 1936, were worked out by the RKB in agreement with the Reichsbahn, with the Minister of Transport as arbiter. The basic principle was that railroad and trucking rates for the 4 most expensive classes of commodities (Reichsbahn classification A to D) were to be the same. That commodities in the cheapest classifications (Reichsbahn classifications E to G) were to be forwarded by the highway carriers only at class D rates was relatively unimportant. The unfavorable position of high value goods in less than wagon loads on the railroad, as for example, paper, beer, chemicals, is obvious. The tariff nullified the technical advantages of the truck over the railroad. In addition, the embargo on licenses was continued. Thus the membership of the RKB declined from 9,230 members in 1936 with 12,791 trucks to 8,752 members with 19,201 trucks in mid-1938.

In 1938, when the transportation crises occasioned by the building of the West Wall, the incorporation of "irredentist" lands to Germany, and the increase in military preparation became clearly vis-

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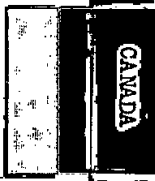
PRO-NAZI GERMANY - HIGHWAY TRANSPORTATION (C-2 CONT'D)

- ible, restrictions on licensing were lifted. But the action came too late to be of meaning. A truck ordered in 1938 would have been received in 1940, when the shortage of gasoline kept all vehicles off the road.
3. Since the fixing of tariff rates is the single most important instrument of regulating transport competition, this question is implicitly answered in the answers to question C-2.
 4. There were no peculiarities in the German administrative system of safety regulation and inspection which require enumeration here. The only difference from commonly accepted practices lay in the high degree of centralization within the Ministry of Transport.
 5. The National Socialist Automobile Corps (Nationalsozialistische Kraftfahrer Korps), usually abbreviated NSKK, was, to use the Nazi language, the primary "organ of the political will to motorization." The NSKK arranged a schooling scheme under the title "Youth at the Motor." By 1938, it was estimated that 200,000 young men had received preliminary training designed to make them better recruits for the panzer and motorized divisions. The Motor-Hitler Youth, with a membership of 100,000 in 1938, was under NSKK tutelage, as were parts of the German Labor Service. On January 27, 1939, a Fuhrer decree made the NSKK the exclusive organ for all pre- and post-military training in the motor field. The decree was implemented by an organization of 23 motor sport schools, for "leaders" and "experts", 2 national schools, and a technical drivers' university at Munich,

By 1938, there were 5.5 million licensed vehicle drivers in Germany. The licensing process was begun by an application to the local police, who forwarded it to the regional police. The examination of the candidate was made by an "expert" (Sachverstandiger), appointed by the Minister of Transport and usually an NSKK man, with a degree in mechanical engineering and 2 years' experience. The licensing standards were in all essentials comparable to those of the United States. However, there were 4 classes of licenses, in accordance with the type of vehicle to be driven:

1. Motorcycles with a cylinder capacity of over 250 c.c.;
 2. Motor vehicles, weight over 3.5 tons, and truck trailer combinations with more than 3 axles, regardless of weight;
 3. Vehicles with cylinder capacity of 250 c.c. or less, and maximum speeds less than 20 kilometers per hour;
 4. All others.
6. As of September 1, 1938, Germany had ratified the road and motor traffic convention of the League of Nations. Germany also belonged to the International Federation of Commercial Motor Users.

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CANADA - HIGHWAY TRANSPORTATIONA. POLICIES

2. The Dominion Department of Transport was organized in November, 1936, to unify the control and supervision of railways, canals, harbors, marine and shipping agencies, civil aviation and radio. Dominion control over highway transportation, however, is slight.

The various agencies regulating transport operate very close to the Cabinet and look to that source for major policy. The Minister of Transport, however, has lost much of his responsibility to the Board of Transport Commissioners, the Air Transport Board and the Maritime Commission, all three of which are largely autonomous.

4. The Canadian Government does not extensively subsidize highway construction. It was not until the passage of the Canada Highways Act in 1919 that cash subsidies were provided toward the construction of highways considered to be of interprovincial character. During the following nine years \$20,000,000 was granted for the purpose. During the period of acute unemployment between 1930 and 1937 slightly more than \$42,500,000 was spent on highways of national significance. Of this amount, \$19,000,000 went to the Trans-Canada Highway, designed to run from the Atlantic to the Pacific entirely in Canadian territory.

The Alaska Highway, 1,600 miles of roadway, 24 to 36 feet wide, extends from Fort St. John, British Columbia, through Whitehorse, to Fairbanks, Alaska. The Dominion Government supplied the right-of-way and the United States Government, through its War Department, carried out the construction work. The Canadian section of the highway from Edmonton to the Alaska border was taken over by Canada at the end of the war. The Canadian section, now known as the Northwest Highway System, is being operated for the present by the Canadian Army.

B. ORGANIZATION

1. (See B-1 of Railway Transportation.)

In the field of highway development, the British North America Act very clearly left to the provinces jurisdiction over provincial highways. This right has been jealously guarded. As a result the Canadian highway system is largely a patchwork of provincial highways. A Canadian who wants to drive from east to west invariably does so by dipping south through the United States.

It follows that Dominion control over highway traffic is slight. The Dominion may regulate only with regard to interprovincial and external trade. It may incorporate companies whose purpose is interprovincial transportation. Within the authority contained in the British North America Act some control is exercised through the Board of Transport Commissioners,

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CANADA - HIGHWAY TRANSPORTATION (B-1. CONT'D)

which requires that trucking rates be filed with them. Due to the Board's authority to approve or disapprove railway rates, it can to a very large degree influence truck competition. The authority of the Board, however, has not been clearly determined. In fact, the authority of the Dominion Government in regard to highway location and construction leaves much to be desired from the national viewpoint.

As has already been indicated the provinces jealously guard their almost exclusive jurisdiction over highways. Each province has its own highway department which issues operators' licenses and registers and regulates motor vehicles. Traffic regulations are either provincial or municipal in nature.

5. In the main, the Canadian agencies handling transportation policy are regarded as operating efficiently in the public interest.

C. ADMINISTRATION

1. The establishment of highways is almost exclusively a matter of provincial regulation. The British North America Act permits the Dominion to project itself into the picture only insofar as interprovincial and foreign commerce are concerned. This is interpreted in a very restricted sense with the result that it has effectively prevented national planning and development of a highway system.
2. (See A-4.)
3. There appear to be no international agreements in the highway field to which Canada is at present a party.
5. The government does very little to foster or regulate training of technicians in any of the fields of transport.
7. The number and variety of reports which are required to be submitted to the various supervisory agencies of the government are too numerous and variable to permit listing. Such a list, if it were possible to compile, would change substantially from day to day. The nature of the replies to the questions previously covered is believed to indicate in a broad sense the nature and extent of the reports desired. The Dominion Bureau of Statistics, for purely statistical purposes, requires numerous reports as to traffic, materials used, employment given, and so forth. Rates in all cases must be filed with the appropriate supervisory board or agency. Practically all details as to the operation of common carriers are supplied in printed form to the public by the Dominion Bureau of Statistics. Further information is made available through the annual reports of the Department of Trade and Commerce, the Board of Transport Commissioners, the Department of Transport, and others.

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CANADA - HIGHWAY TRANSPORTATION (C-7 CONT'D)

Similarly information is published annually in the Canada Year Book and in special reports periodically made by the various agencies. These reports make it evident that transport companies file a large variety of reports and forms during the course of operations.

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BRAZIL

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BRAZIL - HIGHWAY TRANSPORTATIONA. POLICIES

1. The basic Brazilian policy covering highways has, as its long range objective, the construction of a Federal network of main highways connecting the existing local state systems. This has been the expressed aim of several successive Brazilian governments. President Vargas announced in 1944 that it was a responsibility of the Ministry for Transportation and Public Works to "... organize a general plan of transportation development and road building for the entire country in order to develop it gradually and in accordance with public necessity; and not in pursuance of occasional private interests."

Under the "new state", highway building policy is determined by the Federal government. Formerly road construction was left to the initiative of the States, with the result that there are few through highways connecting the local networks spreading out from the port cities of Recife, Bahia, Rio de Janeiro, Sao Paulo, Porto Allegre and Rio Grande du Sul.

Brazil has adopted a hands-off policy with respect to controls over highway motor transportation. The government apparently believes that a badly needed expansion of motor transport is most likely to occur with a minimum of interference. The only control of motor freight operations consists of a statistical cargo check when motor freight passes from one state to another. Passenger transport on the highways is subject only to government approval of rates.

2. While highways, railroads and inland waterways are the responsibility of the Ministry of Transportation and Public Works, it appears that the respective departments of the Ministry function almost autonomously, and there is little integration of policy within the Ministry on the various media of transportation.
3. Highway policy has been influenced by strategic and military considerations to a limited degree. During World War II the absence of an efficient coastal highway net was a substantial weakness in view of Brazilian and Allied shipping losses, which reduced the volume of vital port-to-port coastal shipping traffic. The national highway plan (see A-4) now takes into consideration a possible rupture of coastal shipping under war conditions. The Ministry of War has constructed some purely military roads. The road from Sao Joao in Santa Catarina to Barracao on the Argentine frontier, for example, was constructed by military engineers.
4. Subventions have been granted for many years to encourage local

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BRAZIL - HIGHWAY TRANSPORTATION (A-4 CONT'D)

road construction. The Federal Government will now directly control the major highway developments in Brazil under a National Highway Plan, which was drawn up by a Special Committee appointed by the Minister of Transportation and Public Works. The final report was completed in 1943, and its conclusions became law in 1944, (Plano Rodoviario Nacional).

The proposed national highways are classified into three groups: (1) north-south, or longitudinal highways (2) east-west, or transversal highways, and (3) connecting highways. The term "national highway" is defined as a main road which assumes national importance by:

- a. connecting two or more States;
- b. reaching or approaching within 150 kms. of the country's borders;
- c. giving access to maritime river or lake ports operated under Federal concession;
- d. forming part of the Pan-American system;
- e. being of military, administrative or tourist interest; or
- f. being an indispensable link between trunk highways.

The National Highway Plan includes the following projected highways:

Getulio Vargas - coastal route Belem to Jaguarao
 Pan-Nordestina - Sao Luiz to Salvador
 Transnordestina - Fortaleza to Salvador
 Transbrasiliansa - Belem to Santa Ana do Livramento
 Amazonica - Santarom to Porto Don Carlos
 Acreana - Cruzeiro du Sul to Cuiaba

The entire plan includes approximately 20,000 kms. of north-south and 14,000 kms. of transversal highways plus about 3000 kms. of connecting branch roads. While the plan is ambitious, it is capable of fulfillment within 8 to 10 years.

The National Highway Fund, made up of receipts from Federal taxes on fuel and oil, and from motor vehicle import duties, will help to finance the National Highway Plan. The fund is distributed as follows:

- 40% to the National Highway Department;
- 60% to the States, which receive aid on the basis of:
 - 36% to States in proportion to local taxes collected;
 - 12% to States in proportion to population; and
 - 12% to States in proportion to area.

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BRAZIL - HIGHWAY TRANSPORTATION (A-5)

5. Highway policy is influenced by economic, political and geographic considerations in that order of importance. The projected highways will open up large areas of Brazil for an expansion of internal trade, and will lessen the country's dependence on coastwise shipping. The young Brazilian writer, De Sa, expressed a widespread view on highways in asserting: "the country has skipped the railroad era..... further funds.....should go into the construction of highways."

B. ORGANIZATION

1. The Ministry of Transport and Public Works controls all forms of transportation except civil air. Within the Ministry, the National Highway Department handles all matters concerned with highways. The War Department, however, jointly controls certain highways with the Ministry of Transport and Public Works. The National Highway Department supervises road construction in southern and central Brazil, while the Federal Irrigation or Reclamation Service (Inspeccoria Federal de Obras Contra as Secas) constructs highways in northeastern Brazil for the Ministry of Transport and Public Works. The War Department, moreover, has used its highway battalions to build certain highways, particularly those extending the networks of southern Brazil towards the borders of Paraguay and Bolivia. It appears that these roads, of first-stage construction, are considered to have military significance.
2. The National Highway Department controls technical and administrative services pertaining to studies, projects, specifications, budget, traffic policies, finance, and through delegation of authority, road building activities carried out by the States, War Department, and the Reclamation Service. The National Highway Department has the following Divisions:
 - I. Deliberative Divisions
 - a. Highway Council
 - b. Executive Council
 - II. Fiscal Division
 - a. Financial Controls
 - III. Executive Divisions
 - a. Director General
 - b. Technical Services
 - c. Judicial
 - d. Administration

It is the function of the National Highway Department to administer the National Highway Fund. (Sec A-4). Each state in the United States of Brazil has its own State Highway Depart-

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BRAZIL - HIGHWAY TRANSPORTATION (B-2 CONT'D)

mont. The more progressive states along the coast, especially in the vicinity of Rio de Janeiro and Sao Paulo have constructed outstanding examples of modern highways under the general supervision of the National Highway Department.

3. There does not appear to be much organized coordination of the various forms of transportation within the Ministry of Transportation and Public Works. Coordination achieved during the war with other departments is rapidly disappearing. There is no formal relationship with the civil aviation agencies in the Air Ministry.
4. The construction of modern highways began in Brazil about twenty years ago. Various states had organized highway departments before the establishment of the Federal Roads Commission in 1927. In 1930 the Commission was abolished by the Vargas regime and in 1937 the National Highway Department was created under the Ministry of Transportation and Public Works. Decree-law Number 8,463, dated December 27, 1945, gave the National Highway Department a more autonomous position within the Ministry. The same decree created the National Highway Fund and directed its administration by the National Highway Department.
5. All agencies concerned with highway transportation are attempting to administer policy efficiently and in accordance with the public interest. They are handicapped, however, by local state politics, military considerations and financial problems.

C. ADMINISTRATION

1. The National Highway Department determines the priority of new Federal highways in accordance with the National Highway Plan (Decree No. 15193, March 20, 1944). In contrast to the US system of highway development, where state construction stems from local roads and Federal construction from State systems, Brazil works from the top down, the Federal Government holding that it should initiate highway construction throughout the country.

The expanding motor transport passenger lines in Brazil operate under concessions granted by the National Highway Department, after requirements regarding their financial reliability and the type of their equipment are met. The implementation of these controls by the National Highway Department, however, appears not to have reached all state and local levels. The State of Pernambuco, for example, is reported to have deviated from Federal controls by permitting all vehicles to transport passengers. Motor transportation is encouraged in this state by very elastic local regulations. Trucking operations are not regulated in Brazil.

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BRAZIL - HIGHWAY TRANSPORTATION (C-2)

2. The National Highway Department established passenger rate schedules on a passenger-kilometer basis, varying with the kind of road surface over which the vehicles pass, and the type of vehicle operated. There are no officially established motor freight rates in Brazil.
3. There is practically unrestricted competition in highway transportation, passenger and freight, throughout Brazil. Highway passenger transport has become increasingly competitive to the railroads. In spite of varying highway conditions, bus time between the cities of Sao Paulo and Curitiba, for example, is 12 hours for a distance of 523 kms., against a train time of 26 to 30 hours. This difference reflects the disjointed nature of Brazilian rail development.
4. The Brazilian National Transit Code, 1941, governs highway safety and accident investigations. It also contains voluminous regulations regarding the qualifications of automotive vehicle operators. The thoroughness of the regulations is illustrated by the provision that professional drivers must pass physical examinations, aptitude and technical tests, must undergo sanity and character investigations, pass examinations on traffic laws, and meet requirements regarding military service and nationality.
5. The initiative for the training of engineers and technicians in highway work rests with the educational institutions. The respective professional organizations license civil engineers. Laws relating to highway planning and construction often stipulate that only licensed civil engineers may hold certain positions contained in departmental and State tables of organization.
6. The lack of international highways connecting Brazil and her neighbors obviates the necessity for international agreements concerning motor transport.
7. National Highway Department inspectors, working from inspection posts on the Federal highways, prepare traffic and accident reports. Statistics on cargo crossing State lines are furnished to the Ministry of Agriculture. Data compiled on the number of passengers and cargo moved, however, is only partially and belatedly published. Individual accident reports state whether fatalities have occurred, and give the degree of vehicle damage and nature of personal injuries.

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ARGENTINA

RESTRICTEDARGENTINA - HIGHWAY TRANSPORTATION**A. POLICIES**

1. The salient feature of present Argentine policy with respect to highway transportation is the trend toward nationalization of all such services which are considered to be of national interest. Thus Argentina will take over the trucking subsidiaries of foreign-owned railroads concurrently with the pending acquisition of these railroads.

Nationalization of the highway transport systems of Buenos Aires and Rosario will set the pattern for future acquisition of other important highway transportation systems.

Argentine highways were long considered primarily as adjuncts to the railroads. Until 1 January, 1947, Argentine law required the railroads to subscribe 3% of their gross income for road building. Originally such roads were to have fanned out from the railroads to form feeder systems, but beginning in 1932 the government applied certain funds to the construction of highways paralleling the railroads. This produced competition between highway transportation and railroads, forcing the latter in self defense to develop their own trucking lines. Large sums are now included in the Five-Year Plan for development of the Federal Highway System.

City passenger transportation is a government monopoly.

The present relative importance of highways is evidenced by the fact that the share of total cargo handled by trucks in Argentina has risen from 5% (during World War II) to 15%, while the railway share has dropped from 95% to 85%. Between 1940 and 1944 the Federal Highway System increased from 30,773 to 38,584 miles.

2. The highways and transport on them are administered by the Ministry of Public Works, but independently of other forms of inland transport. There is some coordination within the National Economic Council, which is accomplished by a National Coordinator for Highways outside Buenos Aires and a Municipal Coordinator for transport within the Metropolitan Area, where city passenger transportation is a Government monopoly.
3. The location of strategic highways has been primarily determined in the past by economic rather than military conditions. Some roads, however, were undoubtedly constructed to serve military needs. This applies especially to temporary roads and trails northward to the underside of

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ARGENTINA - HIGHWAY TRANSPORTATION (A-3 CONT'D)

Bolivia and roads to military outposts. Among planned roads is one in the direction of the Paraguayan frontier.

4. Highways are constructed from public funds by the Federal government in cooperation with the respective provinces and territories. There are no subsidies to private companies, although the nationalized transport systems are operated at Government cost. The Five-Year Plan includes large appropriations for highways.
5. Highway policy has been based essentially on economic requirements. The economic core of the country has its center in the Buenos Aires seaport area and embraces the great pampas regions and surrounding country southward to the Rio Negro, westwards to the Andean foot hills and northward to the Parana river. The prime mission of the highway network is to expedite the movement of raw materials to ports and of finished products to the interior. This function makes the highways an auxiliary to the railroads.

The most important example of influence on highway transportation policy from vested interests was furnished by the attempt of the railroads to have legislation enacted curbing the increasing activity of the highway carriers. The railroads initially proposed legislation requiring that highway transport be regulated by the National Railways Board, but such obvious attempts to stifle competition were bypassed, and the final draft of the bill established centralized coordination for all public transport.

B. ORGANIZATION

1. The control of highways lies in the Ministry of Public Works, which includes: Direccion Nacional de Transportes; Administracion General de Vialidad; and Corporacion de Transportes de la Ciudad de Buenos Aires.
3. The highway agencies in the Ministry of Public Works are coordinated with agencies handling other forms of transportation at the level of the National Economic Council.
4. Two major laws were passed in 1936-7 providing for the coordination of transportation. The first of these measures was designed to ease the acute competition between tramways, subways, suburban railways, taxicabs, omnibusses, and small busses, (the popular "collectivos") in the Buenos Aires Area. Provision was made for the establishment of the Office of the Coordinator of Municipal Transportation. This was followed by a second measure creating the Office of National Coordinator of Transportation with control over long distance transportation "in or between the National Territories, or between

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ARGENTINA - HIGHWAY TRANSPORTATION (B-4 CONT'D)

these and the Provinces, or between these and the Federal Capital."

5. The highway agencies are considered to be operating inefficiently, due to delays in obtaining new equipment and placing it in operation. There has been considerable public criticism of this inefficiency, particularly with respect to the operation of the nationalized systems for city passenger transportation and cargo hauling, as well as the private highway passenger transportation companies.

C. ADMINISTRATION

1. Motor transport lines for passengers are established under procedures set forth in law No. 12346 (1937). Applications are channelled from the immediate Municipal Authorities through the Provincial Officials for final processing by the National Commission for the Coordination of Transport. Cargo transport lines do not need franchises, but must comply with licensing requirements.

The National Commission for the Coordination of Transport controls the approval of highway and construction contracts. The first extensive plan for Federal and Provincial highways envisaged in 1933 an expenditure of \$385,000,000 for the construction of new roads during a 15-year program. Under the recent Five-Year Plan, (1946) the annual expenditure for highways will be approximately \$28,500,000.

2. Passenger rates and other tariffs are based on percentages of 1936 rates and codes. Adjustments are authorized for increased operating costs. The National Highway Transportation Commission is competent for areas outside the Buenos Aires System. For the Metropolitan region the Coordinator of Municipal Transportation is the highest authority.
3. It has been considered in the public interest to nationalize the passenger transport service in Buenos Aires and the river Port of Rosario, and thus restrict competition between carriers.

Small passenger operator competition is restricted by means of franchises restricting routes to specified companies.

Cargo carriers are not subject to similar restrictions, and competition is not limited through Government action.

4. Vehicles must meet specified operating standards set by the police departments and demanded by insurance companies. Additional safety rules are established by the operating companies themselves, to forestall civil damage suits. It is reported that safety standards for passenger transportation are unsatisfactory in regard to fire hazards.

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ARGENTINA - HIGHWAY TRANSPORTATION (C-5)

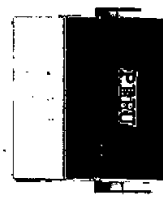
5. Nationalized transport systems maintain classes for drivers and guides. Driver licenses are subject to examination in both theory and practice. Applicants are required to pass a physical examination.

7. The Highway carriers are subject to the same inspections as the operators of other overland transportation. The reports are used by the tax authorities as well as for purposes of studying working conditions and administering social security. They are submitted to the National Director of Highway Transportation and the Coordinator of Municipal Transportation. Reports on labor matters are forwarded to the Secretary of Labor and Welfare. The National Director of Highway Transportation also receives statistics on passengers and freight.

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PERU - HIGHWAY TRANSPORTATION

A. POLICIES

1. Highway transportation policy in Peru is determined by the state. The Peruvian Government considers adequate highways to be the most essential component of its transportation system. This is because the flexibility of highways adapt them to the extremely rough terrain in Peru. The Government accordingly intends to promote the construction of new through roads to reduce the isolation of its remote areas.
2. There is little integration between the Ministries and other governmental authorities concerned with highways and other forms of transportation.
3. Strategic and military considerations do not appear to influence appreciably Peruvian highway transportation policy.
4. There is no government subsidization of motor transport operating units. All interurban highways, on the other hand, are constructed and maintained at state expense. There has been a marked increase in national road building expenditures in recent years. Peruvian policy has increasingly subordinated railroad construction to highway expansion because of the adaptability of highways to the country's difficult terrain.
5. The Government's highway transportation policy is not influenced by vested interests.

B. ORGANIZATION

1. The Ministry of Development and Public Works is responsible for highway and railroad matters. Under that agency is the Bureau of Highways and Railroads, with separate Highway and Railroad Sections.
2. The Bureau of Highways and Railroads is headed by a Director General directly responsible to the Ministry of Development and Public Works. A sub-director is in charge of the Highway section, which has departments for administration, operations and engineering.
3. There is no direct coordination of transportation policy between the Ministry of Development and Public Works, the Ministry of Aeronautics, and the Ministry of the Navy. There is no appreciable overlapping or conflict between the national agencies and the political sub-divisions in transportation matters.

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PERU - HIGHWAY TRANSPORTATION (B-4)

4. The present governmental agencies are considered adequate and there are no known plans for reorganization or new agencies.
6. The highway agencies are operated in the public interest, and are almost free of political interference. While the engineering services are good, there is need for more mechanized construction.

C. ADMINISTRATION

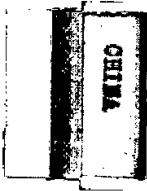
1. The planning of new highways is the responsibility of the Department of Studies and Planning of the Bureau of Highways and Railroads. New locations are approved by the Minister after consultation with other branches of the Ministry of Development and Public Works. New roads are constructed according to a comprehensive national plan. Private motor transport lines for passengers and cargo require a license from the Bureau of Transit in the Ministry of Government and Police.
2. There is no official rate structure for cargo service on highways. While passenger bus rates are submitted by operators to the Bureau of Transit for approval, in practice competition dictates fares.
3. In the absence of through coastal railroads, cabotage operations of the state-owned Peru Steamship Corporation offer the only competition to motor transport along 2800 miles of coast served by the Pan-American highway. Ocean shipment is preferred for long distances and for heavy cargoes while motor freight is largely restricted to shorter hauls of lighter goods. Competition among individual motor transport operators is not particularly desired by the Government. However, lenient licensing procedures and the absence of remission charges for new operators facilitate the organization of new lines.
4. The Traffic Department of the Ministry of Government and Police establishes and enforces regulations governing motor transportation. Aside from traffic regulations, however, the State imposes no controls governing the safety and inspection of equipment and personnel using the highways. There are, on the other hand, periodic inspections of urban vehicles. Highway accident investigations come under the respective political sub-divisions of the country.
5. There are no government-fostered courses for training highway technicians other than those offered by the National School of Engineering. Training procedures at this school are determined by the Ministry of Education. The drivers of all vehicles must have licenses issued under regulations established by the Bureau of Transit.

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PERU - HIGHWAY TRANSPORTATION (C-6)

6. The Peruvian Government is committed by treaty with Bolivia to protect traffic through Peruvian territory to the new safe port of Matareni on the Pacific. Peru does not participate in any international highway rate conferences.
7. Motor transport companies are not required to submit operational data or reports on traffic, rates, and accidents.

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CHINA - HIGHWAY TRANSPORTATIONA. POLICIES

1. Policy governing the development and use of highways in China is determined by the state. The major objectives of Chinese highway policy are: (a) restoration of highways which have been damaged or destroyed; and (b) modernization of road surfaces wherever peaceful conditions and limited resources permit. In practice, however, little beyond maintenance can now be attempted.
2. Theoretically, a completely coordinated transportation system was established by the delegation to the Ministry of Communications of responsibility for all media of transportation. Actually, however, highway policies are determined and administered relatively independent of those for other forms of transportation.
3. Strategic and military considerations now dominate highway policy in the north and northeast. Even in south and west China the government makes an effort to keep the roads open wherever possible for use in military eventualities.
4. While government initiative is a prerequisite to the development of provincial highways, as well as a system of national highways, the central government is seriously handicapped by meager resources in foreign exchange, primitive equipment and insufficient technical personnel. Generalissimo Chiang Kai-shek's ten-year plan, nevertheless, envisions a well-coordinated system of highways connecting the important centers, particularly those not served by rails, in Central, West and South China. This comprehensive and ambitious program, patently unrealistic, calls for 253,000 kilometers of highways, with an eventual goal of 1,500,000 kilometers. Chinese authorities also have ambitious plans for developing highway transport. They intend to organize a government monopoly of commercial bus and truck services on main highways, granting franchises to private companies only for operations on secondary roads. The contemplated government-operated services, furthermore, would control distributing points and central fueling stations, thus excluding commercial gasoline companies and tire dealers from a substantial portion of the retail market.
5. Much of China's economic life is controlled by powerful family groups, some of which are close to the government, and local political factions. These vested interests exert great pressure on all phases of government policy affecting their interests. Since no substantial extension of the highway network or development of motor transport could occur without affecting these private interests in many ways, their influence in the government is used to accelerate or retard highway projects in accordance with their individual interests. The Chinese motor transport industry, on the other hand, is too young and unorganized to wield any considerable influence on the central government.

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CHINA - HIGHWAY TRANSPORTATION (A-B CONT'D)

Historical conditions influence highway transport policy chiefly in the sense that Chinese history has established a tradition of primitive overland transport and thus created an inertia against progress. Indifference, and, indeed, actual resistance to change has been historically a major factor retarding the development of highway transport in China. Geographic conditions have contributed to this stagnation by interposing many formidable obstacles, such as difficult terrain, unmanageable streams and poor natural distribution of construction materials. Political conditions operate both as an incentive and a complicating factor in highway transport development. While the improvement of communications with outlying subdivisions would be of great political advantage to the Nationalist Government, no programs of national scope can be instituted without considering the views of local political authorities. If the current military emergency is resolved, highway transportation will develop essentially as a compromise of economic factors: it will be a long time before the limited capabilities of the Chinese economy can do more than satisfy a fraction of China's basic need for adequate overland transport.

B. ORGANIZATION

1. The Ministry of Communications is the focus of Chinese Government authority over all forms of transport, including highways. The Railway and Highway Department of the Ministry includes the National Highway Administration.
2. The Railway and Highway Department of the Ministry of Communications is charged, according to Article VII of its organic law, with the following responsibilities pertaining to highways:
 - (a) planning and construction;
 - (b) operations on highways, including subsidiary activities;
 - (c) engineering and mechanical questions; and
 - (d) supervision of highways.

In addition to the above functions, the National Highway Administration controls provincial and other highway administrations and various regional motor transport administrations, including the Metropolitan (Shanghai, Peiping, Hankow, etc.) highway departments.

3. Some coordination of highway matters with other forms of transportation evolves from consultations between heads of the respective Departments and their subordinates in the Ministry. Over-all policy planning within the Ministry is supervised

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RESTRICTEDCHINA - HIGHWAY TRANSPORTATION (B-3 CONT'D)

by the Minister of Communications and his two Vice-Ministers. The highest policy and planning level for all media of transport, however, is the Executive Yuan.

4. The administration of highways in China has been under various organizations since the formation of the Republic. From 1927 until 1941 matters relating to highway administration and transport were handled by the Bureau of Highways and the National Highway Transport Administration in the Ministry of Communications. In July 1941, both of those agencies were transferred to the Transport Control Bureau under the National Military Council. The need for more efficient highways and for improved coordination with the other overland forms of transportation led the government to place the administration of highways again under the Ministry of Communications at the end of World War II.
5. It is undoubtedly the desire of the Minister of Communications to direct the Ministry's operations for the public good. The factors preventing efficiency are largely beyond his control. They include vast equipment shortages, commandeering of facilities by the military, and the interruptions and destruction of highway facilities incident to the current civil war.

C. ADMINISTRATION

1. Plans for new highways originate in the Railway and Highway Department of the Ministry. After discussion with various officials within and without the Ministry, they are submitted to the Executive Yuan for final decision. While the construction of new highways is the responsibility of the Ministry of Communications, the Ministry's capabilities are frequently nullified by military commanders, who can demand that the Ministry's technical and other trained personnel be diverted to development of road facilities required by the National Defense Minister in the prosecution of the civil war.
2. Motor transport rates are proposed by the administrations or companies operating on the highways. After consideration by the Ministry of Communications, they are passed to the Executive Yuan for final approval. The Yuan is loath to grant increases now because of the inflationary tendencies caused by higher rates. Pleas of the Minister of Communications, asking for discretionary authority to grant limited rate increases, have so far been denied. All increases granted to date have been so low as to continue to lag behind price raises. This seems to be Chinese policy.

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RESTRICTED**CHINA - HIGHWAY TRANSPORTATION (C-3)**

3. It can hardly be said that competition in motor transport is fostered in China. Motor transport is so undeveloped that competition is an academic issue. A few privately-owned highway transportation companies have been granted franchises over secondary routes, but competition does not concern them as much as high operating costs and inadequate demand for the services offered. Competition can, if desired, be effectively controlled by the requirement that motor transport services offered must be approved by the Ministry of Communications prior to initiation and by extensive subsidies which the government currently pays to its own highway companies.

4. Detailed regulations are in effect governing motor vehicle operation and inspection, investigation of accidents, penalties for violating traffic regulations, and the use of highways. The final authority on regulations pertaining to highway use rests with the Executive Yuan. The extent to which the Ministry of Communications promulgates highway regulations may be judged from the results of the National Highway Traffic Commission Conference in 1937, which presented full regulation for adoption by the National Government covering the following measures:
 1. Regulations for the Management of Traffic on Highways
 2. Regulations Governing Penalties for Violation of Traffic Regulations
 3. Regulations for Bicycles Traveling on the Public Highways and Uniform Rate of Taxation
 4. Regulations for Uniform Taxation of Motorcycles
 5. Regulations of Drivers of Public Buses or Commercial Automobiles in different Cities and Provinces
 6. Regulations Prohibiting Private Automobiles from doing Commercial Business on Highways
 7. Regulations for the Joint Transportation Procedure
 8. Regulations Governing Uniform Payment of Wages to Drivers on the Highways
 9. Regulations Governing the Compensation for Automobile Accidents on the Highways
 10. Regulations for Savings of Highway Staffs and Officers
 11. Transportation of Motor Freight on China Highways

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CHINA - HIGHWAY TRANSPORTATION (C-6)

5. The Chinese Government has fostered the training of highway and motor vehicle engineers and technicians. The training of 1,200 Chinese in US industry and universities included many specializing in highway design and other features of highway transportation. Chiang Kai-shek's ten-year program calls for thousands of engineer graduates and technicians needed to carry out the ambitious public works program outlined in his book, "China's Destiny." All highway engineers and all motor vehicle operators, including trucks and buses, are licensed by the government.
6. The lack of through highways suitable for motor traffic obviates the need for international agreements on motor transportation.
7. Both publicly and privately-owned operators on the highways submit reports on operations and accidents. The very detailed highway safety measures, however, are reported to be enforced rather loosely. The various regional, provincial and local highway administrations submit annual reports to the Railway and Highway Department. Passenger and freight statistics for various provinces have been published.

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QUESTION-
NAIRE

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Questionnaire on
RAIL, HIGHWAY AND INLAND WATERWAY TRANSPORTATION
To be used in conjunction with this study

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QUESTIONNAIRE ON RAIL, HIGHWAY AND INLAND WATERWAY TRANSPORTATION

A. Policies

1. What are the basic policies of the country with regard to rail, highway and inland waterway transportation? To what degree are policies determined by the state?
2. Are policies determined and administered independently for each form of transportation, or are they integrated and centrally administered for all forms of transport, including sea and air?
3. To what extent are rail, highway and inland waterway transport policies based on strategic and military considerations?
4. Does the government subsidize these forms of transportation, promote the development of new types of equipment, and the construction of railroads, highways and canals?
5. To what extent is policy influenced by vested interests, historical, geographic, political and economic conditions?

B. Organization

1. What are the agencies of the government concerned with these forms of transport?
2. What are the functions of each of these agencies, and how are they organized to carry out these functions?
3. How are the various agencies related to each other? Are they controlled, directed, or coordinated by any agency or group on a higher level? How are they related to agencies concerned with shipping and civil aviation? To what extent do the various agencies overlap or conflict with each other?
4. What conditions or developments led to the establishment of these agencies as they are now organized? What circumstances led to the abandonment or reorganization of previously existing agencies? Is any consideration being given to reorganizing existing agencies or creating new ones?
5. Are these agencies considered to be operating efficiently in the public interest?

C. Administration

1. What procedures are followed in determining the establishment of new highways, motor transport lines, railroad lines and waterways?
2. How are rates determined and what types of regulations govern the rate-making processes?

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3. To what extent, and by what means is competition fostered or restricted?
4. What types of rules and regulations govern the safety and inspection of equipment and personnel, and the investigation of accidents? How are these regulations established and enforced?
5. Does the government foster or regulate the training of technicians in the fields of transport? To what extent, and how are technical classes of personnel licensed to perform their functions? What types of requirements must be met to obtain these licenses? How does the government determine its procedure with respect to training and licensing?
6. In cases where these forms of transport extend beyond national boundaries, or connect with neighboring lines, what international agreements and arrangements exist concerning:
 - (a) Exchange of traffic
 - (b) Exchange of equipment
 - (c) Pooling of traffic, equipment and revenues
 - (d) Establishment of joint facilities
 - (e) Fixing rates
 - (f) Allocating routes
7. For the purpose of administering policies, enforcing regulations, granting financial aid, and assuring the adequacy, safety and efficiency of operations, what types of periodic or special reports and forms does the government require covering:
 - (a) Traffic
 - (b) Rates
 - (c) Expenses, revenues and investment
 - (d) Qualifications of technical and key personnel
 - (e) Inspections
 - (f) Accidents
 - (g) OthersTo what agencies are the reports submitted? How are they processed, and what uses are made of them?