

THE TRUTH ABOUT THE RAILROADS

Some Outstanding Accomplishments During Federal Control of Railroads

Was government control of the railroads the ghastly failure railroad propagandists would have us believe? The people have heard the railroad executives' answer to that question. It is time they were becoming familiar with the other side of the story.

In preceding bulletins we have quoted from the testimony of Director General McAdoo, who ran the roads for the first year of Federal control, and of Director General Hines, who succeeded McAdoo, and remained on the job until the roads went back to their owners—March 1, 1920.

Now we will place on the stand a witness whose knowledge of the railroad problem will not be questioned and whose impartiality is above suspicion.

Eastman on Federal Control

Joseph B. Eastman is a distinguished member of the Interstate Commerce Commission and, because of his position, is in possession of all the FACTS concerning public and private operation of the roads.

Addressing the National Association of Railway and Utility Commissioners at its annual convention held in Atlanta, Ga., October 12, 1921, Mr. Eastman said:

"It occurs to me that the railroad discussion in recent years has been on a painfully low level. I am not thinking of the ignorance and demagoguery which always enter into any public controversy, but of discussion from sources which are presumably intelligent. Rather than being an earnest and constructive effort to seek the truth, it has too often, if my impression is correct, been largely an endeavor to shift the blame; in other words, to find a 'goat,' an endeavor productive of nothing but rancor and bad blood.

"For a long time, in the minds of railroad operators and investors, the Interstate Commerce Commission was apparently the sole obstacle to progress and increases in railroad rates the sole panacea.

"More recently the vials of wrath have been emptied upon the Railroad Administration, upon labor, and more recently still upon the Railroad Labor Board.

"Now, I am not speaking of honest criticism. We all need it. I have in mind the propaganda which omits everything that is favorable to the object of attack, turns the spot light upon everything that is unfavorable, and adds a few lines for good measure.

"Private Versus Public Control. "Take the Railroad Administration. It was guilty of errors, no doubt; but we ought not to forget that the necessity of Federal control was conceded at the time when it was undertaken; that one of the numerous reasons was the preservation of railroad securities from financial demoralization; and that the roads were operated during Federal control for the most part by substantially the same staff as now, under the leadership of men whom the railroad world still delights to honor.

"The fact that the roads when under Federal control failed to earn the so-called standard return by many hundreds of millions of dollars is offered as proof positive of the inefficiency of Government operation.

"But I call your attention to the fact that during the first six months after the return to private control the deficiency was upwards of \$600,000,000 that in the twelve succeeding months, following the most stupendous increase ever made in our railroad rates, the deficiency was at least \$350,000,000; and that it was kept from reaching a still larger sum only by slashes in expenditures which have left the country with one of the largest percentages of bad-order cars in its history.

"Take the case of labor. The impression has been spread broadcast that the increases in railroad wages during Federal control were the product of intrigue and political pressure.

"The facts are that the major increases were made upon the recommendation of a bipartisan board of arbitration headed by Franklin K. Lane, which thoroughly considered both sides.

"Following Federal control, the wages were further judicially considered by the Labor Board created by the Esch-Cummins Act, and the result was a further increase of about 21 per cent built upon the increases granted during Federal control.

"In its report the Labor Board said: 'It has been found by this Board generally that the scale of wages paid railroad employees is substantially below that paid for similar work in outside industry; that the increase in living cost since the effective date of General Order No. 27 and its supplements has thrown wages below the pre-war standard of living of those employees; and that justice as well as the maintenance of an essential industry in an efficient condition require a substantial increase to practically all classes.'

"Since that time the wages have been reduced 12 per cent. Furthermore, I call your attention to the fact that the national agreements, which have been the subject of so much recent unfavorable comment, were entered into during the director generalship of Walker D. Hines, a man of unblemished integrity and conceded ability, who was for years prior to Federal control perhaps the foremost spokesman of the railroad industry."

Railroads a Menace to Nation

Now let us return to Director General McAdoo, who managed the roads during the first year of government control.

Testifying before the Senate Committee on Interstate Commerce on February 1, 1922, Mr. McAdoo said:

"The outstanding fact is that after private operation of the railroads had resulted in bringing them in 1917 to such a deplorable condition as to be a 'menace' to the country (see testimony of President Samuel Rea, of the Pennsylvania Railroad, quoted in Bulletin No. 1 of this issue), the government operated these roads for the year 1918 with practically the same plant as in 1915—the same lack of locomotives, the same poorly repaired freight cars, the same inadequate facilities and terminals and out of date roundhouses and repair shops—met every demand upon the transportation system of the country; paid a living wage to labor; paid to the owners over \$900,000,000 in rentals, which they could not possibly have earned under private control."

How Allies Were Saved

The first problem that faced the Railroad Administration was to feed Europe and supply munitions to the soldiers in the field.

In December, 1917, the railroads—under private management—had delivered at Atlantic ports 500,000 tons less than the amount of food fixed as necessary to support the allied nations by the Paris conference.

The allied premiers notified President Wilson that this condition must be changed—America must make good its promises—or they would not be responsible for the consequences.

In one month and one week after this situation was brought to the attention of the president by the prime ministers of England, France and Italy—with the roads under government control—more food was available at eastern seaports than the ships furnished by this country and the allied nations could transport.

If private management—with its hydra-headed control—had been permitted to continue to muddle the situation the war might have been lost.

Triumphs of Unified Operation In January and February, 1918, Mr. McAdoo said, New England was in peril for want of coal. "At one time it seemed as if nothing could prevent that section from freezing." Coal was

pushed through the Pennsylvania tunnel in New York and the situation was saved.

"Millions of American boys," Mr. McAdoo added, "many of whom subsequently gave their lives for liberty, were carried from one end of the United States to the other and landed at the ports of embarkation without loss of life or injury enroute. The industries of the country were sustained with sufficient transportation to enable them to perform the service demanded of them by the war.

"When the government took over the railroads I was informed that the industries in the Pittsburgh district were operating to 65 per cent capacity for want of railroad transportation.

"Unless this transportation system was improved to take care of the industries of the country during the year 1918 the war would certainly have been lost." THE SITUATION WAS SAVED THROUGH THE UNIFIED OPERATION MADE POSSIBLE BY FEDERAL CONTROL.

At the end of December, 1918, regional directors of the railroads (railroad officials retained by the government) reported that the unification of terminals, etc., had resulted in a saving of \$118,467,249.10.

Railroad Equipment Increased

As a result of the increased efficiency in locomotive maintenance and operation the shortage of locomotives was overcome and a surplus established.

"Owing to this increased output," says Mr. McAdoo, "on January 1, 1919, there were 1,384 locomotives in good condition in storage, something which had never before existed during a period of heavy traffic. There were no good order locomotives in storage when the government took control on January 1, 1918."

At the end of Federal control the government turned back to the carriers 2,006 more locomotives, 26,815 more freight cars, and 1,051 more passenger cars than was received by it.

Mr. McAdoo called attention to the boasts of the railroad managers that they had handled an unprecedented amount of business in 1920, immediately after the roads had gone back to private management.

"The boasted performance in 1920," said Mr. McAdoo, "is due not only to the fact that the government had greatly improved the physical condition of the properties and made them a more efficient operating machine, but because, on the petition of the railroad executives within two and a half months after they had regained possession of the railroads, the Interstate Commerce Commission restored the practices of the United States Railroad Administration in order to enable the railroad executives to successfully meet the conditions with which they were faced."

Mr. McAdoo presented a report made by Regional Directors Smith, Markham, Maher, Winchell, Alshon, Holden and Bush, all nationally-known railroad executives, in which they stated:

"The measures taken during the year 1918 call for no apologies. They were caused by war conditions and the efficient operation of the railroads in support of the government during the war justifies every act of the administration during that period."

Much-Talked-About Deficit

Mr. McAdoo said it "was unfair and stupid" to criticize government control because during the first year there was a "deficit" of \$216,000,000—after the government had given the roads \$900,000,000 as rentals. The roads, therefore, in that year actually earned a profit of \$684,000,000 more than operating expenses.

This "deficit" was directly traceable to two sources:

(1) Inefficiency of railroad executives like Rea of the Pennsylvania, Willard of the Baltimore and Ohio, Besler of the Jersey Central and Kruttschnitt of the Southern Pacific, who had been permitted to run their roads for the first five months of Federal control. At the end of that time the men named were dismissed and others were forced to change their tactics, but the damage was done and hundreds of millions had been lost to the government.

(2) The increased freight and passenger rates were in effect for only the last six months of 1918. Had they been in force during the entire year there would have been no "deficit," despite the inefficiency or sabotaging of the railroad executives. It should be noted that the "increased rates," referred to by McAdoo, were from 25 to 40 per cent lower than the rates now being charged under private ownership.

Director General Hines, in his final report to President Wilson, summarizing the results of Federal control, said:

"My deliberate judgment is that Federal control has not cost a cent more than private control would have cost in the same difficult period, but, on the contrary, has cost considerably less."

Mr. Hines pointed out that the Railroad Administration might have raised rates, but he said, that would have resulted in a still further increase in the cost of living and "the public" would have paid much more on account of railroad costs than it did in fact pay."

A Fact Worth Remembering

It should be noted here that if freight and passenger rates had been as high during the entire period of Federal control as they are now, under private control, the Railroad Administration could have met every charge against it and would have had a surplus of at least \$1,000,000,000 to turn back to the public treasury.

Mr. Hines declared the railroads themselves were among the principal beneficiaries of Federal control, despite the complaints they have been circulating through their press agents.

They received \$900,000,000 a year rental—a sum equal to the average of

their earnings during the three best years of their history. Senator Cummins said it was so unreasonable that it "shocked the moral sense of mankind."

The government expended \$1,200,000,000 for "additions and betterments, including equipment." This was a much larger sum than the roads could possibly have expended, according to Mr. Hines.

The government employed its own funds for capital expenditures and in this connection advanced to the roads \$900,000,000.

On top of all this the roads were handed back in very much better physical condition than when taken over. In order to put private management firmly on its feet, the government gave the roads more than \$600,000,000 during the first six months of private operation, loaned them hundreds of millions more and authorized the Interstate Commerce Commission to advance rates from 25 to 40 per cent beyond war-time levels.

And still they are not satisfied.—Adv.

REAL ESTATE TRANSFERS

Town of Lake Lillian May 23—Peter Jackson to Mary J. Wallis; SE 1/4 of NE 1/4 of SW 1/4, section 27, \$1.

Town of St. Johns May 17—George P. Anderson and wife to William E. Jackson; E 1/2 of SE 1/4, section 21, 30 acres. \$10,000.00.

Town of Green Lake May 17—Andrew Ray and wife to D. J. Lawler, lot 16, First Addition to North Beach, \$550.

City of Willmar May 19—Henry Morrell and wife to C. W. Odell, lot 12, blk 41, \$1.

May 22—C. O. Carlson, single, to Lewis I. Carlson, West 50 feet of lots 12, 13, and 14, block 9, Ferring's Addition, \$6000.

May 23—John C. Anderson, single, to William Hackett, lot 17, Highland Addition, \$6000.

May 23—Olof A. Ferring, single, to Trygve O. Gilbert, lot 3, block 4, Ferring's second Addition, \$340.

Town of Lake Lillian May 29—Fred Linn and wife to Oscar Linn, und. 1-8 int. in SE 1/4 of SW 1/4 and SW 1/4 of SE 1/4, and und. 1-12 int. in NW 1/4 of SW 1/4, section 15, and und. 1-12 int. in SE 1/4 of NW 1/4, section 22, \$1866.67.

Town of Fahlun May 31—C. A. Heins and wife to George W. Windhorst, lot 5, block 2, Kandiyohi Lake Beach Lots, \$250.

Town of Edwards May 29—Ralph J. Fischer and John Behrens to Simon J. Zinmer, N 1/2 of Section 31, \$1000.

Town of Willmar May 27—Jacob C. Hanson and wife to E. C. Wellin, NW 1/4 of NW 1/4 and North 1/2 acres of Lot 2, Section 26, \$1.

May 27—William S. Johnson to Lerlow Pierce, part NE 1/4 of NW 1/4, section 14, 2 1/2 acres. \$1050.

May 31—Olof A. Ferring, single, to Hazel C. Herrmeyer and Ingeborg Lien, Lot 3, \$300. Ferring's Third Addition.

Town of Green Lake May 26—Lewis Johnson and wife to Fred C. Beese, lot 3, block 1, Glen Dale Beach to Green Lake, \$600.

Village of New London May 25—Ole Strand and wife to Anton and Carl Stenbakken, all of block 2, Larson's, Adams and Sperry's addition, \$200.

City of Willmar May 27—I. J. Campbell and wife to Victor W. Campbell, lot 1 and west 1/2 of lot 2, block 5, Ferring's addition, \$100.

June 1—Jallmer F. Nyquist and wife to Anna Bergeson, East 1/2 of lots 10, 11, and 12, block 12, Erickson's second addition, \$1.

Town of Lake Lillian June 3—Britta Johnson et al to Lena Loifgren; SE 1/4 of NW 1/4, section 23, \$1.

Town of Roseland June 7—C. A. Kuske and wife to William Poplow, NE 1/4 of SE 1/4, East 60 acres of W 1/2 of SE 1/4, section 34, 100 acres. \$1.

Town of Fahlun June 5—Edward Zupke and wife to C. L. Rovang, S 1/2 of SW 1/4, except 1-2 acre NW 1/4 of SE 1/4, section 30, \$1.

Town of Whitefield June 5—Andrew G. Berg and wife to Ole Sandberg, E 1/2 of SE 1/4, section 4, W 1-2 of SW 1/4, SE 1/4 of SW 1/4, section 3, \$1.

June 6—Ingrid Anderson to L. A. Freeberg, part of SW 1/4 of NW 1/4, described by metes and bounds, section 25, \$275.

Town of Kandiyohi June 2—Martin P. Hyden and wife to John Hogberg, lot 25, Section 36, 3.02 acres, \$150.

Town of Green Lake June 6—Ole Rasmussen to Helge Seastedt, Lot 5, First Addition to North Beach, \$1.

Town of Colfax June 6—Roy I. Pollock and wife to Ina E. Pollock, und. 1-6 interest in S 1/2 of NW 1/4, section 12, \$1.

June 7—Earle F. Andrus, widower, to Junia M. Pease, und. 1/2 interest in W 1/2 of NE 1/4 and SE 1/4 of NE 1/4, section 27, \$1.

Village of Penneck June 5—Carroll M. Baklund and wf

to John A. Carlson, lots 18, 19, and 20, block 4, \$4600.

Village of Raymond June 1—John M. Spicer, widower, to William J. Johnson, lot 12, block 1, \$1.

Village of Spicer June 7—Spicer Land Co. to Martha Ronning, lots 13, 14, 15 and 16, block 6, Spicer's First Addition, \$225.

City of Willmar June 1—Charles G. Engwall, single, to Robert F. Pfau, and Emily Pfau, lot 4 and south 1/2 of lot 3, block 7, Ferring's addition, \$5600.

June 1—John Holmdahl and Hans Swanson to Hans Lewis, lot 27, W 1/2 of lot 22, State Subdivision, except a strip 25 feet wide on south line of west 1/2 of lot 22, section 16, unplatted lands to City of Willmar, \$6600.

June 3—Kandiyohi County Bank to Hazel E. Sorum, East 100 feet of lots 1 and 2, block 3, \$4000.00.

June 5—Lars Molin to Simon T. Langager, lots 5 and 10, block 11, Spicer's Addition, \$675.

June 5—Andrew M. Olson to Wm. Knoblauch, lots 6, 7, 8 and 9, block 18, \$425.

June 5—William Knoblauch to Hildar N. Hoaglund, lots 6, 7, 8 and 9, blk 18, \$500.

June 6—Iver C. Olson to Anton Olson Reite and Marie Olson Reite, south 50 feet of lots 4 and 5, block c, Third Addition, \$3000.

—Mrs. Miller/Olson spent a few days last week in New London where she attended the graduation of her niece, Sylvia, from the High School at that place.

The Home of the Soul In olden times, it was believed that the seat of the soul was the stomach, most likely for the reason that a man is never so completely used up as when his stomach is out of order. For the cure of ordinary stomach troubles, there is nothing quite so prompt and satisfactory as Chamberlain's Tablets. They strengthen the stomach and enable it to perform its functions naturally. Give them a trial. They cost only a quarter.—Adv. June

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