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The Port of New York Authority

Address of

GEORGE S. SILZER
Chairman of the Port Authority

Before American Institute of Electrical Engineers
New York Section
at Engineers' Club, 32 West 40th Street



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New York, December 3, 1926

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The Port of New York Authority

Address of George S. Silzer, Chairman of the Port Authority, before American Institute of Electrical Engineers, New York Section, Engineers' Club, New York, December 3, 1926.

1. *Conditions Which Brought About the Creation of the Port of New York Authority.*

There were two important circumstances which led up to the creation of The Port of New York Authority. One was a petition by the State of New Jersey filed against New York with the Interstate Commerce Commission back in 1916, in which New Jersey asked for the creation of a freight differential in its favor. The other was that when the World War broke out it had the effect of sharply emphasizing conditions which had been more or less realized for a long time by those conversant with the situation,—that the freight terminal facilities at the Port of New York, on which not only the local communities but the two states and the Nation are dependent for the uninterrupted and economical flow of our commerce, were unequal to the task of handling the commerce which sought to employ them.

The proceeding before the Interstate Commerce Commission, referred to above, served to bring to the surface many of the underlying causes of the real problem.

It was stated by the Commission, "It is necessary that the great terminals at the Port of New York be made practically one, and that the separate interests of the individual carriers, so long an insuperable obstacle to any constructive plan of terminal development, be subordinated to the public interest." The Commission went ahead to point out that "the difficulty of attaining a physical coordination of facilities at the Port and in administering them as an organic whole is attributable in part to *the nature of the harbor and to the fact that the opposite sides of the Port lie in different states.*"

One of the peculiar features of the Port is its division into separate units. On the New York side is the great city of New

York with its five boroughs. Manhattan is separated from New Jersey by the Hudson River; and from its sister boroughs of Brooklyn, Queens and the Bronx, by the Harlem and East Rivers; and from Staten Island (the Borough of Richmond) by Upper New York Bay.

Across the Hudson River and the Upper Bay, in that part of New Jersey lying within a radius of thirty miles of Manhattan, are the cities of Newark, Jersey City, Bayonne, Paterson, Perth Amboy, Hoboken, Elizabeth, New Brunswick, and Passaic, as well as a large number of lesser communities.

Many thousands of people who have their homes in New Jersey are employed in New York, and hundreds of industrial establishments likewise have their headquarters in New York. In fact, the industrial district of Northern New Jersey is so near the City of New York that it constitutes therewith a single, homogeneous business unit.

The right of Northern New Jersey to share in the advantages of the Port of New York is, therefore, just as logical and valid as is that of the greater City itself.

To state the case briefly, it may be said that the Port Authority is a development of the economic needs of commerce.

The terminal problem at the Port of New York is due in large measure to competition between the railroads. This has served to prevent the establishment of reciprocal switching arrangements and joint terminal operations on the New Jersey shore, and also has induced the carriers to make great investments in new terminals for individual use, instead of getting together and making a common effort to solve in a large way a problem which the Interstate Commerce Commission has declared can never be solved as long as a policy of unrestrained competition is continued.

2. Nature and Purposes of the Port of New York Authority.

The conditions which I have referred to, brought about legislation in both states concerned, which led to an extended and intensive study of the problem by a Bi-State Commission, and in accordance with recommendations of this body, the two states entered into a compact creating a Port District, and the administrative body known as The Port of New York Authority.

The compact provides that the Port Authority shall constitute a body corporate and politic, with power and authority to purchase, construct, lease and operate any terminal or transportation facility

within the Port District; and for such purposes to own and operate property, to borrow money and secure the same by bonds or by mortgages upon any property held by it.

The Port Authority is a corporation, not a private corporation with stock and profits, but a public corporation, not unlike cities, school boards, villages, towns, etc., which are instrumentalities of the state for the purpose of performing public functions.

It is more than a commission, because, as we have seen, like a public corporation, it can own property, issue bonds and other securities that are not part of the debt of the state; and can make all kinds of developments consistent with the purposes for which it was created.

The Port Authority consists of three Commissioners from each state. It functions independently of legislative control, but in order that the interests of each state may be safeguarded, no action of the Port Authority can be taken unless it is concurred in by two Commissioners from each state; and in order further to safeguard the interests of New Jersey, there was last year adopted an act by which the action of the New Jersey Commissioners is subject to the veto power of the Governor of New Jersey.

Under the compact it is also authorized to act as the representative of commercial interests in the Port District before the Interstate Commerce Commission, Public Service Commissions and any other bodies dealing with terminal and transportation problems, and to make studies and recommendations for further reforms based on those studies.

The exercise of the general powers granted to it, however, was not to be undertaken until the legislatures of the two states should have approved of a comprehensive plan for the development of the Port District.

A Comprehensive Plan was adopted by the two legislatures in 1922, outlining generally what the Port Authority was to do. This plan was ratified by Congress.

3. What the Port Authority Is Not.

The Port Authority has been criticized on the one hand for having too much authority, and on the other for having too little. It has sometimes been termed a "super-state".

Studies of the legislative grants of powers to other port agencies such as Toronto, Montreal and New Orleans and the statutes creating the Albany Port Authority and the South Jersey

Port Authority, lead to the conclusion that less power is vested in the Port of New York Authority to accomplish its great tasks than is vested in any other port agency of which I have knowledge.

The Port Authority of Albany, New York, has the power to tax for benefits. In Montreal, the Port Commissioners own the entire waterfront and belt line and are wholly exempt from taxation. In Toronto, the Port Authority is vested with entire control of the Port District. This is equally true of New Orleans.

The Port Authority is not reaching for power and has no desire to become a super-government. It desires to do nothing more than to carry out the wishes of the two States as expressed by them through the Comprehensive Plan or other legislation.

It seeks no additional burdens, and wants no unwarranted power.

It asks for no legislation, except such as is necessary to carry out the legislative will as expressed in laws directing it to bring about certain accomplishments for the benefit of the people of New York and New Jersey.

It has no power to tax or assess for benefits or to use the credit of the States. Furthermore, it is limited in any of its operations by the law of economic practicability. It must not undertake an enterprise unless it can demonstrate that such an enterprise shall pay its own way, either by savings effected or by earnings.

It is the simple truth to say that the Port Authority is born of economic necessity. Things must be done; things must be created—without an interstate body of the character of the Port Authority with power to finance, these things cannot be brought into existence.

I wish to make this clear, however, that the Port of New York Authority can never hope to function successfully without the close cooperation and sympathy of the municipalities and business interests within the Port District on both sides of the Hudson River. Without such cooperation and sympathy, it can never seriously undertake a major project in the execution of which it is opposed by the local municipal governments mostly concerned.

4. The Comprehensive Plan.

The Comprehensive Plan is based upon certain fundamental principles which are enumerated in the Compact itself. These principles are as follows:

First.—That terminal operations within the Port District, so far as practicable, should be unified;

Second.—That there should be consolidation of shipments at proper classification points so as to eliminate duplication of effort, inefficient loading of equipment and realize reduction in expenses;

Third.—That there should be the most direct routing of all commodities so as to avoid centers of congestion, conflicting currents and long truck-hauls;

Fourth.—That terminal stations established under the comprehensive plan should be union stations, so far as practicable;

Fifth.—That the process of coordinating facilities should so far as practicable adapt existing facilities as integral parts of the new system, so as to avoid needless destruction of existing capital investment and reduce so far as may be possible the requirements for new capital; and endeavor should be made to obtain the consent of the State and local municipalities within the Port District for the coordination of their present and contemplated port and terminal facilities with the whole plan.

Sixth.—That freight from all railroads must be brought to all parts of the port wherever practicable without cars breaking bulk, and this necessitates tunnel connection between New Jersey and Long Island, and tunnel or bridge connections between other parts of the port;

Seventh.—That there should be urged upon the Federal authorities improvement of channels so as to give access for that type of water-borne commerce adapted to the various forms of development which the respective shore-fronts and adjacent lands of the port would best lend themselves to;

Eighth.—Highways for motor truck traffic should be laid out so as to permit the most efficient inter-relation between terminals, piers and industrial establishments not equipped with railroad sidings and for the distribution of building materials and many other commodities which must be handled by trucks, these highways to connect with existing or projected bridges, tunnels and ferries.

Ninth.—Definite methods for prompt relief must be devised that can be applied for the better coordination and operation of existing facilities while larger and more com-

prehensive plans for future development are being carried out.

Then, after these nine principles, come the belt lines, the tunnels and the bridges which are outlined in the physical plan.

5. What Is Intended to Be Accomplished.

The Comprehensive Plan embraces several major projects, from the effectuation of which the following advantages are expected to result:

a. Belt Lines.

The backbone of the belt line system provided by the Comprehensive Plan, is Belt Line No. 1, extending from a point back of the Bergen hills in the vicinity of Little Ferry, New Jersey, to southern Jersey City in the vicinity of Greenville; thence by tunnel under New York Bay to a connection with the rails of the Long Island Railroad at Bay Ridge on the New York side; thence through Brooklyn, Queens and into the Bronx, via the Hell Gate Bridge. Generally speaking, the other belt lines projected are feeders to this main line or are intended to relieve it in some measure of the enormous traffic which it will be called upon to carry.

Bring these belt lines into existence and the freight to be interchanged between the railroads can be moved over shorter and more convenient routes, minimizing the switching and other terminal operations, and the necessity for a large part of present lighterage operations. They will materially lessen the time and expense required at present in terminal operations through the district.

b. Lighterage.

The Port Authority is expected to unify the lighterage service furnished by the railroads to ships and private industries. To unify this lighterage system, it is necessary that it have the active cooperation of both the rail carriers and the carriers by ship. Unification of this service will bring about a heavier loading of boats, fewer light trips being made to and from the railroad terminals on the Jersey waterfront, a material lessening in the amount of tug-boat effort required, a lessening of congestion in the slips where the ships discharge their cargo, and generally a more efficient and economical operation. To accomplish this needed reform requires that the railroads cede some of their carefully guarded claims to

the exclusive handling of their own traffic. It does not involve expropriation of their railroad facilities, nor does it involve municipal ownership and operation. It involves only regulation, and if the railroads themselves would cooperate in the accomplishment of this economy, little regulation would be required.

One of the more serious situations with which we have to deal relates to the handling of freight to and from Manhattan. The present system of handling freight which in large measure involves utilization of the carfloat between the railroads on the Jersey side and the waterfront along the North and East Rivers calls for an unwarranted use of both New Jersey's and New York's valuable waterfront property. Some 40 to 45 pier stations on the Manhattan waterfront and large sections of New Jersey's waterfront across the Hudson River, occupied by yards and float-bridges, are devoted to the movement of this traffic. There are handled through these facilities approximately 830,000 cars annually. All of the railroad pier stations on Manhattan are operated on the competitive plan. There is no joint or common use of facilities. The operations are inefficient and costly; and serious delays and congestion to merchants' trucks, with their freight, result by reason of inadequate space on the piers and at the bulkhead.

The shipper with freight for delivery to two or more railroads is required either to make a separate trip to the station of each road, or make a "split delivery", the operation in either case involving a separate delivery at the station of each road. Congestion and delays result in direct ratio to the number of deliveries made.

It has been persistently urged that Manhattan could obtain adequate freight service only by all-rail connections with termini of the respective trunk lines, so designed that trains and standard cars could be brought directly to the terminals on the Island. Careful study of the problem, however, developed that the operating difficulties involved in such a plan are practically insurmountable, and that the amount of capital investment required for such a plant, with the consequent debt charges thereon, renders it impracticable.

c. Union Terminals on Manhattan.

Under the Comprehensive Plan, it is proposed that the standard car with its freight be stopped at termini of the respective railroads, and that the freight there be transferred to a special container equipment for movement to union terminals on Manhattan.

Nine or more of these stations will be provided. The stations will be located back from the congested waterfront territory and will serve areas or zones of about equal freight traffic density. The shipping public may receive and dispatch freight through any station by any railroad. It is planned that they also will serve as points of concentration and distribution for freight moved by steamship, long-haul motor truck, etc.

An industrial terminal building will be constructed over the freight platforms of each station, providing accommodations for use of merchants, manufacturers and others. These terminal buildings will enable the freight station facilities to be financed and the service performed on the lowest cost basis, in accordance with the principles of the Comprehensive Plan.

It is contemplated that under this plan shippers and receivers will be saved upward of \$12,000,000 annually in cartage costs, and the railroads will effect direct economies of more than \$2,000,000 annually.

There will result a substantial decrease in the congestion of vehicles on the streets of the City.

6. Part of What the Port Authority Has So Far Accomplished.

a. Belt Line No. 13.

One of the first steps in the effectuation of the Comprehensive Plan was the unification of a belt line of railroads known as Belt Line No. 13, extending along the New Jersey shore of the Hudson River and upper bay from Fort Lee to Constable Hook, a distance of about 16 miles. That line of railroad, portions of which were owned by the Erie, the New York Central, the Lehigh Valley, and the Hoboken Manufacturers Railroad, was not operated as a belt line but was adaptable to such usage. It had direct connections with all the New Jersey railroads except the Baltimore and Ohio and even the latter was indirectly connected via the Central Railroad of New Jersey. The Port Authority found that with a few changes this belt line could be made to perform a real service not only in handling local traffic but in handling interchange traffic between the several railroads reaching the New Jersey shore.

The Port Authority brought the matter officially to the attention of the Interstate Commerce Commission, which issued an appropriate order of investigation. There followed a joint hearing before the Port Authority and Division 5 of the Interstate

Commerce Commission as a result of which a definite offer was made by the interested carriers to install this line as an efficiently operating belt line. The engineering staff of the Port Authority estimated that this step would bring about an annual saving of \$1,100,000, and it was apparent that this result could be accomplished with an investment of slightly more than half a million dollars.

The physical improvements are now completed. New class rates have been put into effect, circuitous routing has been abolished so that a car need not now travel 165 miles to go a practicable distance of 16½, or 58 miles to go a practicable distance of 4 miles, at costs ranging from \$140. to \$35. per car, instead of what should be an ordinary switching charge for direct movement.

Substantial reductions were made in class rates. One shipper alone effected a saving of \$6,000 in one year from these reductions, but as yet no switching charges have been established in place of rates. This step in the effectuation of the Comprehensive Plan has resulted without an order of the Interstate Commerce Commission or the Port Authority, or the raising of a dollar by the Port Authority. Moreover, through the efforts of the Port Authority, the City of Jersey City consented to the laying of additional tracks in the streets and enabled the line to function.

b. Hell Gate Bridge Route.

Early in 1924 the Chamber of Commerce of the Borough of Queens and other Long Island interests applied to the Port Authority for action looking toward the reopening of the Hell Gate Bridge route (Belt Line No. 1), closed since the war, for traffic between the New York Central Railroad and Long Island points. Serious congestion of traffic was found to exist at Long Island City. The Port Authority, after through investigation, reached the conclusion that this route should be made available to the shipping public and made findings requiring the carriers to open the route. This they refused to do because of differences between them on the matter of compensation for the use of the bridge. To effectuate its findings the Port Authority filed a complaint with the Interstate Commerce Commission asking that body to exercise its jurisdiction under the Federal law; and a similar action was brought before the Public Service Commission of New York. The evidence in both cases has been fully presented and decision is now awaited.

c. Regulating Charges for Use of Piers.

The Port Authority also appeared before the United States Court in a proceeding involving the right of a private wharf-owner or lessee to charge what he desired for lighters and tugs tying up to his pier in the service of vessels berthed there. The Court fully upheld the contention of the Port Authority that fees for wharfage were subject to public regulation (in this instance, the City of New York), thus saving the commerce of the port many thousands of dollars annually.

d. Pending Litigation.

The Port Authority is now before the Interstate Commerce Commission in the following important cases:

- Docket No. 12681—Port Charges Investigation
- “ 13548—Port Differentials
- “ 15006—Bituminous Coal Rates
- “ 15879—Eastern Class Rate Investigation
- “ 15994—Colgate Soap Case
- “ 16923—Hell Gate Bridge Case
- “ 17862—Terminal Arbitrary on California Citrus Fruits
- “ 18031—Iron and Steel Rates to Philadelphia
- “ 18300—Motor Truck and Bus Investigation.

e. Negotiations and Studies.

Such progress has been made in the negotiations affecting universal inland terminal stations on Manhattan, with carriers, shippers and others directly interested, that the Port Authority hopes shortly to announce definite plans for the erection of the first units in this system.

In cooperation with the carriers, extensive studies of the carfloat and lighterage problem have been carried on. With the facts gathered and accepted by both sides, the analysis of the data is now in progress. It is hoped that definite improvements in this service will shortly be agreed upon.

f. Cooperation With Other Public Agencies.

At various times cooperation has been had with other public bodies, such as the Transit Commissions of New York and New Jersey and the New Jersey Board of Commerce and Navigation, whose functions involve problems closely allied to those directly under charge of the Port Authority. There has also been agreeable and effective cooperation with the authorities of a number of cities and towns in the Port District.

7. Extra Duties Imposed Upon the Port Authority—Its Bridge Program.

The Port Authority is already charged with a stupendous task in the effectuation of its Comprehensive Plan, and has no desire to undertake additional studies. Additional duties have been laid on it, however, by the Legislatures since the Comprehensive Plan was adopted.

We have been directed by the States of New York and New Jersey to build four interstate bridges,—one from Perth Amboy, New Jersey, to Tottenville, Staten Island, New York; one from Elizabeth, New Jersey, to Howland Hook, Staten Island, New York; one from Bayonne, New Jersey, to Port Richmond, Staten Island, New York, and the Hudson River Bridge from Fort Washington, Manhattan, to Fort Lee, New Jersey.

a. Staten Island Bridges.

Two of these bridges, those connecting Perth Amboy, New Jersey, and Tottenville, Staten Island, and Elizabeth, New Jersey, and Howland Hook, Staten Island,—both spanning the Arthur Kill,—are now under construction and will be opened for operation in 1928.

These two bridges are estimated to cost between Sixteen Million and Eighteen Million Dollars. They were financed in March, 1926, by the flotation of Port Authority bonds in the amount of Fourteen Millions of Dollars; and by the States of New York and New Jersey agreeing to make available, in aid of construction, Two Million Dollars each,—or a total of Four Million Dollars. While the states' advances are to be repaid and thus there will be no burden upon the taxpayers in the building of these bridges, the state liens are secondary to that of the holders of Port Authority bonds who are given a first lien on the tolls and revenues to be derived from the operation of the bridges.

The work of constructing these two bridges is progressing, contracts having been let to the extent of approximately Ten Million Dollars.

Practically all of the real estate needed for approaches and plazas has been acquired.

The third bridge proposed from Staten Island to New Jersey,—the Bayonne-Port Richmond Bridge,—is still in the study stage. It is expected, however, that the engineering staff of the Port

Authority will be ready to report its findings not later than January 1st, 1927.

b. Hudson River Bridge.

Plans for the Hudson River Bridge, which it is estimated can be opened for vehicular traffic not later than 1932 at a cost of \$50,000,000, have been completed to a point where it is possible to undertake financing. Application for permit to build this bridge has been filed with the War Department and a public hearing thereon was held yesterday. It is expected that the permit will be received in the very near future.

Plans for financing this monumental project have progressed to the point where proposals have been asked on \$20,000,000 of Port Authority bonds, this being the first installment of an authorized issue of \$60,000,000. Bids will be received on the 9th of this month. It is expected the bonds will be offered to the public immediately following the award to the successful group of bidders.

c. Bridges Related to Transit Problems.

All of these bridges are being built primarily to provide for vehicular traffic. This does not necessarily mean, however, that they have no place in the general transit plan of the Port District. Transit today embraces more than transportation of passengers by rail. The motor bus has become a vital factor in the carrying of passengers throughout the Metropolitan District, as well as many other parts of the country.

The Hudson River Bridge, however, has been so designed as to make provision on the lower deck for rapid transit by rail if and when there comes a demand for rapid transit rail connection between New York and New Jersey at the location of this bridge. It is realized, however, that this structure will likely carry a large bus traffic for some years before there is effectuated any rail connection. Our engineers estimated that bus traffic over this bridge in 1933 will approximate thirty-one million passengers.

The two bridges over the Arthur Kill now under construction have been designed solely for the purpose of carrying vehicular traffic. It is anticipated, however, that these structures will serve an important function as transit facilities through their utilization for interstate movement of passengers by motor bus.

8. Inter-Relation of Freight and Passenger Problems.

Excepting for its bridge program, the Port Authority is immediately concerned only with the duty of solving the freight problem of the Port District. It has long realized, however, that transportation in the Metropolitan District is one problem, even though it be subdivided into freight and passenger departments. Because of this realization, it has volunteered cooperation with the various transit agencies.

The railroads which bring hundreds of thousands of commuters to New York daily are called upon to handle over these same rails a freight traffic of probably greater density than exists elsewhere in the Nation. Freight service improvements have long been neglected to make way for improvements for the handling of passengers, for the average citizen of this district realizes his personal discomfort more acutely than he realizes the high cost imposed upon him by inadequate and antiquated facilities for the handling of goods and materials upon which he is dependent for his daily existence.

He will react readily to plans to secure better transit facilities, while the Port Authority has found that he remains supine to freight service betterment. Witness the millions on millions of dollars expended during the past thirty years for rapid transit, as compared with the negligible provision during the same period for the improvement of freight service.

The Port Authority can be of aid in solving some of the transit difficulties. It does not, however, seek to inject itself into these difficulties; but, on the contrary, merely offers its aid to those who are charged with the duty of solving the problem. Its plan provides not only for facilities to relieve existing freight congestion, but for ultimate decentralization of industry, which will have the effect of decreasing the strain on transit facilities, equalize their load, and tend to minimize the rush-hour traffic.

There have been many instances where it has been found that the freight and passenger problems converge. The instances are:

The capacity of Belt Line No. 13, for freight purposes, is restricted, by reason of the West Shore Railroad's tracks crossing over it at grade, at Weehawken, over which tracks there is handled a heavy commuter traffic.

There is interference of passenger and freight traffic on a section of Belt Line No. 1, which extends over the Hell Gate

Bridge into the Bronx, connecting with the New York Central and the New Haven railroads, on account of heavy passenger car movement over the New York Central tracks, which it is proposed be used as a temporary route for this line.

9. Value of the Port Authority to the Community, the Two States and the Nation.

Past experience has demonstrated that, in the absence of any body charged with the duty of looking after the interests of the Port as a whole, nothing is done. Rival ports gain advantages to which they are not entitled, and local facilities are so individual and disorganized as to place an unduly heavy financial burden upon all within the Port.

A body to represent the entire port and its collective interests is an absolute necessity if the Port of New York is to retain its supremacy.

The problem of reorganizing the methods of operation, and of reconstructing in considerable measure the physical facilities of the greatest port in the world, is gigantic. Even the effectuation of a minor feature of the Comprehensive Plan takes months of study, discussion and consideration, for every step in the program must meet the acid test of economic practicability. Progress necessarily seems slow, yet important advances have been made.

The unification of Belt Line No. 13 in New Jersey has meant savings to shippers and economies to carriers which perhaps cannot be accurately set forth at the moment but which are most substantial. The improvements in marine service, the inauguration of union freight terminals in Manhattan, both of which it seems to us, are in the immediate future, will bring other great benefits in savings of costs and inefficiency. The protection of the port against actions instituted to place it under disadvantageous freight rates, against measures prompted by selfishness or shortsightedness which would have the effect of increasing terminal costs, against unwise developments that would make for more congestion and lessen efficiency, is alone a task of magnitude.

There are perhaps 9,000,000 inhabitants of the Port District affected in their cost of living and in earning their livelihood by the plans and activities of the Port Authority. The prosperity of the two great States which share the harbor between them is in great measure dependent upon the manner in which the business of the Port is conducted and developed. The Nation as a whole has an

interest which War's emergency has shown to be great. Without a coordinating agency exercising the powers which have been entrusted to it to enforce a policy of continuity and purpose for the benefit of all, a state of confusion and perhaps of deterioration and decay must inevitably ensue, and the unparalleled natural advantages of this region, the extensive developments resulting from individual enterprise and the experience and aptitude of its leaders of business, fail to reap their due reward.

10. Sources of Revenue With Which the Port Authority Carries on Its Work.

When the two states entered into the compact creating the Port District and the Port Authority, and subsequently adopted the Comprehensive Plan, it was realized by the Legislatures that the Port Authority would probably be unable to become self-supporting for some years. The two states therefore agreed each to appropriate not less than One Hundred Thousand Dollars annually for the purpose of defraying the expenses of necessary engineering studies and surveys and the maintenance of offices and administrative staff, until such time as the Port Authority might not need this support.

As has been pointed out, the work of the Port Authority to a very great extent is devoted generally to protecting the interests of the port as against divers rival interests. There is ever keen competition and rivalry, with which we must ever contend, not alone as among our neighboring North Atlantic Ports, but also is this rivalry and competition felt from the ports along the South Atlantic and Gulf Seaboard.

With commerce of such large magnitude and so diverse in character, it is to be expected of course that controversial questions will frequently arise which must be taken before appropriate tribunals for disposition.

In addition to making available moneys for engineering studies and surveys, the two States, as I have already pointed out, have undertaken to aid the Port Authority in financing the construction of three of the interstate bridges which it has been authorized to build. The money which has been provided in these instances is in the nature of a "cushion", in that the two states agree to await repayment of interest on, and amortization of the debt, until adequate provision has been made by the Port Authority to pay interest on and amortize the debt created by the sale of its own bonds.

11. *Port Authority Enterprises Must Be Self-Supporting.*

In all of its enterprises, the Port Authority is primarily governed and restrained by one principle.

It must be able to demonstrate the economic practicability of any phase of the plans which it is under mandate to effectuate, and must show that by way of saving on expenses or by earnings, the project will pay its way.

Furthermore, though a public body, the Port Authority, as has been stated, has no power to levy taxes or assessments for benefits in any of its undertakings. It is, therefore, for some time to come, at least, obliged to treat in the most practical way the self-sustaining character of every enterprise.

It cannot count on covering the costs of mistakes out of the pocket of the taxpayer and the property owner. As it progresses with its program and it gains credit, it may then advance investments for the purpose of commercial enterprise, but only to the extent of the surplus it may have accumulated in the gaining of such credit.

12. *Necessity for Public Cooperation.*

Each of the problems of the Port Authority may be said to have three phases: engineering, legal or legislative, and financing.

Engineering studies and plans rarely present insurmountable difficulties. That we may, however, deal successfully with the legislative and financial phases of these problems, it is necessary that we secure and have public confidence and support. Moreover, this confidence and support must reach into and exist in the legislatures, or law-making bodies, of the two states. The Commissioners of the Port Authority are ever alert in their endeavors faithfully and conscientiously to perform the trust which has been placed upon them in order that they may have and receive the confidence and trust of the public whose agents they are.

Cordial cooperation by the legislatures and a full appreciation by them of Port Authority activities, is absolutely essential in order to consummate the financial arrangements necessary to carry out the work entrusted to the Port Authority.

Financial support cannot be had unless there be confidence in the Commissioners of the Port Authority, and in the soundness of their plans, as well as a knowledge that the legislatures of the two States will cooperate to carry out those plans.