

SHIP SUBSIDY IS BOLD SCHEME TO PLUNDER PUBLIC TREASURY

Would Give Ship Magnates U. S. Vessels For 15 Years For Nothing; in the Meantime They'd Get Subsidy and Tax Exemption; Door to Favoritism Thrown Wide Open.

By CHESTER M. WRIGHT. (International Labor News Service.)

Washington, D. C., March 30.—If the Jones ship subsidy bill becomes law it will be possible for firms or persons approved by the United States Shipping Board to buy shipping board vessels and run them for 15 years without making any payment on them to the government and at the same time drawing government subsidy for their operation and getting income tax exemption on the freight returns from their operation.

They Buy On Credit. The bill proposes that ships be turned over by the board on credit, the government taking a mortgage "not less than 2 per cent interest" on the vessel and requiring no further security. If five members of the shipping board agree to the process the sale of vessels may be consummated without advertising.

No initial payment for vessels is demanded in the bill and all payments of both interest and principal may be deferred for 15 years.

Under similar ease terms it is proposed that the shipping board shall loan money for conditioning and improving (motorizing). Thus, ships may be bought, conditioned and motorized without the payment of a cent to the government for 15 years.

The language of the bill regarding terms is that "such sale shall be made at such prices and on such terms and conditions as the board may prescribe, but the completion of the purchase price and interest shall not be deferred more than 15 years."

Labor Sections Vicious. It has already been shown that the labor provisions—embodied in the immigration and naval reserve sections of the bill—are vicious, but analysis shows the financial sections to be equally impossible of support.

The ships to be sold cost approximately \$200 per ton to build. They will be sold at prices ranging from \$20 to \$30 per ton. Chairman Laker of the shipping board says the best ships will bring \$30. Then, on government loans, they may be motorized and conditioned. It is estimated that when conditioned and motorized, in view of the proposed subsidy and income tax exemption on earnings, they will be worth, in earning capacity, from \$80 to \$100 per ton, and perhaps more.

All of this value will be created for prospective ship owners by government credit and munificence.

There is to be provided for the shipping board, under its absolute control, without any limitation of authority, a fund of \$125,000,000 to be used as a construction fund and another fund of from \$40,000,000 to \$60,000,000 per year out of which to disburse subsidies to the future government-made shipping magnates.

The construction fund will be raised by sale of bonds, possibly Liberty bonds, state and municipal bonds, now held by the shipping board. The revolving fund out of which subsidies are to be paid will be raised, for the most part, by the simple expedient of side-tracking import duties and partly from the sale of ships, if anybody actually pays for a ship within fifteen years.

Fast Ships Get Cream. The amazing provisions for loaning money and for raising the money to be loaned are equalled only by the provisions for paying the subsidy itself.

The subsidy itself is in two major parts, each having subdivisions. First there is the cash remuneration. Second, there are various income tax exemptions for ship owners and shipping, and provisions for income tax exemptions for getting more easy money from the government.

For cash remuneration there is a basic compensation and an additional compensation. To all vessels documented under U. S. laws and of over 1,500 gross tons, capable of 13 knots there is to be a basic compensation of one-half cent per gross ton per 100 nautical miles.

Added to the basic compensation is the additional compensation, ranging from two-tenths of a cent per ton for the 13-knot vessels, up to two and one-tenth cents for vessels capable of 23 knots. Thus the 23-knot vessel would draw a subsidy of two and six-tenths of a cent subsidy per gross ton for every 100 miles traveled.

Draw Big Money. The fast ships draw the big money. The little fellows slow of speed get little help, which means that big companies, able to own fleets of fast ships, get big help, while small companies, able to own only small, slow ships, are left to lag and get out of the business. The faster the ship, moreover, the quicker the "turn-around" and the more the possibilities of shipping.

The shipping board may refuse, one mere whim, to enter into contract with any ship owner and no ship owner can collect subsidy unless he has a contract with the board.

The board may make or refuse to make contracts on the basis of whether or not it likes an applicant's character, ability, experience, or financial ability.

Once these contracts are made the government is bound by them for at least 15 years.

ALL UNION COAL MINERS TO QUIT WORK TOMORROW

President Lewis Practically Gives Up Hope of Conference With Coal Operators.

Telegraphic orders precipitating what promises to be the greatest industrial tie-up in history were to have been sent out yesterday from the offices of the United Mine Workers of America at Indianapolis. The miners will become effective at midnight and it is expected that 500,000 coal miners will drop their tools.

President John L. Lewis lays emphasis on the point that he is not calling a strike. "It is but a suspension of work in the absence of a working agreement," he says.

Several strong forces are at work to bring about a settlement. In an effort to head off the big battle, Senator Borah, chairman of the senate committee on labor and education, has tendered his good services and is willing to make an attempt to bring the operators and the miners together.

Then the big church organizations are busy, both Catholic and Protestant are working together in behalf of conciliation.

It is said that the administration is planning to permit coal from England to be sent to America, to be shipped as ballast on shipping board vessels. The officers of the International Association of Longshoremen announce that the 75,000 union dock workers will not unload British coal if it is brought here.

The union expects considerable support from the 200,000 unorganized miners. Illinois miners had been trying to get a separate agreement, but they too will now walk out with the other miners.

However, there are forces working that have not given up hope of a settlement before mid-night. They are endeavoring to induce the operators to agree to a conference. That may happen.

ROAD GUARANTEE TIME HAS ENDED Section of Esch-Cummins' Act Subsidizing Roads Expires, Still Are Protected.

Washington, April 1.—The section of the Cummins-Esch act, which guaranteed returns to railroads, expired on March 31. This guarantee called for 5 1/2 per cent return and an additional one-half of 1 per cent for improvements.

Under the act his guarantee is replaced by another provision which requires the interstate commerce commission to make rates that will give railroads a reasonable return on the value of their property.

The only difference between the two provisions is that under the section that has just expired the commission was specifically authorized to limit railroad returns to 5 1/2 per cent. Under the section now effective the returns are not defined, and the commission must make rates that will make a "reasonable return" possible.

COAL OUTPUT INCREASES Stimulated by the possibility of a coal strike, bituminous production is climbing to a new high. It surpassed the record of 1919 during the war boom, according to the United States geological survey.

NEW YORK APRIL 1.—The social standing of business men makes them immune from prosecution in state and federal courts, is one of the scathing arraignments of the Lockwood housing committee in its report to the state assembly.

In discussing its attempt to secure convictions under conspiracy laws, the committee says: "The judges, both in the state and federal courts, have almost consistently treated this class of offenders with tender consideration. In one case in the state court, in which the manufacturers of brick and dealers in building materials were proved guilty of most overt acts, constituting willful frauds upon the public, the court allowed all the defendants to escape with fines."

"The court in that case expounded the extraordinary view that because of the business and social status of these men the limitation of law compelling them to plead 'guilty' to a crime and the imposition of comparatively small fines upon them was a sufficient punishment. The same point of view seems to prevail with the federal judges. There is no hope of enforcing these laws unless the courts adopt this attitude."

VOLUNTARY STAGE CENSOR. To eliminate political censorship of the stage, a voluntary jury system has been launched by dramatists, managers, producers, actors and vice crusaders at a meeting in New York. A jury will be drawn from a panel of 300 persons, whose chief qualifications shall be "good citizenship and common sense."

METHODS USED BY OPERATORS TO CONTROL PRESS REVEALED

Sworn Testimony Before Senate Committee Shows Up Scheme of Magnates to Secure Newspaper Help in Circulating Propaganda to Poison Public Mind Against Coal Miners.

By International Labor News Service. Washington, D. C., March 30.—How mine owners have endeavored to subsidize the newspaper world is graphically told in their own words and may be excellent indication of their present policies. Their plan is to "know intimately as many newspaper men as possible," and to "advertise as heavily as possible and expect friendship to follow the advertising contract."

In Effect For Many Years. The mine owners' publicity policy has been in effect for many years and doubtless will rule through the strike if one takes place in April as the result of mine owners' breach of agreement.

Coal mine owners contribute one mill per ton to the fund for publicity, and in the effort to subsidize the press. Complete information about the publicity methods of the National Coal association is contained in the report of the hearings before the Committee on Manufacturers of the U. S. senate, in 1921. Following are a few quotations from the proceedings of one of the meetings of the National Coal association:

Mr. A. M. Ogle says: "We know from our experience that you get results from paid advertising. It is not guesswork, it is not surmise, it is positive knowledge that we have gained from the experience that we have had, in the changed attitude of your newspapers. We are contributing; they know it, and they reciprocate, just as you reciprocate to the people with whom you do business where it is mutually profitable."

People Paid For It. Mr. Brockus says: "At 5 per cent increase in the selling price I don't believe it is going to be very serious on anybody. The trouble with us is that we operators are always trying to pare down our bills. I think that the operators should regard this as part of their selling expense and increase it only 5 per cent and then they would not take it very seriously."

Mr. Barker says: "I am convinced if we want helpful publicity, if we want useful articles written, it will be to our advantage to patronize the medium from whom we are asking those favors, if we can do it with profit to ourselves, we ought to do it, etc."

Mr. Brewster says: "I saw an example of the benefit of this particular publicity, which has just taken place. The matter that Mr. Peabody had sent out through the Associated Press appeared in the St. Louis papers, and each one of the papers wrote an editorial on it. The next day after those editorials appeared, five contracts were delivered to our office which had been hanging fire."

The director of publicity wrote the following to Mr. Jenkins, vice president of the Hutchinson Coal company: "It is not straining the fact—and this is imparted in the utmost confidence—to say that the Associated Press, preceding the meeting, in which emphasis was made of the fact that unreasonable prices have not generally prevailed throughout the coal shortage emergency, and in which stress was also laid upon the matter of inadequate coal supply at the mine, was to a very large extent, word-for-word product of the publicity department. The great advantage of this report, from the operator's viewpoint, lay in the fact that the National Coal association nowhere was quoted as authority for

tomers to every one who desired to sell goods. All the law can guarantee is the right to sell goods. If for any reason others are unwilling to buy these goods, the law cannot compel them to become purchasers.

The employer's plant, the machinery in it, and the finished product in his store room are property. His business consists of his efforts to dispose of his property at a profit. The property is properly protected by law from injury or destruction, but it would be inane and absurd, as well as contrary to the law, to assert that this property ownership of buildings, material and finished product carried with it any property right in those who produced or purchased the finished product. If such property right existed in the producer or customer, the courts would be justified, through injunctions, in restraining anyone from injuring such property; that is, in offering or giving employment to someone already in another's employ, or in selling goods to purchasers, or in the business injury of the manufacturer or merchant who had originally supplied these individuals.

No law, and no court, would attempt to compel any one to buy goods from a certain firm because that firm transferred its property to another, or to injure the business of the first party.

The same principles hold good with labor. The owner of an establishment, which is property, does not

LUMBER BARONS KEEP PRICES UP AND CUT WAGES

Production Reported Nearly Normal on Coast; Labor Victim of 'Open Shop.'

Seattle, March 30.—Lumber barons have forced wages down and prices up, forced the small dealer out of business, sought to control legislative bodies and have developed the art of dodging taxes that has not been acquired by any other group of exploiters, says Harry W. Call of the International Union of Timber Workers.

The unionist shows that wages have been cut 40 to 50 per cent. In some cases the present low wage is paid for a nine or 10-hour day, whereas in 1920 the higher rate was paid for an eight-hour day.

"As a result of extended shut downs they have practically paralyzed the industry, but the price of lumber has gone up by leaps and bounds. Comparing the wholesale prices, carload lots of o. b. mill, quoted officially by the lumber owners on August 1, 1922, on 12 main stems of lumber with the same 12 items in their report of January 15, 1922, shows an average price increase of \$2.25 per thousand, or over 29 per cent increase."

"The daily papers and the official journals of the lumber owners are now pointing out that production in this industry is nearly normal, that the market is good and prices 'better.' However, they still claim they are losing money. With a 29 per cent increase in the price of 12 main items of lumber, and with a decrease in wages of from 40 to 50 per cent, this claim of losing money does not sound 'just right.'"

Following is a sample of the "buy now" propaganda which has been widely used by the coal operators to maintain prices and to manipulate the economic situation to their own advantage in times of labor controversy:

"All users of coal should stock up on this commodity early in the season, and where it is possible to do so, it will be wise for users of coal to stock up until June 1, 1922. The reason for this is that a miners' settlement is to be made at that time, and the lack of transportation, together with the uncertainty caused by the miners' settlement, will, no doubt, bring about an unusual demand for coal the latter part of 1921 and at the beginning of 1922. The buyer who takes advantage of the market during the first half of 1922 will be wise."

In addition to purchasing space in newspapers in the hope of controlling editorial policy in favor of the coal operators, it is an apparently settled policy on the part of the National Coal association that all its members shall keep in touch with as many newspapermen as possible. The method and purpose of this program is illustrated by the following education of the chairman of the National Coal association, which was published in the hearings before the committee on manufacturers of the U. S. senate:

"I know today in the state of Illinois probably 15 or 20 editors of local newspapers. After our last director's meeting in Chicago, I was able through my personal acquaintanceship and friendship with Mr. Melville Stone, of the Associated Press to get his assistance in Chicago. I called him up while we were holding our meeting, told him what we were doing, and asked him 'As a matter of fact, will you send me three or four hundred words by mail to be released at a certain date to every daily throughout the United States taking Associated Press service?' He agreed to do so. I do not believe there is a man in this room who does not know one or two newspapermen and who can not enlist their personal following and I believe we will get results from it."

RAISE CONVICTS' PAY. The New York legislature has passed a bill which authorizes the state superintendent of prisons, with the approval of the governor, to establish a system of compensation for prison labor. Now the convicts are paid only a few cents a day for their work.

Aiding the railroads is the Seattle chamber of commerce which fears that the Japs will move to Vancouver, British Columbia, if the contracts are cancelled.

Several conferences have been held with representatives of the two northwestern roads, but these managers decline to act, unless they are assured a favorable contract. Government officials refuse to make any guarantee, and the shipping board announces:

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ERIE ROAD LEASES SHOPS TO NEW JERSEY STABLE CLEANER

Hypocrisy of Farming-But Policy of Railroads Exposed; Demonstrates Clearly Nature of Scheme Employed to Take From Employes Rights Guaranteed by Law.

By Charles M. Kelley. When the United States Railroad Labor Board undertakes an investigation into the farming out policy of the Erie railroad, whereby it is disposing of its shops and portions of its maintenance work to dummy contractors on a cost-plus payment plan, it will discover a most interesting situation.

Straw Man for Road. At Jersey City, for instance, where are located the Erie's most important shops, the contractor who has been entrusted with the repair of cars and locomotives is a stable cleaner.

His business experience has been gained while dabbling in local politics and removing manure from municipal barns. In other words, the high-sounding Wagner Construction and Repair company, lessors of the Erie's shops, is the Jersey City Horse Manure company.

Operating on a cost-plus basis, Wagner is sitting pretty. This is the device that enabled unscrupulous men during the war to take millions of tribute from the American people.

When employees of the Jersey City shops started out to discover the identity of their new boss the trail led them directly into the headquarters of the Jersey City Horse Manure company, at 142 Pavonia avenue, Jersey City.

Hurts Workers' Morale. That address is also given as the headquarters of the Wagner Construction & Repair Co. There, in a small room, Wagner divides his time between applying railroad oily rolls, that being practically the only service required of him by the Erie management, and recording his transactions in high-grade fertilizer.

The effect of this change of management on the morale of the Erie workers can be imagined. The old spirit of efficient co-operation has been destroyed.

The contract between the Erie and Wagner is not available for examination. It is presumed, however, that it follows substantially the terms of contracts made with other contractors at various points along the system. If that be true, then here is the situation that has been established at Jersey City:

How Contract Stacks Up. The shops have been turned over to an individual wholly lacking, so far as can be discovered, in the requisite experience for managing repair shops at one of the most important terminals in this country. They are in the heart of the densest traffic conditions that exist today. The safety of hundreds of thousands of travelers would be jeopardized by improper handling of car and locomotive repairs.

The contractor who has taken possession of these vital important shops has not a single dollar invested in them. He took them over just as they were when the contract was made and is not required to add to them in any manner. This speaks strongly against the bona fides of the contract.

The contractor is not even required to finance the undertaking. Erie contracts with dummy concerns provide that three days before pay rolls are due the carrier will transfer to the contractor a sum sufficient to meet all labor charges then due.

The railroad expressly stipulates that it may, at its option, regain possession of its property on 24 hours' notice to the contractor. That provision makes the instrument inequitable and stamps it as a subterfuge.

One delegate voiced the sentiment of those present when she declared: "We know what is equality and what is not. Experience has taught us that. The principle of equality is a great thing, but principle is hanged if it is not real. There are so-called equal rights which furnish thrills for the few but have no regard for the lives of the many. We want to remove discriminations, but a blanket law that threatens to take away rights we have we will fight, and fight to a finish."

The more men Wagner can put on the payroll the more money he will make. The \$12,000 a year. All "savings" over 7 per cent are to be divided 50-50 between the contractor and the carrier.

Savings are to be determined in an extraordinary manner. They are to represent the difference between what the contractor pays in wages and what the railroad would be required to pay to the same number of employes under the transportation act and the awards of the United States Labor Board.

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No Provision for Efficiency. The Wagner contract makes no hard and fast provisions to control this important element. All that is demanded of the contractor is that he advise the railroad at stated intervals the amount he is paying workers, the number employed, and the service rendered. The railroad then figures out how much they been workers have received had they been paid at the rate of wages prescribed by the Labor Board. The difference, according to the formula, is termed "savings." That is all there is to it. A simple arithmetical exercise.

But there is vastly more to the contract so far as the public and the

HOW INJUNCTIONS CAME INTO USE IN LABOR TROUBLES

By JOHN P. FREY. An understanding of the conceptions which influence a court of equity to issue a labor injunction requires some consideration of the theories which have gradually been developed by the judiciary.

The fact that there were no precedents to guide them in issuing such injunctions, compelled our American courts of equity to announce and develop some theory which would seemingly supply a reason for the issuing of such injunctions, even though it did not justify them.

Courts of equity exist partly to protect property from irreparable injury when there is no adequate remedy at law. With this as a foundation, a number of American courts evolved the judicial theory that business was property and that an irreparable injury to this business justified the court in issuing injunctions.

In direct connection with this conception there developed the theory that the employer's property right in the patronage of those who purchased his wares, and, in addition, a property right in the labor; that is to say in the services of his employees.

The distinctions between what constitutes property, business and personal rights are not difficult to understand. They are sharply defined both in our ordinary language and in the provisions and phraseology of the law.

Business is not property! Business is the energy, activity, and method

HOOPER TAKES POSITION ON SIDE OF RAILROADS

Vice Chairman Hooper of the railroad labor board has decided against shop employes who insist that the Esch act have no standing before the board and that the wage demands of these roads should not be considered.

The Erie, the Indiana Harbor Belt and the New York Central railroads are involved. They have contracted their repair work and the contractors are paying lower wages than the scale set for railroad shop men by the board.

(Continued on page 2.)