

Problems of National Defense

III. How Interstate Barriers Impede War Production

By HENRY MARX

WE are all asked, every hour on the hour, to make sacrifices in our mode of living in order to conserve materials needed for the war effort, and to help along an ever-increasing flow of war implements. Material needed for the war includes practically everything from food for our armed forces to rubber for mechanized equipment and silk for parachutes.

President Roosevelt and a number of leading government officials have told the nation that 50% of our production will be used for the prosecution of the war. In reality, not 50%, but 100%, of our production will be necessary for the war effort, because in a total war the total life of all citizens is affected and affects the outcome. The problem is much more important than one of merely conserving material; it is one which involves the entire processes of production from its source to its final destination.

Production today is impeded at its source, through land monopoly, and in the process of exchange, through trade and commercial restrictions. Assuming for the moment that raw materials could be developed in the needed quantities, unhindered by monopolies, there would still remain the problem of restraints of trade. I want to call attention to one such grievous restraint—the interstate barriers that decrease the efficiency of our transportation system and hence seriously handicap the war-production effort.

For many years the United States has enjoyed a free trading area within its ample borders. But in recent years all sorts of restrictions on interstate commerce and transportation have arisen—ports of entry, trucking restrictions, excise taxes, license fees, etc. This is a threat to the very name "United States."

One of the principal forms of transportation nowadays is trucking. Each state has its own gross-weight restriction on trucks, having no relation to the restrictions in other states. Twenty-three states have different maximum gross-weight injunctions, ranging from 18,000 lbs. in Kentucky to 120,000 lbs. in Rhode Island. Nine states regulate their maximum weight laws according to the distance between the front and rear axles of the trucks! These differing regulations often appear in neighboring states; for instance, in Connecticut the maximum gross-weight is 40,000 lbs. and in Rhode Island 120,000 lbs.; in Wyoming 48,000 lbs., in Montana 84,000 lbs.; in Kentucky 18,000, in Illinois 72,000.

The truck driver has to comply with all these laws in pass-

ing from one state to another. These regulations not only limit speed and movement, by compelling re-loading on different state frontiers, but they raise the cost of transportation—which is part of production—very often more than 50% per truck-mile. Needless to say, this does not help the war-production program!

In passing, it might be mentioned that load-limitations often make it necessary to use two or three trucks instead of one, thereby doubling or trebling accident hazards.

Besides varying load-limitations in different states, there are also differing width- and length-limitations and lighting requirements. A good example of the effect of these regulations is found in the following excerpt from the hearings before the Temporary National Economic Committee of the Congress of the United States (March 18-23, 1940):

"The Dupont Powder people had a powder plant at Old Hickory, Tenn. They supplied, through a substation from the power company, light, police protection, and all the other things that depend on electricity, to that city. In June, 1933, the substation was struck by lightning. After a lot of telephoning, finally on Saturday they found that the equipment they needed could be obtained from the Commonwealth Edison Co. in Chicago, on loan. . . . This material was loaded onto two trucks and both of them went through to Louisville, Ky. They arrived there Sunday morning and lay there from 6 a.m. to 3 p.m. trying to dig up permission somewhere to proceed. One of these trucks was slightly over the height, and the other was 12 inches too long. It is interesting to note that the driver of one of those trucks was equipped with a letter which read: 'This truck is on an errand of mercy. A city of 10,000 people is dependent on the light, water and fire protection which the transformer carried hereon will provide. If the vehicle should happen not to be within State regulations, please consider its mission and let it go through.'

"They had no permission to go through, and they went on to West Point, Ky., and were held 2½ to 3 hours there, until the people came through by car from Old Hickory and paid the fine. Then they were allowed to proceed. They just told them they were sorry, but the law allowed no change, even on that 12-inch over-length. The truck went on and delivered its load, but got there 15 or 16 hours later than it should have, and in the meantime those people were left without the protection they needed. When the driver turned around to go

back to Chicago, he was not allowed to go back through Kentucky, but was sent through Missouri and ferried up the Ohio River all the way back to Louisville, paying all the extra expenses."

Unless this matter is effectively dealt with, can we not imagine the consequences of these laws in the present war, when speed is such a vital factor? In today's total war, in which we may expect attacks on the civilian population, speedy transportation will be a matter of life and death.

As for lighting regulations, forty-four states have differing rules, and taking into account the different regulations for marker flags, only two states out of forty-eight have identical regulations!

Some states have so-called "ports of entry." In Kansas, for instance, all truck traffic, entering and leaving the state, has to go through these ports of entry. There gasoline and mileage taxes are collected. Every importation of liquor has to be checked and sealed (Kansas is a "dry" state), and the safety devices of the trucks are inspected. The driver has to fill out a manifest with the declaration of the gross weight, origin and destination, and insurance coverage. The collection of fees from the occasional truck operator (that is, one who does not pass frequently) costs the State of Kansas one dollar for every half-dollar collected. In Nebraska, the cost of operating the ports of entry for fourteen months amounted to \$53,950, the collected fees being \$36,425.

The annual license fees imposed upon truck operators differ greatly in the states. To mention a few: Ohio's annual license fee is \$135, Indiana's \$35, Illinois' \$50, Wisconsin's \$206, and Michigan's \$93.75. Most of the fees are used by the states for the improvement of their roads, although the greatest part of interstate traffic moves on the main highways which are built and improved with great subsidies from the federal government.

In addition to transportation difficulties, there are state trade barriers on the importation of commodities. Half of the states impose excise taxes on oleomargarine to protect the local dairy producers—in short, a "protective tariff." Frank Bane, Executive Director of the Council of State Governors, presents the following testimony: "States producing cottonseed oil are definitely retaliating against the products of states which endeavored to limit the sale of commodities made from their product. Citrus-growing states retaliate freely, the one against the other, and several states, in order to assure that their retaliation shall in all cases provide an eye for an eye and a tooth for a tooth, propose over-all omnibus bills which authorize their administrative officials to retaliate in kind against any and all states which enforce laws discriminating against any product produced within their boundaries."

These laws and counter-laws tend to grow more and more as one state retaliates against the other, and one cannot help

comparing this situation with the international trade war which preceded the actual warfare now engulfing our globe. The development of interstate trade barriers is certainly a menace to our national unity.

Many states use only building materials produced within their own borders for the erection of public buildings. When one state decided to use only coal mined within its boundaries, many other states followed the example immediately. Even in the use of human talents for public service, most of the states exclude citizens with another state of residence.

Twenty-six states have passed preference laws by levying lower license fees for excise taxes on liquor, if state-grown ingredients are used. Alabama, for instance, imposes an annual tax of \$1,000 for each place of manufacturing, in the making of alcoholic beverages; but wine-makers using 75% or more of Alabama's raw materials pay only \$25. In Oregon, regular winery licenses are \$250, plus a minimum bond of \$1,000; but a farmer making wine from home-grown grapes pays only \$25 for a license, plus a \$500 bond. Michigan has a wine tax of four cents per gallon for wine made from home-grown grapes, and a tax of fifty cents per gallon for wine made from grapes grown in other states. But this law has not helped Michigan wine manufacturers. At first the industry began to expand its grape acreage, and two or three good crops so flooded the market that a protected price of \$55 per ton for wine-grapes was fixed, and the other varieties of grapes were "dumped" onto the market at \$10 or \$12 per ton. Another result of the "protection" of home-grown wine-grapes was a decline in the consumption of wine, the public apparently having turned to hard liquors.

How do all these interstate barriers abide by the Constitution of the United States? The states have a constitutional right to restrict only the importation of intoxicating liquors and prison-made goods; but they have managed, by devious means, to set up trade barriers so numerous and varied that the above-mentioned examples only touch the subject.

It would be unfair not to mention the efforts made by the Interstate Commerce Commission, the Council of State Governments, and the Annual Convention of the Governors, to throw light on this complex problem. The Department of Commerce stated recently that it has no regulatory power, but it believes that by creating an informed public opinion, it may be possible to bring about corrective measures.

All our efforts today have one aim—to increase our production to win the war. Every citizen is willing to do his share in this effort. It should and must be possible to destroy all barriers, monopolies and restraints of trade which stand in the way.

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[The material used in this article was presented by Mr. Marx at a meeting of the American Alliance to Advance Freedom.—Ed.]