

RAILROAD PROBLEM QUESTION OF STUBBORN FACT, NOT OF THEORY

McAdoo Favors a Five-Year Test Period in Which to Prove Which Is Better, Government Ownership or Private Ownership Wisely Regulated Under Superior Authority of Federal Government.

By W. G. M'ADOO.

The railroad problem is today one of the most, if not the most, important and vital domestic questions facing the American people. Our welfare and prosperity depend on its proper solution. Therefore it is peculiarly necessary that the facts regarding it be understood clearly; that it be settled not along partisan political lines nor in deference to the prejudices of any class; that the American people face the issue boldly and dispose of it as courageously as they have always done with every basic problem they have had to meet.

Let me say immediately that I have no pet theory to advance in discussing the settlement of the railroad question. At the present time I am neither an advocate nor an opponent of government ownership. But while my tendency is against government ownership and in favor of a wisely regulated private ownership under strong federal control, I am frank to say that I am not afraid of government ownership should experience, gained by an adequate test, prove that it is the best solution of the problem. We are living in a new day in America; the world is throwing off old shackles; we must do what seems best in view of ascertained facts regardless of preconceptions. I favor a five-year test period because I believe its results will tell us convincingly which is better—government ownership or private ownership wisely and adequately regulated under the superior authority of the federal government.

Calls Attention to Problem.

The recent suggestion I made to the congress for such a test under peace conditions has at least served to concentrate attention on the problem. Many of the attacks on the plan plainly have been dictated by selfish interests; others just as plainly are due to misunderstanding.

The suggestion most generally advanced by the opposition is that the roads be continued under government operation for the twenty-one months' period after the war, as provided by the present federal control act, and that during that time remedial legislation (there is an utter lack of agreement on the details of such legislation) be enacted to return the roads to their private owners.

There are two reasons why such a course seems to me impossible; first, the roads cannot be operated successfully under the present act for twenty-one months with the prospect of their return to their owners at the end of that time approaching nearer every day; and second, no adequate and fair remedial legislation can be obtained within that time in view of the political situation, and the lack of crystallization of the thought of the nation as to what is the best permanent solution. In discussing these two points, I must be frank, for the American people are entitled to frankness. This is their problem, and they are going to settle it sooner or later whether certain interests want them to or not.

The most serious obstacle to going on with the present system of federal control under existing limitations while the congress tries to work out remedial legislation is that of morale. Some purposely blind people appear to think this an idle argument, put forward to bolster up a plan. They do not know the situation. "No man can serve two masters."

Face Stubborn Fact.

The railroad officials and employees of the United States are only human. If they see the end of federal control rapidly approaching, with their positions and their future the constant subject of partisan political controversy, and with an entirely different system of control, which will vitally affect each individual employee, about to go in effect they naturally cannot work with undivided thought and at the highest point of efficiency; they will be thinking inevitably of the interests of the private owners whose employees they will soon become, and they will pay less and less attention to the government officials operating the roads. Where the interests of the private owners and of the government clash, as they unavoidably will in many cases, employees will hesitate which interest to serve. Confusion and lack of efficiency are bound to result. This is not theory; this is a stubborn fact that must be faced. Already signs of the difficulty are beginning to appear. With other forms of industry this might not be so serious, but the prosperity and even the lives of millions of Americans depend upon the discipline and efficiency of the American railroad machine.

Then, too, were the effort made to continue the present control under existing legislation, the railroads, from a physical standpoint, might stand still or even deteriorate during the twenty-one months' period. Without the cooperation of the railroad corporations, it is difficult under the present law to carry forward improvements or to obtain needed equipment. Already many of the railroads are resisting purchases of necessary equipment for their account. Many of the necessary improvements, such as joint terminals,

while of great benefit to the public, are not relished by some railroad corporations for competitive and therefore selfish reasons. Such improvements would result in great economies, without which it probably would be impossible to reduce passenger or freight rates during the twenty-one months' period. It is impossible to carry forward an adequate program of improvements and to demonstrate those operative economies which will cheapen transportation in a shorter period than five years.

Must Keep Out of Politics.

I would prefer not to mention politics in connection with this problem, because primarily it is an economic question. But we must not be blind. The American people have been discussing the railroads for generations; almost every man in public life has gone on record on some phase of the subject. In 1920 there will be a presidential election. It is idle to suppose that under such conditions it will be possible during this or the next congress to secure calm and deliberate consideration of the ultimate solution of the problem, much less a fair and adequate permanent settlement. This vital question must not be settled in the heat or passion of partisan politics; it must be dealt with in the calm of an inter-presidential election period.

Some of the opponents of the suggested five-year extension of federal control appear to do so on the ground that the operating revenues during the year 1918 will be insufficient to pay the rentals guaranteed to the owners. They forget that most of the wage increases granted to employees took effect January 1, 1918, whereas the increased passenger and freight rates did not go into effect until six months later. If increased freight and passenger rates had gone into effect January 1, 1918, at the same time as the wage increases, there would have been no deficit. They also forget that the government took over the roads when they were completely paralyzed and when the greatest congestion of traffic in their history was upon them. It cost the government millions of dollars to clear up the congestion and get the railroads running again efficiently. They also forget that blizzard followed blizzard, and that it cost much money to overcome their effects. They forget, too, that the price of coal, of steel, and of other supplies was far above normal during the past year. These added expenses all would have had to be met had the roads continued under private control, and to pay for them, rates would have had to be increased. Private operation the past year would have failed utterly and the deficit would have been greater perhaps than under government management.

Economies Can Be Effected.

Under peace conditions, and with a period of five years of federal control assured, it should be possible to maintain existing wages and working conditions and to effect such economies, that reductions in rates, both passenger and freight, ought to follow within a reasonable time. Unquestionably economies can be effected under unified control that cannot be practiced under diversified control. Already the extra charge of one-half cent a mile for riding in sleeping cars, imposed as a war measure, has been removed, and other restrictions enforced by the war are rapidly disappearing.

Unfortunately some of the opposition to the proposed five-year extension is based on dissatisfaction with service given the public during the war. It is argued that conditions have been bad, although this is not true. It can be stated as a fact, which cannot be successfully contradicted, that service has been greatly improved un-

Salute Brother Officer Even Though Bathing

Boston, Mass.—"Salute your brother officers even though they be in the bathtub," declared Maj. Gen. Clarence R. Edwards in commenting on the failure of officers in the Northeastern department to salute. "The salute," General Edwards said, "is a manifestation of a man's own self-respect. It is an evidence of discipline."

der federal control. In spite of the tremendous demands that the war needs have imposed. Here again it is forgotten apparently that the railroads were placed under government control for the purpose of winning the war against the German autocracy. The first duty was to move troops and war supplies. I have yet to hear a sound criticism of the manner in which that pressing war need was met. Millions of soldiers were moved safely and expeditiously to the seaboard, and from camp to camp. Foodstuffs, munitions and other supplies were rushed to ships at express-train speed. The American railroads during the past year have functioned for the war purpose.

But even in the conduct of ordinary business, the record made by the railroads shines by comparison with the record of private control in previous years when considered from the standpoint of important traffic. During the fall of 1918, there was practically no congestion anywhere and we were still at war. Remember the congestion on the railroads in the crop-moving seasons of 1916 and 1917. Toward the end of 1916 conditions became so bad that the interstate commerce commission made an investigation. As a result, Commissioner McChord filed a report in which he said that "mills have shut down, prices have advanced, perishable articles of great value have been destroyed, and hundreds of carloads of food products have been delayed in reaching their natural markets." Also that "long delays in transit have been the rule rather than the exception, and the operations of established industrial activities have been uncertain and difficult."

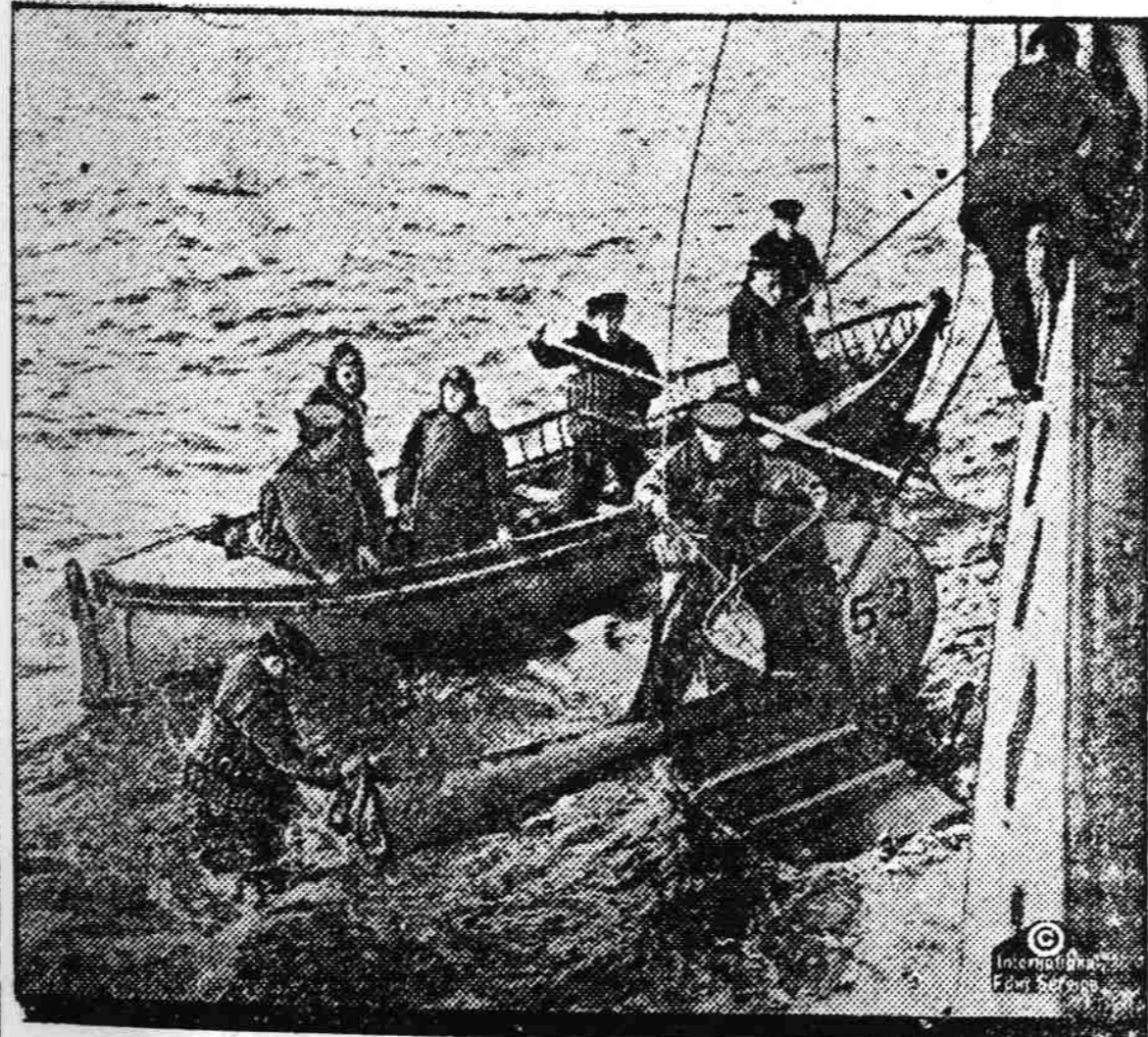
Became Simple Matter.

The accommodation of passengers in peace times, and the proper attention to the transportation of ordinary freight, become a comparatively simple matter once the larger questions have been disposed of. No practical, just and experienced man can honestly argue that government operation per se has caused bad service. Already needed trains are being stored; crowded conditions are being remedied; rules made necessary by the war are being done away with.

I touch on such questions briefly in order that there may be no beclouding of the issue by the injection of false premises. No disaccommodation will result to the traveling or shipping public by the extension of the period of federal control. The question merely is whether wise and well considered remedial legislation for the return of the roads to private control can be obtained under existing conditions within twenty-one months, and whether, even if that were possible, the roads could be operated successfully, economically and satisfactorily pending the discussion by the congress and the country, and especially with the 1920 presidential campaign approaching.

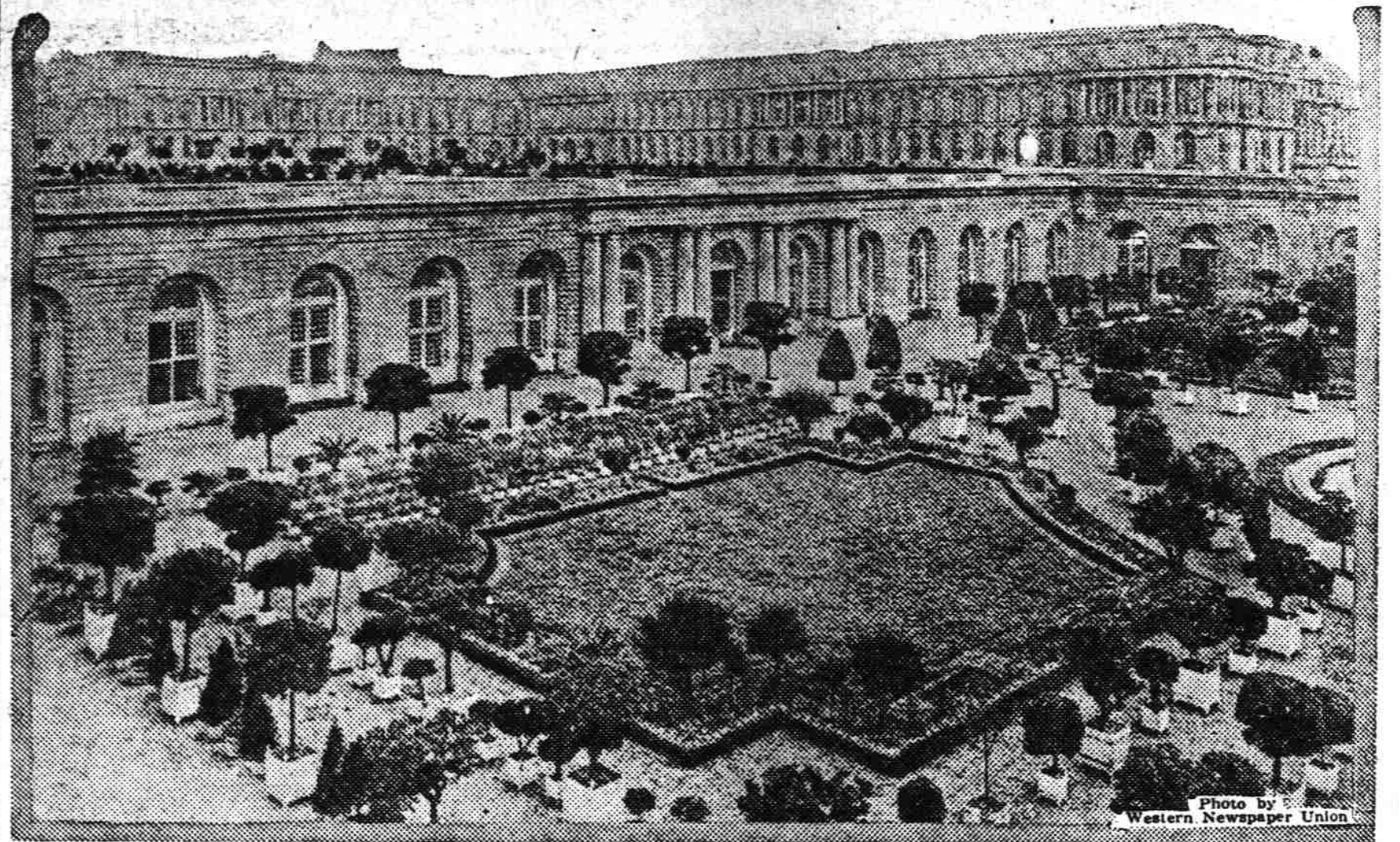
Neither contingency being possible in my judgment, I see no escape from the conclusion that the period of federal control must be extended for five years, so that an adequate test of unified operation may be secured under peace, not war, conditions, and necessary improvements to terminals and other facilities be made, free from partisan political influences, or the railroads must be restored to private control in the near future to take their chances under the old laws and conditions which governed them prior to the assumption of control by the government.

RESCUE OF AIRMEN FROM THE SEA



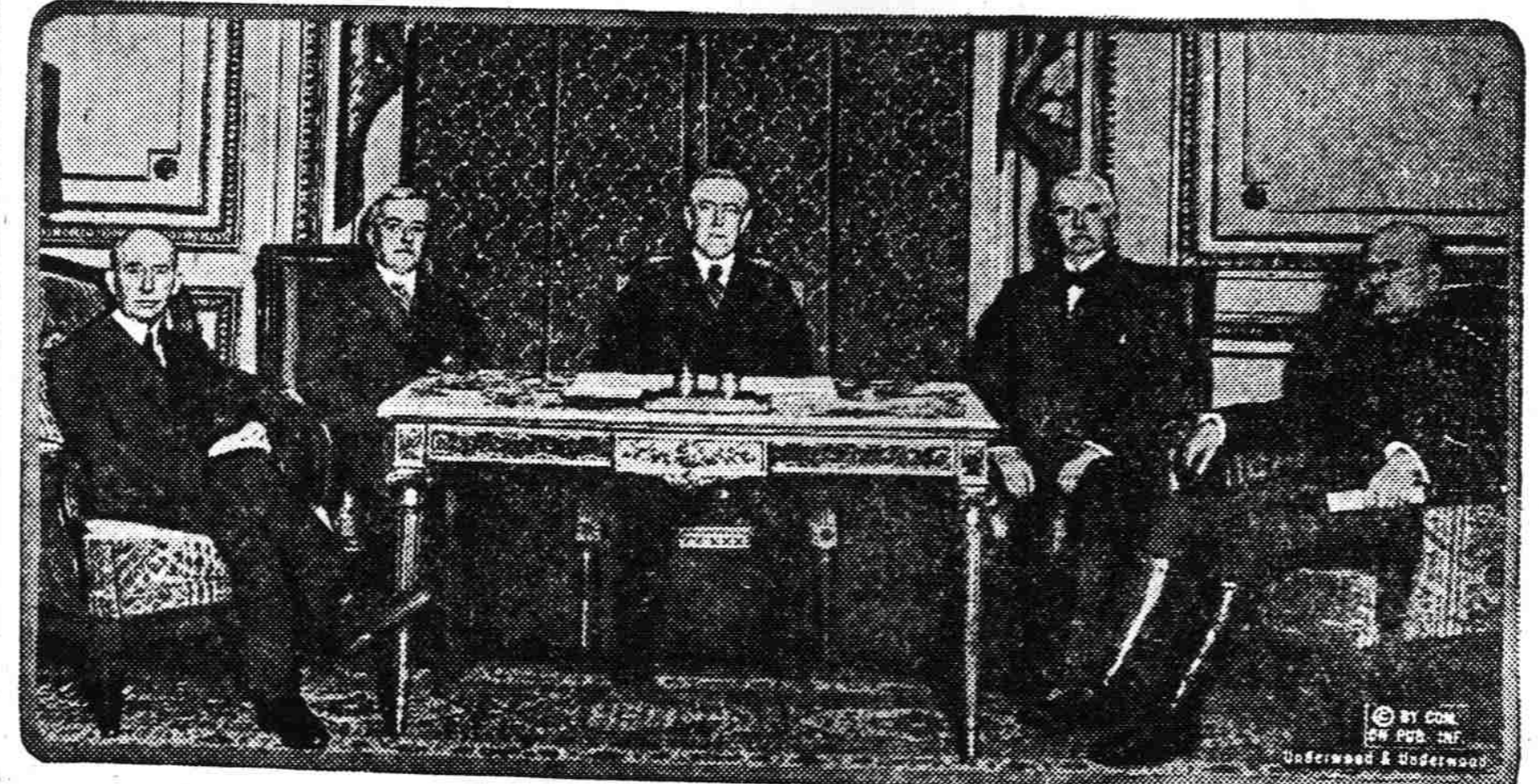
One of the British airplanes taking part in the surrender of the German fleet came to grief and fell into the sea. The aviators were rescued by a destroyer, and the photograph shows the plane being hauled aboard the rescue ship.

WHERE THE WORLD PEACE TREATY WILL BE SIGNED



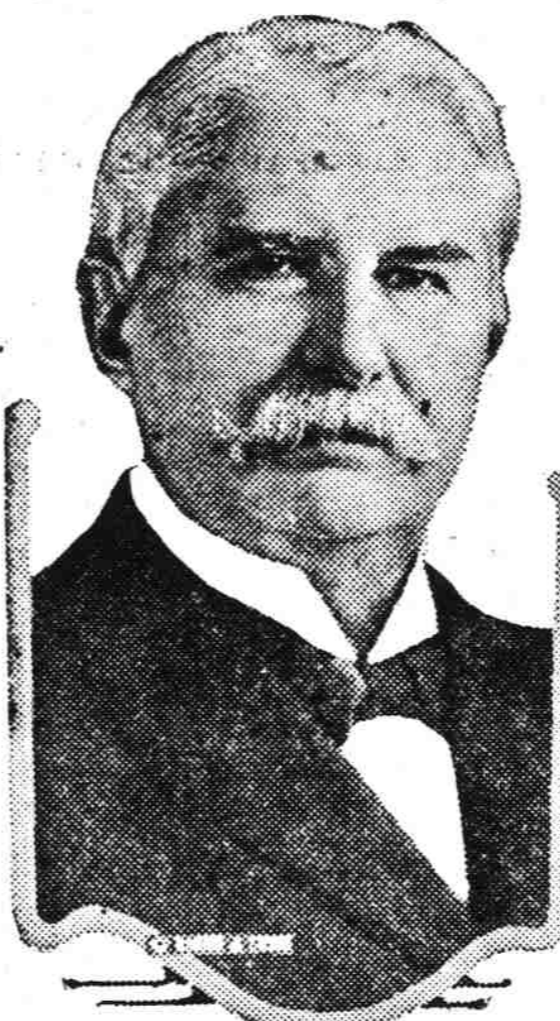
In this beautiful palace of Versailles, just outside of Paris, the treaty that is expected to bring peace to all the world will be signed.

AMERICA'S DELEGATES TO THE PEACE CONGRESS



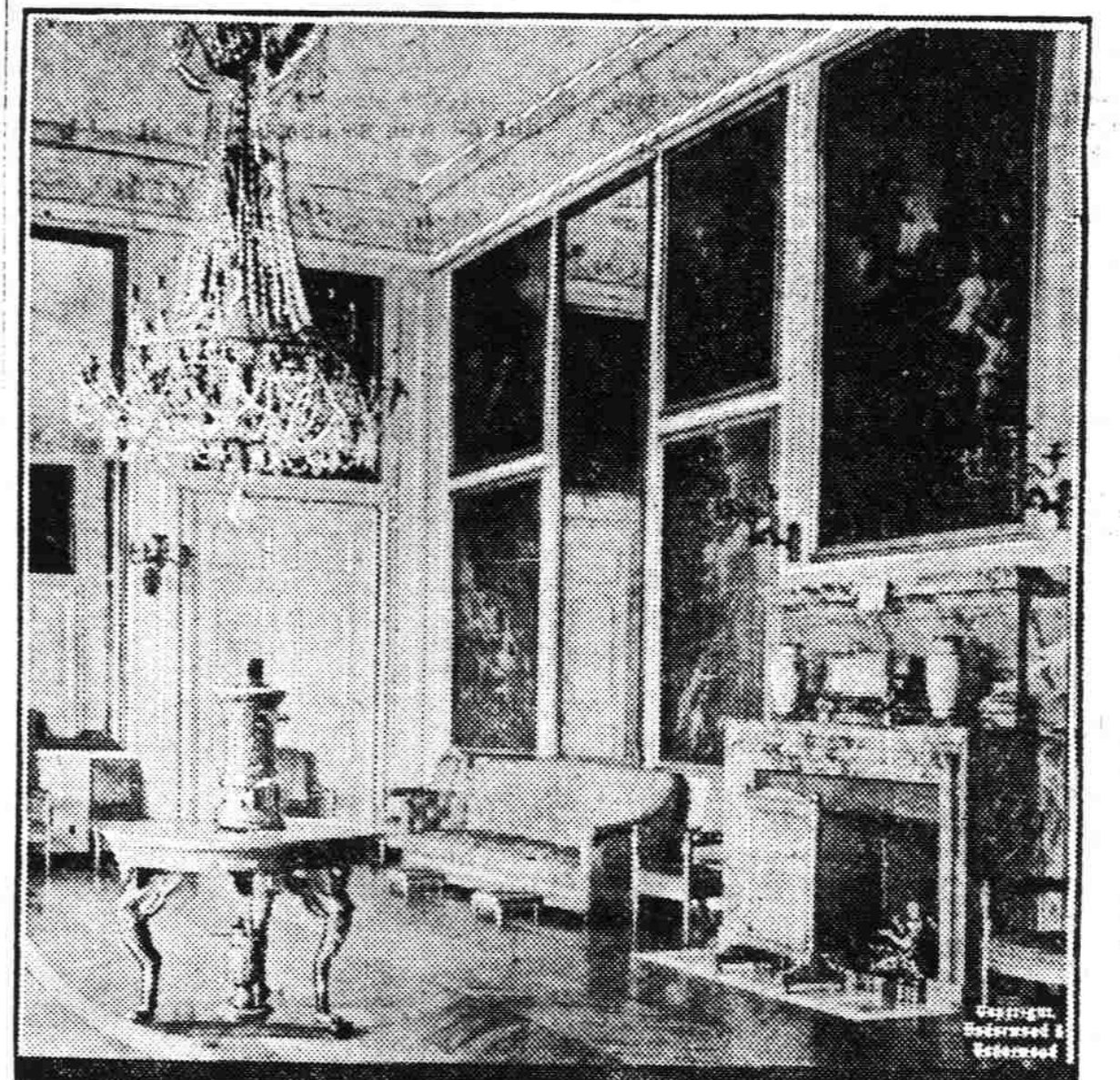
America's delegates to the peace congress, photographed in Paris. Left to right: Col. E. M. House, Secretary of State Lansing, President Wilson, Henry White and Gen. Tasker H. Bliss.

HENRY WHITE



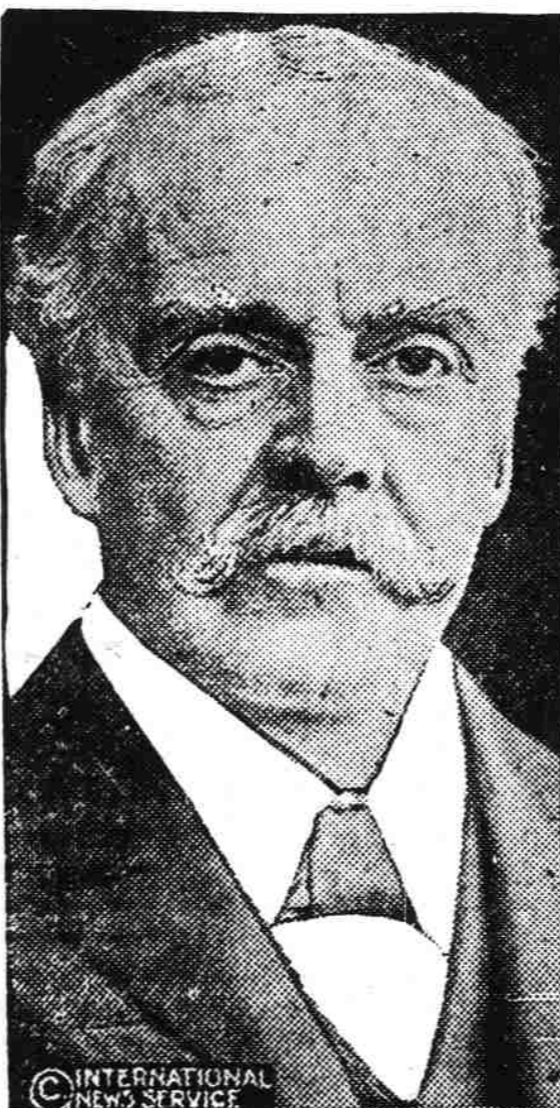
Of the American delegation to the peace congress, Henry White is the most familiar with diplomacy, having been long connected with the American embassy in London and afterward ambassador to Italy and France.

RECEPTION ROOM OF LOUIS PHILIPPE



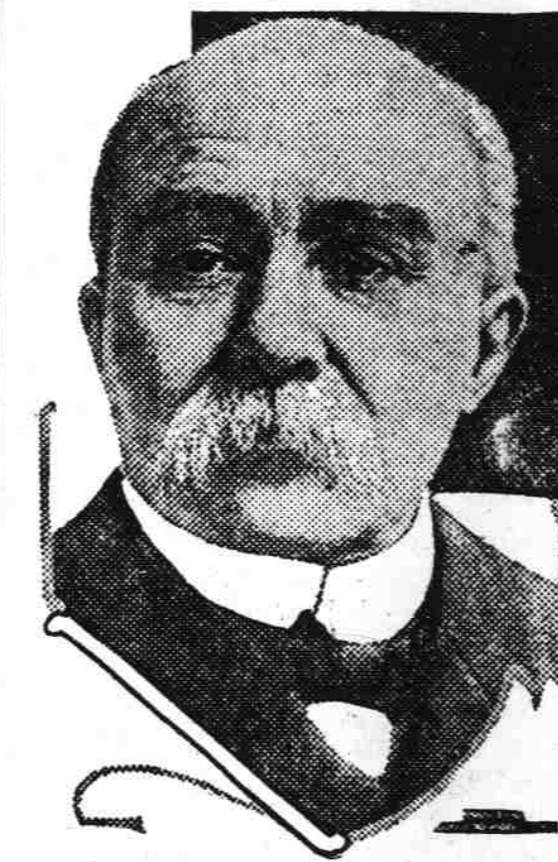
This beautiful reception room of Louis Philippe is in the Grand Trianon, which is a part of the palace of Versailles. It is used as a reception room by the delegates to the peace conference.

ARTHUR J. BALFOUR



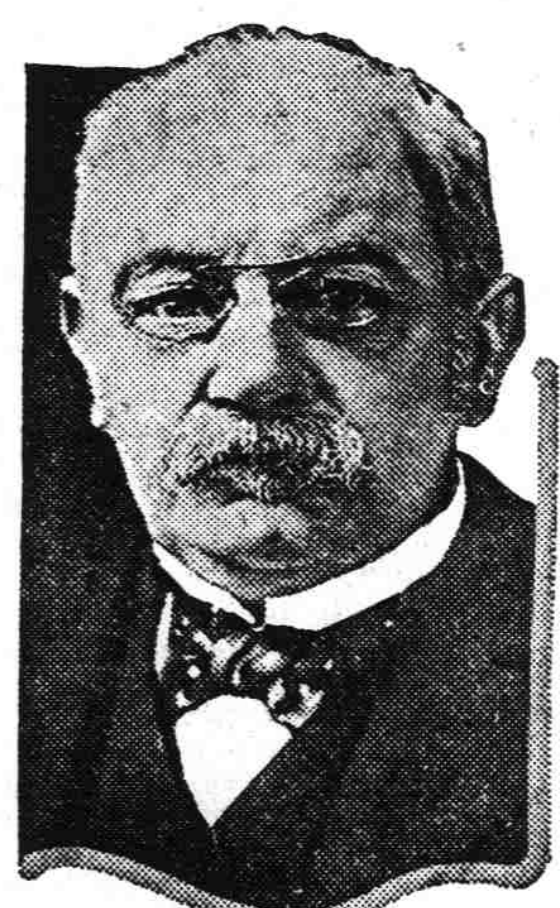
Arthur J. Balfour, British minister of foreign affairs, is one of the leading members of the peace delegation of his country.

GEORGES CLEMENCEAU



Georges Clemenceau, premier of the French republic, is the president of the peace congress, having been chosen for that place not only in compliment of his great ability. Long known as the "Tiger," Mr. Clemenceau has always been a sturdy fighter for democracy.

JULES CAMBON



Jules Cambon is considered an especially valuable member of the French peace delegation, as he has been French ambassador to both America and Germany. His appointment was especially pleasing to the American delegation.