

THE RHODESIAN JOURNAL

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THE RHODESIAN JOURNAL OF ECONOMICS

Educational Development in Rhodesia

R. C. Bone

Professor Bone is Director of the Institute of Education at the University College of Rhodesia.

Major Institutional Requirements for Successful Economic Development.

S. J. Pejovich

Dr. Pejovich is Associate Professor in Economics at the University of Texas.

Industrial Classifications in National Accounting

E. Osborn.

Mr. Osborn is Chief Economist in the Rhodesian Treasury.

The Case for Road Transport in Rhodesia

P. J. B. Wimbush, F.C.A., M. Inst., C.A., (S.R.).

Mr. Wimbush is a former General Manager of Swift Transport.

ADDRESSES

Employment Problems in Rhodesia (Address to the Annual Dinner of the Rhodesian Economic Society).

A. E. Abrahamson.

The Hon. A. E. Abrahamson is a former Minister of Labour and a leading industrialist.

Developing the Tribal Trust Lands (address to the Annual Dinner of the Institute of Directors).

J. J. Wrathall.

The Hon. J. J. Wrathall is Minister of Finance.

THE CASE FOR ROAD TRANSPORT IN RHODESIA

**SYNOPSIS OF ADDRESS TO THE RHODESIA ECONOMIC SOCIETY
IN SALISBURY ON 24th OCTOBER, 1968 BY**

P. J. B. WIMBUSH

The term "road transport" is very wide and includes not only both passenger and freight traffic, but a very wide range of organisations and an equally wide range of traffic under both headings. It will however, I think, be your wish that I should confine my remarks on this occasion to dealing in the main with the transport of general goods and with some aspects of the relative position of rail and road carriers.

In the first place, perhaps I should remind you of a basic fact which is sometimes overlooked when transport matters are under consideration; namely that Transport is a service to the rest of the economy and is not an end in itself.

In order to be able to consider some of today's problems in their proper perspective, it will perhaps be useful to review briefly the various stages in the development of transport. The earliest vehicle was probably a form of wheelbarrow, closely followed by the cart and wagon. Over the centuries these primitive units were not subject to any material change other than in relation to the carriage of passengers, eventually giving rise to a highly developed system of stage coaches supplemented, in the private sector, by many elegant equipages in the form of barouches, phaetons, post chaises and the like. All this development whether on the passenger or on freight side was however restricted by the motive unit, namely the horse.

Railways

This was the position from earliest days up to 1814 when George Stephenson obtained permission to construct a travelling engine for the "trainway" at Killingworth Colliery in the north of England. This was followed in 1830 by the construction of the first railway between Stockton and Darlington and that marked the beginning of an entirely new era in transportation which was to grow, virtually unchecked for nearly 100 years; that is to say up to the first World War in 1914-1918. Although during this period the railways had grown into vast networks throughout the world because of the enormous advantages which they provided over all forms of animal drawn vehicles, the next phase in the development of transport had already begun in 1886 when Gottlieb Daimler constructed the first internal combustion engine which, by the end of the 1914-18 war had reached a stage of development which enabled road transport to provide a substantial competitive element to the railways in regard to certain categories of traffic. The general impetus to invention and development brought about by the second war of 1939-1945 provides the background to the situation that we find today in so far as road and rail transport is concerned.

From this point on, railways, in general, had become an outmoded form of transport although they retain a strong position in connection with the movement in particular, of bulk loads and can still render valuable service to the community in conveying the types of traffic for which they were originally designed and for which they are best suited.

That there was now an urgent need to reconsider transport organisation structures was recognised throughout the world, although the emphasis on the aspects concerned differ according to local circumstances. For instance, in Britain and West Germany a major problem arose from severe congestion on the roads which is not a matter for concern in this country. It should also be borne in mind that for a number of years many railways, realising the advantages which mechanical road transport had to offer in connection with certain types of traffic, had themselves begun to operate road transport vehicles. So far as the changed position of railway systems and organisations is concerned, perhaps the most candid survey to date is that produced by Dr. Beeching in regard to British Rail.

Advantages of Road Transport

Turning now to road transport as it has developed today perhaps its greatest single advantage is its flexibility. Sir Reginald Wilson a past President of the Institute of Transport recently had this to say on this subject: "Transport is primarily a service and therefore needs constant adjustment. It is doubtful whether the ordinary movement of goods could be planned to the extent some people thought. Flexibility is vital to transport and is the most important aspect of transport's future".

In general, road transport provides the cheapest and most practical basis upon which to open up undeveloped areas, varying capacity being easily provided at minimal cost according to the demand. Later, if the proved demand so warrants, a railway line can follow.

Because of its flexibility and relatively low capital cost road transport can rapidly be mobilised to deal with an emergency such as, for example, abnormal crops, to bridge a gap in a railway line caused by a wash-away, sabotage, etc. or to meet any other unforeseen emergency as was exemplified by the Wankie-Livingstone coal lift or the General Strike in Britain in 1926.

There are of course, a number of features which usually apply with greater force to road transport than to rail, namely a higher degree of personal service, greater regard for the customer's convenience, the competitive element and profit motive and a better record in respect of packing requirements and of claims arising from loss or damage, as well as, in many cases, a speedier door-to-door service.

I do not wish to be thought to be riding any hobby-horse so it will perhaps be appropriate if I read to you an extract from the memorandum submitted by the Transport Consultative Committee to the Commission of Enquiry into the co-ordination of Transport in the Republic of South Africa dated September 1965. The committee had this to say on the role of Road Transport:

"Road transport offers many obvious advantages to commerce, industry, mining and agriculture. It is fast, flexible, it offers door-to-

door facilities, it minimizes handling, it reduces loss and breakage, and is often relatively cheap in cost. It reduces the work and expense involved in elaborate packaging so often required for rail transport, and in that and other ways it reduces the demand for scarce labour. While strategic or military considerations are outside the scope of this memorandum, it is desired to refer to the fact that, in time of national emergency, road transport, with its flexibility and its adaptability, would be of inestimable importance to the national welfare, and could be used, among other purposes, for the movement of commodities, for military and police requirements, and for the evacuation of civilians. Railways, on the other hand, are particularly vulnerable in time of emergency or war.

Road transport has many obvious advantages, and, through a system based upon private enterprise, should be enabled and encouraged to make a much bigger contribution to the transport requirements of the country than is the case today."

Before considering the relationship of road and rail transport in Rhodesia, it will be useful to take note also of the views of the South African Transport Consultative Committee on the role of the Railways, and I quote:

"The only sound basis on which the railway rating system should be devised is that of cost of conveyance. This is not to say that the "value of service" principle should be completely discarded; but there should be a far closer alignment of rates with cost than is the case today.

"If the Railways become less dependent upon a differential system of charging, that is to say, if rates approximate more closely to cost, then the Railways will be able to face competition with greater equanimity, because under such a rating system the incentive to use other means of transport will be greatly lessened.

"Wherever the Railways are required by the State to render uneconomic services, the loss to the Railways should be borne by the State, as is recognised in the Report of the Schumann Committee.

"When, through technical developments, an alternative form of transport can offer a noticeably more efficient service than the railways, any restrictions upon such new form of transport should be removed, even though this implies the writing off of extant capital invested in the railways. No national loss will be involved in such a procedure; it is contrary to the national interest to continue to use less than the most efficient forms of transport—or of production of any type—merely because of the level of capital investment in older equipment. Apparent losses caused by writing off capital will ultimately be counter-balanced by the benefits conferred upon the economy through more convenient and efficient forms of transport. Railways are a means to an end, and should naturally not be allowed to become an end in themselves.

"The role of the Railways is likely to have to do more and more with bulk traffic. Road transport frequently offers a more efficient alternative for the conveyance of manufactured goods even over long

distances; and even bulk loads are often as efficiently conveyed by road over shorter hauls as they can be by rail.

"The point must further be made that, from the point of view of the Government, it is not only in the railways that the Government has a direct financial interest. Since all companies are taxed at a rate a little in excess of 30 per cent, it may be generally held that the Government has a 30 per cent or even greater interest in most other forms of economic activity in the Republic. Government revenues are likely to increase far more effectively if privately-owned forms of transport are developed rapidly in coming years than if they are neglected and the railways are unduly developed."

It is worthwhile noting that although the views on the respective roles of road and rail transport which I have quoted were given some three years ago, similar opinions have recently been expressed and elaborated by Professor C. Verbergh, a well known authority on transport economics in the Republic.

The Position in Rhodesia

Turning now to the position in Rhodesia, this is at present seriously complicated by recent political events and cannot be regarded as normal by any standards—assuming that there still exists such a thing as normality. There are however, certain basic facts relating to the railways which are unlikely to be materially changed in the foreseeable future—namely, in particular, that the system is of single track narrow gauge design and, in spite of improvements over recent years, is still handicapped by the number of severe gradients and numerous curves all of which militate against the operation of fast express services.

It would seem therefore, that the role best suited to rail transport in this country, so far as freight is concerned, is that for which the system was originally designed, namely bulk loads of basically non-urgent traffic such as minerals, agricultural produce and industrial goods, together with import and export traffic between the ports and Rhodesia.

It is true that a large amount of public money has been invested in the Railways, but the protection of the whole of this capital regardless of overall economic factors could well prove not to be in the best interests of the country. It would be more prudent to re-assess on a realistic basis, as soon as circumstances permit, the traffic potential of those goods best suited to rail which is likely to be or to become available and thereafter to adjust the railway organisation to meet these commitments—even if this process requires the writing off of a proportion of the existing capital investment. This would provide an opportunity to produce a revised rates structure based upon costs which themselves would be related to a more streamlined organisational structure. Moreover it should be fundamental that the Railways should not be required to carry any traffic at sub-economic rates and that in the event that subsidised transport is needed (particularly in the case of exports) such subsidies should be borne by the State as a charge against the commodity concerned.

It has been argued that the Railways require protection from Road Transport because where the latter operates along the line of rail it tends to take "high rated" traffic upon which the railways rely to balance losses incurred on the carriage of low rated bulk traffic. While this is to some extent true the position has hitherto been safeguarded by an agreement between the Railways and the Road Operators concerned limiting the road capacity available to an agreed tonnage and guarding against rate cutting by the Road Transport Companies. This arrangement has provided the advantage of a stabilised rate structure but while affording protection to the railways has inhibited the expansion of road transport facilities along those routes covered by the agreement.

It has only been possible to touch upon a few aspects of my subject and to deal not at all with the large subject of passenger transport. It is, however, submitted that there is an unanswerable case for a healthy system of competitive road transport, not in substitution for the railways, but complementary to them and providing to commerce and industry as well as to the general public a service which is to a large extent tailor-made to meet their needs, as well as providing, at no cost to the state, a valuable national asset in a fleet of vehicles available to meet any emergency. The well-being of any country largely depends upon a good road network to facilitate the circulation of the life blood of goods and services and this is why we often refer—with good reason—to arterial roads.

DISCUSSION

The following points were made in reply to questions from the floor:

1. The railway track is a Capital asset which enables a railway to move large and heavy tonnages and the maintenance of this track is a normal operating expense.
Road transport has to share a public highway which imposes severe limitations on the tonnage which can be moved and towards the maintenance of which the operator contributes substantial sums by way of permit fees, vehicle licences and fuel tax.
2. The Railways should not be abolished as they still have a substantial role to play in the transport economy of the country. They should however, be re-organised to meet changed political and economic conditions and concentrate more on the type of traffic for which they were designed and which they are best suited to carry.
3. A simplified railway rating structure more accurately related to costs would be desirable but consideration must be given to problems which would arise in regard to through rates over adjoining foreign railway systems.
4. Stabilised transport rates offer material advantages to commerce and industry and the existing agreement between the railways and road operators contributes towards this end.



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