

## I. INTRODUCTION

The Bureau of Railway Economics published a bulletin<sup>a</sup> in May, 1925, in which the total cost of transportation on the New York State Barge Canal was compared with the total cost of transportation by rail.

The bulletin dealt with the capital cost of reconstructing the old Erie Canal into the Barge Canal, during the years 1905 to 1925; the amount of traffic handled on the Barge Canal from its opening in 1919 to 1923; and the various elements entering into the total cost of transportation by canal, including

- (1) the estimated annual cost of carrying the capital invested by the State of New York in the canal, i. e., the fixed charges,
- (2) the cost of maintenance, repair, and depreciation, and
- (3) the immediate cost of transportation, as reflected in the rates paid by the shipper to canal boat operators.

The State of New York has built and owns the New York State Barge Canal, having issued special canal bonds to meet the cost of construction. The State also maintains the canal, which is open to the public as a transportation agency free of toll. In other words, the people of the State of New York have taxed and are continuing to tax themselves to build and maintain a free waterway. The only cost incurred by a shipper of freight on the canal is the charge he pays to the operator of the barge or boat which carries his freight, together with storage and terminal charges and insurance, and the barge operator's charge is low because he is under no expense for the use or maintenance of the waterway, and his only capital investment is in his boat. Because it is government property, no taxes are assessed on the canal or its terminals and warehouses, which fact further reduces the cost of transportation by canal.

In figuring the total cost of transportation via the canal, however, not only the boat operator's charges must be included, but

<sup>a</sup> Comparison of Transportation Costs by Rail and via Barge Canal, Misc. Series No. 36, Bureau of Railway Economics, Washington, D. C., 1925.