

Illinois Central System Shows How Taxes Have a Bearing on Railway Rates

Notwithstanding that for the past twelve months the railroads as a whole have earned almost no net return on the capital invested in them, many persons insist that freight and passenger rates be reduced, regardless of the costs of producing that transportation service which the public must have. We wish, therefore, to direct attention to the fact that the costs of producing transportation are still relatively much higher than the rates. We think it fair to ask the public to give consideration to what the railroads are having to pay for labor, materials, locomotives, fuel, cars, taxes and interest on borrowed capital before passing final judgment upon the reasonableness of present freight and passenger rates.

It is true that, effective July 1, railway wages were reduced 12 per cent, but they are still 108 per cent higher than they were in 1914—the year of the beginning of the great war that upset everything. Road locomotives cost 123 per cent more, switch engines cost 144 per cent more, gondola cars cost 117 per cent more, refrigerator cars cost 107 per cent more, box cars cost 122 per cent more, steel passenger coaches cost 100 per cent more and locomotive fuel costs 138 per cent more at present than in 1914. The Illinois Central System sold bonds in 1914 on a basis yielding less than 5 per cent to the purchasers. It recently sold \$8,000,000 of bonds running for fifteen years, and the best terms it was able to secure yielded a return of more than 7 per cent to the purchasers.

Take the single item of direct taxes for a ten-year period. The Class I railroads, which include all railroads having gross operating incomes of \$1,000,000 or more annually, paid \$98,826,848 in taxes in 1911. In 1920 the same railroads paid \$278,868,668 in taxes, an increase of \$180,041,820, or 183 per cent.

The Illinois Central System paid \$3,278,107.96 in taxes in 1911, while in 1920 it paid \$9,575,680.87, and increase of \$6,297,572.91, or 192 per cent.

But these are not the only taxes affecting transportation charges. When the shipper pays his freight bill, he should remember that 3 per cent of what the railroad's bill otherwise would be is added and collected by the railroad as a transportation tax. Likewise, when the passenger pays for his ticket, he should remember that 8 per cent of what he otherwise would pay the railroad is added and collected for the government as a transportation tax. Patrons generally consider only the total cost of freight and passenger transportation, and many think the railroads get the whole amount.

The transportation tax collected by the railroads for the government on freight bills in 1920 totaled \$129,710,329.80, and on passenger fares, \$103,099,633.36—a grand total of \$232,809,963.16! This vast sum is not included in any of the railway accounts. It was collected by the railroads acting as agents for the government and remitted directly to the government.

The question of abolishing the transportation tax is having consideration in Washington. The abolition of this tax would reduce railway rates without injury to the railroads.

We do not bring up the question of railway taxation in a spirit of complaint. We realize that all citizens and all businesses must bear their just proportion of the expense of government. We refer to the matter just now to make it clear that railway taxation must be added to the cost of transportation and necessarily has a bearing on freight and passenger rates.

The Illinois Central System has been striving for more than a year to present facts in regard to railway problems for the consideration of the public. The public will be able to decide for itself the advisability of such a course when it considers that the management of the Illinois Central System is the trustee of an investment in roadway and equipment of more than a half billion dollars. We realize that this property, and all railway property, will be dealt with accordingly as public sentiment develops and crystallizes. We feel, therefore, that we must present our case before the court of public opinion, and we are glad to do that, having an abiding faith in the fairness and justice of the people when they have the facts before them.

Constructive criticism and suggestions are invited.

C. H. MARKHAM,
President, Illinois Central Railroad Company.

and clerks hereby appointed to hold said special election shall be in Mandeville, Louisiana, at the regular polling booth provided by law.

Clerks: Paul Esquinance and G. A. Davis. Commissioners: W. G. Davis, Lucas Prieto, George Wraime and Robert Smith, each being a registered voter.

The polls shall open at 7 o'clock a. m. and close at 5 o'clock p. m., and at said election duly qualified taxpayers may vote.

Section 4. Be it further ordained, etc., That the President of the said Navigation District No. 1 of St. Tammany Parish, Louisiana, is hereby directed to give notice of the special election hereby ordered to be held by his proclamation to be published according to law, and in said proclamation he shall announce that at eleven o'clock a. m., on the 11th day of October, 1921, the Board of Commissioners, as the governing authority of the Navigation District No. 1, will meet at its usual meeting place in the Town of Mandeville, and will, in open session, proceed to open the ballot boxes used at said special election, count the ballots in both number and amount, canvass the returns of said special election and declare the results thereof.

On roll call the members of the Board of Commissioners of Navigation District No. 1 of St. Tammany Parish, Louisiana, voted as follows:

Yeas: J. E. Lemieux, W. M. Beaujean, George W. Smith, George M. Glockner, F. Edw. Vix.

Nays: None.
JASPER E. LEMIEUX,
President.

F. EDWARD VIX,
Secretary.

PROCLAMATION.

Pursuant to the authority vested in me by an ordinance adopted by the Board of Commissioners of Navigation District No. 1 of St. Tammany Parish, on the 30th day of August, 1921, I, Jasper E. Lemieux, president of Navigation District No. 1 of St. Tammany Parish, State of Louisiana, hereby give notice that an election will be held in the Town of Mandeville, Parish of St. Tammany, Louisiana, on the 10th day of October, 1921, as set forth in the following abstract of said ordinance:

"Section 1. Be it ordained by the Board of Commissioners of Navigation District No. 1 of St. Tammany Parish, Louisiana, That a special election be and the same is hereby called to be held in the Fourth Ward of the Parish of St. Tammany, Louisiana, on the 10th day of October, 1921, at which shall be submitted the following proposition, to-wit:

"To incur debt and issue bonds therefor in behalf of Navigation District No. 1 of St. Tammany Parish, Louisiana, in the sum of \$25,000.00, to run for a period of twenty years from date and to bear interest at the rate of five per cent per annum from date until paid, payable annually or semi-annually, to dig a channel at the mouth of Bayou Casting, to construct a revetment for the protection of said channel; to build wharves and make all necessary and proper

improvements along the said Bayou, in order to make said Bayou sufficient in size to receive and accommodate barges, schooners, motor boats and every other kind of vessel." Said election shall be held at the regular polling booth in the Town of Mandeville, and the following com-

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Signature of Voter.

Notice to Voters—To vote in favor of the above proposition place a cross (X) mark in the square after the word "YES." To vote against it place a similar mark in the square after the word "NO."

The Secretary of this Board is also directed to have prepared and to distribute to commissioners appointed to hold said election all necessary ballot boxes, lists of taxpayers entitled to vote either in person or by proxy at said special election, together with the valuation of property of each as shown by the last assessment approved and filed, and all necessary lists of voters, tally sheets and compiled statements.

Section 3. Be it further ordained, etc., That the polling place of said election and the commissioners

MANDEVILLE ELECTION.
(Continued from page 1)
make said Bayou sufficient in size to receive and accommodate barges, schooners, motor boats and every other kind of vessel. Assessed valuation of property



M. GLASER'S BRANCH Horse and Mule Exchange

Just received two loads of horses, mares and mules to be sold at auction. One load from Mr. McGinty and one load from Mr. S. D. Bulloch. The entire lot to be sold for the high dollar. No limit.

Sale takes place Saturday at 11 a. m., next to Bulloch's Drug Store.
JOE TENNENT,
Auctioneer.

Commissioners and clerks of election are appointed to preside at election: Clerks: Paul Esquinance and G. A. Davis. Commissioners: W. G. Davis, Lucas Prieto, George Wraime and Robert Smith, each being a registered voter.

Notice is hereby further given that on the 11th day of October, 1921, the first day following such election, at eleven o'clock a. m., the Board of Commissioners of Navigation District No. 1 of St. Tammany Parish, will meet at the office of said Board in the Town of Mandeville, and there in public session, open the ballot boxes, examine and count the votes, both as to number and amount, and examine and canvass the returns and promulgate the same. Given on this 30th day of August, 1921, at Mandeville, Louisiana.
JASPER E. LEMIEUX,
President.