



NO. 6

WHY AN INCREASE IN STREET CAR FARE IS NECESSARY

TO THE PUBLIC:

For your further information we quote excerpt from the last annual report of the Honorable John Skelton Williams, Comptroller of the Currency, to the Congress:-

"National and State Banks, and many thousands of small and large investors, have suffered seriously from the decline of the earning capacity of public utility corporations and the consequent shrinkage in the value of their securities, representing investments of many hundred millions of dollars. These losses naturally diminish the power and disposition of the public to respond to the calls of the Government for money for war. This danger should arouse, I venture to suggest, the anxiety and stimulate the efforts of the Congress and of every patriotic citizen. A more urgent and pressing peril is forced upon our attention by the obvious fact that we are dependent so largely on the efficiency and strength of these corporations and on our railroads for speed and success in preparing for and prosecuting the war.

"The corporations referred to supply light, heat, power, and electric railway transportation for passengers and freight. They touch intimately the daily life of the people. In normal times they have been favorite targets for sneers and savage criticisms from large parts of the public and the press. In some instances, doubtless, they have deserved and invited hostility. In others, the attacks upon them probably have been unjust and reasonable. Frequently they have been the victims or beneficiaries of local politics, suffering injury in the end in either case. Yet, generally, they were able to serve the needs of their communities with reasonable efficiency and to earn fair returns on the money invested in them. Now they are threatened with ruin. If they are allowed to sink into inefficiency, much of the most important war work of the Government will be crippled or paralyzed.

"The work of war has thrown upon many of these corporations strains which they are unable to endure without prompt help. The costs of their labor and of all material for operation, betterment, and upkeep have increased heavily and suddenly. They are required to increase radically and quickly their service and facilities. . . . At the industrial centers, car lines are being rushed and overburdened by new armies of workers. . . .

"The continued and increasing efficiency of these corporations is important for the successful conduct of the war. This efficiency is not possible with present conditions. Corporations proved by their own figures to be approaching bankruptcy can not obtain money for improvements or maintenance. On the other hand, banks and citizens suffering severe losses from investments in the securities of these entirely legitimate and once promising enterprises will be discouraged from lending money to the Government or deprived of the means to lend.

"The first and most direct relief to the public utilities corporations can be given by the State public utilities commissions and municipal and local authorities, with the broad-minded co-operation of the people generally, understanding the necessities of war and realizing that the more promptly its burdens are accepted the sooner they will be lifted. It is essential that forbearance and consideration be exercised by the State Commissions and municipal authorities, and that the corporations also be permitted to make such additions to their charges for service as will keep in them the breath of solvency, protect their owners against unjust loss, and give them a basis of credit on which they may obtain the funds with which to meet the strain put on them by the Government's needs. The breaking down of these corporations would be a national calamity.

"Because of the gravity of the situation in this regard, I am moved to ask for it the careful attention of the Congress and the public. . . .

"The amount of railroad and other public service bonds owned by the national banks June 30, 1917, was reported at \$763,000,000. This is equal to approximately 70 per cent of the capital stock of the banks.

"With appropriate aid from the Government through the Congress, with liberal recognition by local authorities of the present acute conditions, and with some practical provision to enable the corporations to meet their own needs and those of the country, the danger now pressing and becoming more serious with each day will be removed, the general business interests of the country will be fostered, the ability and readiness of the public to respond to calls for money will be maintained, and urgent requirements for the defense of the country's life and assurance of our freedom and peace will be met."

THE DULUTH STREET RAILWAY COMPANY

This is one of a series of 10 statements.
No. 7 will appear in The Labor World next Saturday.

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