

COMPARING EASTERN AND WESTERN RAILWAY RATES

IOWA RAILROADS PAY OUT MILLIONS OF DOLLARS ANNUALLY FOR LABOR, FUEL, SUPPLIES AND TAXES.

It is a strange fact, but nevertheless true, that in times past the people of the average state have not regarded their railroads as an "industry"—and yet there is hardly a state in the Union in which the railroads do not pay out more money for labor, fuel and supplies than does any other single enterprise, however large. We brag about our fertile farm lands and rejoice that our cities are filled with big factories with big payrolls which create a market for farm products—but we forget that more workingmen's families depend upon the railroads for a living than upon any other one industry in either the average state or the nation, and that their welfare is therefore closely linked to that of the farmer, manufacturer and merchant—not merely because they furnish freight and passenger service, but because the millions they disburse in one way and another contribute tremendously to the prosperity of the state in which we live. Thus, next to real estate, the railroads are the largest tax payers in the state of Iowa—their taxes for 1914 having aggregated \$3,138,504.27—and this tidy sum did its full share toward the support of every public school, public highway and other revenue expenses of the state.

In round figures, the railroads of Iowa are valued at \$313,969,248—money which in years gone by was invested in these great arteries of commerce by thousands of men and women who live all over the United States and in Europe, and without whose assistance the wonderful progress of our great state would have been impossible. If, thirty or forty years ago, these people had invested their money in Iowa farm lands instead of Iowa railroads—would not the investment have proven infinitely more profitable to them? On the other hand, if somebody had not furnished the money with which to build the railroads what would be the present value of Iowa farm lands? Is it not therefore apparent that the people of this and every other Corn Belt state owe much to those from the outside who furnished the millions necessary to industrial and agricultural development and without which their remarkable progress would have been impossible?

According to the last report of the Iowa State Railway Commission the railroads of Iowa employed 46,476 men during the fiscal year ending June 30, 1912, and paid out in salaries the sum of \$31,922,523.22—and these millions did their full share to create a profitable market for Iowa farm products and to uphold the volume of business of Iowa grocers, clothiers, dry goods men, and others who depend upon the patronage of the public. Since the above report was made public, forced economy has compelled the railroads to discharge several thousand employees in this state—but the fact remains that even at this time they are scattering more than \$30,000,000 per year throughout Iowa in salaries to their employees, as well as paying millions of dollars for Iowa coal, of which they are the heaviest purchasers in the state.

Thus when the people look at the other side of the ledger—when they think of the millions which the railroads disburse to their thousands of workmen and the millions they pay out for taxes, coal and other supplies, it can readily be seen that they constitute an industry which deserves the friendship and consideration of every thoughtful citizen in the state.

THE BRANCH LINES OF IOWA.

It is a well known fact that it is ordinarily much more expensive to operate branch lines than main lines, and this is true because of the heavier volume of business and the longer hauls on the latter. The total railroad mileage of Iowa is 9,998.45 miles. Of this mileage, the four larger companies, the Chicago, Burlington & Quincy Railroad, the Chicago, Rock Island & Pacific Railroad, the Chicago & Northwestern Railway, and the Chicago, Milwaukee & St. Paul Railway own and operate 7,037 miles, of which 5,502 miles—or practically 63 per cent—is what would be termed branch lines and which, upon the basis of present freight and passenger rates in this state it is impossible to operate profitably, while in many instances they are being operated at a big loss; and yet, all of these 5,502 miles of branch lines which belong to only four of the larger systems are vitally essential to the agricultural and commercial interests of the hundreds of common-

ities which they serve. Surely a railroad has just as much right to expect a fair return upon the money it has invested in a branch line as upon that which it has invested in its main lines which is largely supported by interstate business—and when existing rates render this impossible, it means that it cannot give to the people the adequate and efficient service so necessary to agricultural and commercial growth and development. No other central state is so well supplied with railroad facilities as is Iowa—there being few points in the state which are more than a dozen miles removed from steam road facilities—and that it is of the highest importance to the people that this net work of railroads be given sufficient income so they may be maintained in a high state of efficiency should be apparent to every thinking man.

As to whether the railroads of Iowa are justified in asking for some substantial increase in freight and passenger rates, we wish to cite the recent decision of the Interstate Commerce Commission in granting a 5 per cent increase in freight rates to eastern lines—a fact with which the reader is doubtless already familiar. In rendering this decision, the Commission took occasion to point out the precarious financial conditions which have been brought about by the great foreign war, and which have added enormously to the former troubles of American railroads. So, too, the Commission pointed out the unremunerative passenger incomes which obtain almost upon every hand, and especially upon the local traffic within the different states. If the Commission was correct in its view that the eastern lines were entitled to an increase of 5 per cent in freight rates—and the decision has been applauded in business circles throughout the nation—then how much more are the western lines entitled to an increase? The population per square mile of Massachusetts is 441, of New York 204, of Pennsylvania 181, of Ohio 122, while in Iowa it is only 40. In view of these facts, can there be any doubt of the justice of the plea made by the railroads of Iowa at this time.

NEW YORK AND PENNSYLVANIA.

Four years ago, as Governor of New York, Justice Hughes of the United States Supreme Court, vetoed a two-cent passenger rate law enacted by the legislature on the ground that it was an arbitrary procedure which did not take into consideration a fair return upon the railroad properties of that state—and few men stand higher in the esteem of the American people than this great jurist who did perhaps as much as any other one man in the country to break up illegal and unfair practices on the part of large corporations.

So, too, the Supreme Court of Pennsylvania held that a two-cent passenger fare was unconstitutional in that state because it was essentially confiscatory. This high court took the position that capital invested in railroads is entitled to earn six per cent on a fair capitalization and that the arbitrary enactment of a two-cent fare rendered impossible such a return upon the lines in Pennsylvania. It also took the position that railroads not only have the right to insist upon a fair return upon both local freight and passenger business, but that it is their duty to do so in order that one class of patrons may not be compelled to pay an inequitable rate to make up the losses sustained in another department.

If the arbitrary enactment of a two-cent passenger rate is unfair to the railroads of New York and Pennsylvania, where there are large centers of population and where the nation's greatest density of freight tonnage naturally exists, how much more unfair is such a rate in a purely agricultural state like Iowa?

As a result of the action of Governor Hughes in vetoing a two-cent passenger fare bill, in New York and the Supreme Court of Pennsylvania declaring it confiscatory in that state, the railroads of both New York and Pennsylvania are today operating under a two and one-half cent passenger fare, while in Iowa they are compelled to content themselves with two cents per mile. In the meantime, in further confirmation of the population figures cited above, the total population of New York state is 9,712,954, in Pennsylvania it is 8,107,942, while in Iowa it is only 2,222,472. Surely if the great Pennsylvania system can establish the fact that it is justly entitled to two and

one-half cents per mile for carrying passengers, the Iowa roads with their thousands of miles of expensive branch lines in a territory almost purely agricultural and with no large cities or manufacturing centers should have little difficulty in establishing the justice of their plea?

All the railroads of Iowa ask is that the local traffic shall bear its just proportion of the expenses of operation, taxes and maintenance—and in asking this they are pleading not merely for simple justice, but upon this depends the character of service which they will be able to furnish the public from this time forward. There is no magic art by which railroads can perform the impossible—and in the final analysis the people get the kind of railroad service they pay for, just as they do in other realms of merchandising.

CONDITIONS MUST BE FACED.

In his opinion given in the Eastern Rate Advance Case, Commissioner Daniels of the Interstate Commerce Commission referred to the fact that the maximum freight and passenger rates established in many states during the last few years means that, with the ever-increasing cost of operation, the railroads of the country are facing a condition which means that they can neither give adequate service to the public or make such a showing upon their properties as will enable them to borrow the millions necessary for future betterments and improvements. In conclusion, he says it is a situation which "must be faced, not trifled with."

Once more we wish to impress upon the reader that the railroads should not be confused with private enterprises which are able to advance their prices to meet the exigencies of the hour. The railroads are bound hand and foot and can charge no more than the law says. Suppose that through some statute the State of Iowa should say to the farmer, that regardless of the cost of production or the volume of yield, he shall sell his corn at not to exceed 50 cents per bushel? Or suppose that through some similar mandate it should say to Iowa grocers that they shall sell 25 pounds of granulated sugar for one dollar? Of course, these suppositions are radical—and yet, is this not in substance what the state of Iowa is forcing upon her railroads when it names the rates they may charge without taking the increased cost of labor, fuel, taxes, etc., into consideration? Is it not equally as unfair? Is there anything about a railroad which places it above the inexorable law of cause and effect? Well might they exclaim with Shylock in his pathetic defense of the Jew, "If you prick us, do we not bleed? If you tickle us, do we not laugh? If you poison us, do we not die?"

In this connection, we wish to digress for a moment to quote some statistics which should have had a place in a former article. It cost an average of 7 mills per mile to haul a ton of freight in the United States, whereas in England it costs 2.33 cents, in Germany 1.42 cents, and in France 1.41 cents. In the United States the average wages paid to railroad employees are \$2.23 per day, in England \$1.15, and in Germany and France not over \$1 per day. The English railroads are capitalized at \$265,000 per mile, in France at \$137,000 per mile, in Germany at \$114,185, while in the United States the stock and bond capitalization averages only \$65,000 per mile. In view of this remarkable comparison, do American railroads deserve the wholesale denunciation which has been heaped upon them?

FACING GRAVE PROBLEMS.

Unquestionably we are facing some of the gravest problems that ever confronted us as a nation—and these problems grow largely out of a war, which is without precedent in history. True, with a rapidly increasing cost of operation on the one hand and reduced rates on the other, it was merely a matter of time until the railroad question was bound to become pressing—but the great tragedy across the seas has suddenly resolved into an acute crisis a problem which might otherwise have been solved gradually and without any far-reaching industrial disturbance.

The United States is a heavy debtor nation. During the average year our balance of the trade against the rest of the world amounts to approximately \$500,000,000, but on top of this we always owe approximately another \$500,000,000 which heretofore we have been able to stand off by selling Europe industrial securities to that amount. Now, however, the great warring countries have served notice that they not only expect us to pay our debts above our trade balances in gold, but that in addition they look to us to buy back from them hundreds of millions of dollars worth of American securities which are now held abroad. It was to deliver this grim message that Sir George Paish, of the English Exchequer, paid his recent visit to the United States, and

when he got through making his statement to a group of New York bankers, an old veteran financier who has survived many a financial storm remarked to his profoundly silent auditors, "The sheriff, with a writ, is on the doorstep."

In the present instance, the railroad crisis is of tremendous importance because in it is involved the still greater problem of the integrity and safety of the whole superstructure of American business. That we cannot shove it aside by a broadside of demagogic platitudes or minimize it by employing the strategy of an ostrich is apparent to every man who is seriously concerned in his own and his country's future welfare.

UP TO PEOPLE OF IOWA.

In few other states have the railroads had a larger share in progress and development than in Iowa—a state which stands without a peer agriculturally and which has within its borders a greater diversified per capita wealth and less of poverty than any other state in the Union! Surely such a great commonwealth, the broadmindedness of whose people is a byword throughout the nation, cannot afford to treat unfairly the millions of outside capital which have been invested in her network of railroads and without which her position among the sisterhood of states would have been impossible?

Splendid as has been our progress in the past, Iowa still stands merely upon the threshold of her true possibilities, and during the next twenty-five years our farm and industrial wealth should be increased by many hundreds of millions of dollars. That we, however, still need millions of outside capital and that these millions will not be forthcoming unless we treat fairly every dollar which has been honestly invested in our industries should be apparent to every thoughtful citizen.

In the end, all the people and the industries of the state, great or small, must rise or fall together—for in the final analysis we are all dependent upon each other. Thus, the welfare of the town and its surrounding farms depend upon a spirit of kindly co-operation between those who live in town and those who live upon the farm. Without splendid inland towns we would have a rural atmosphere which would soon drive every bright country boy and girl to the cities—while without the farms the towns would wither and die. Even so it is with all the other interests of our great commonwealth which should contribute its full share toward the "New Day"—a day fraught with a broader understanding and justice for every man and every interest whether large or small.

At this moment there are a million idle men who stand in the "Bread Line" and depend upon "Soup Houses" in every city of size in the nation. A year ago the American Steel Corporation had 240,000 men on its payroll. Today the number has been reduced to 130,000—a state of affairs largely attributable to the impoverished condition of the railroads. That this vast "army of unemployed" is depressing the price of farm products and that it lays with a heavy hand upon every merchant and manufacturer in the land is so far apparent that comment is superfluous. It is indeed a time to think gravely and profoundly.

It is because Iowa railroads believe that Iowa people will be generously fair—once they knew the truth about this great question—that has persuaded them to make this appeal through the public press. In doing so they have tried to state their side of the story fairly. They have made no attack upon anyone or sought to appeal to prejudice—and that the reader may accord to them the same credit for sincerity which he claims for himself—that he may be willing to raise his voice in defense of their rights as he would expect others to do in his behalf under similar circumstances—this is all the railroads of Iowa ask. (Paid adv.)

Notice of Appointment of Administrator.

In the District Court of the State of Iowa, in and for Decatur County, In Probate.

In the Matter of the Estate of G. H. McAllister, Deceased.

To Whom It May Concern: Notice is hereby given that the undersigned has been appointed and has qualified as administrator of the estate of G. H. McAllister, late of Decatur County, Iowa, deceased, to succeed J. Z. McAllister deceased. All persons in any manner indebted to said deceased or his estate will make payment to the undersigned; and those having claims against said deceased or his estate will present them in manner and form as by law required, for allowance and payment.

Dated this 19th day of January, A. D., 1915.

RAY McALLISTER, Administrator of said Estate.

23-3t By E. E. Beck.

For Sale—On the Stone farm, 6 1/2 miles northwest of Leon, 4 1/2 miles northeast of Decatur, native lumber of all kinds, fence posts, split and sawed and stove wood. W. W. Fulton.



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