

The railroad worker, Volume 15
American Federation of Railroad Workers March, 1918

THE RAILROADS AND THE NEW DEMOCRACY.

By FREDRIC C. HOWE,
in The Public.

The action of President Wilson in commandeering the railroads was a war measure. It is also the greatest peace measure ever taken in America. For there is war within America, just as there is war without. There is war at Washington, in our states, in our cities. It is a war that divides America into two camps; a war that aligns the financiers, monopolists, public utility corporations, lawyers, the press and privileged interests in one camp and the manufacturers, producers, farmers, consumers and labor in another camp. Government ownership ends this conflict; a conflict that makes it impossible to integrate the talent, the press, the university and the best thought of America into our organic life. This alienation of one class is the costliest burden America has had to pay for the private ownership of the railroads. It is far more costly than rebates, overcharges or an excessive price for the acquisition of railway properties.

Public ownership makes it possible to integrate America into a real nation; a nation in which the purse of the few is no longer at war with their patriotism. It makes it possible for Chambers of Commerce, the press and monopolistic interests to think in terms of service rather than of the protection of privileged classes whose profits and power are dependent upon their control of the government.

It is also now possible for the railroads to be run for service. They can build America. They can serve industry, agriculture, consumer, laborer. And the big difference between the private railroads of America and the publicly owned railroads of Europe is that American railroads are run for the railroads, for profit, in Europe they are run to upbuild the nation. The competition of a hundred different systems for traffic comes to an end. Quite as important, the struggle for long-haul traffic is over. It now becomes the motive of operation to develop short-hauls; to encourage industries near their natural market. It makes it possible for the first time for farming, cattle raising, food production, to spring up round about the cities instead of being driven by railway discrimination to far distant points. For a generation the Great Lakes, the greatest inland waterway in the world, has been

strangled as a carrier by the possession of the harbors, docks and terminal facilities by railroads. They refuse to permit water traffic to develop. For water traffic competes with railway traffic. And from Duluth to Buffalo, harbors which should be filled with shipping have been almost the exclusive possession of the steel trust, allied industries, and rail-roads, which utilized them only to the extent that it benefited their earnings. The same is true of the great inland waterways, the Mississippi, the Ohio, the Erie Canal and many other smaller canals, which have been in a state of suspended operation, but which can now be opened up to the carriage of bulk traffic.

We can see the effect of such a revolution in operating motive in those countries where the railroads are in public hands. In Belgium the rail-roads, waterways, docks and interurban systems work as a unit for the up-building of Belgium, for making Antwerp one of the great ports of the world. There is little thought of profits. That is a secondary consideration. Hundreds of thousands of work-men are carried out into the country daily; some of them forty or fifty miles from Brussels and Antwerp, in order that they can live in the country and work in the towns. The rate of fare is negligible; far less than that on our street cars. Denmark consciously utilizes her railroads as an agency of agriculture, the dominant industrial activity of that little state. The farmer is given every facility to reach Copenhagen and the seaports. Steamships are run to England to get Danish produce to the markets. All middlemen, who in this country cluster about the railways, have been cut out. Together with an enlightened land program, the railways of Denmark have made that little state what she is.

The railways of Germany are used as a strategic agency in time of peace as they are in times of war. And the after-war menace of Germany is quite largely, a transportation menace. Discriminations are not given to individual shippers, but preferences are made to develop industry. The shipbuilders enjoyed free trade and low transportation on iron ore, timber, machinery and supplies. Raw materials in one section are brought at cost or less than cost to the manufacturing regions. The great industrial cities like Essen, Duesseldorf, Mannheim, harbor cities like Hamburg and Bremen, are interlaced with railway and water connections, with sidings, with terminal facilities, which make it easy for new industries to come into existence, as well as to find a foreign market for their wares. The express service, parcel post service, telegraph and telephones were all integrated into the empire for the purpose of upbuilding industrial strength. In Switzerland, Belgium and

Denmark travel is encouraged. It is encouraged for educational purposes. One can buy a ticket for two weeks for a negligible sum and travel ten miles or a thousand miles upon it. It is a universal commutation ticket. And the object is to provide cheap vacations, to encourage travel.

The main factor in the development of Australia has been state-owned railroads. Every station is a receiving agency for the farmer. He can bring a dozen chickens or a hundred head of cattle for shipment to London. Station agents give receipts for the consignments, which are sent to Adelaide; cattle are slaughtered in public slaughter houses and sold by a state selling agency. There are no middle-men, no private packers, stockyard men to fix the price arbitrarily to the producer and equally arbitrarily to the consumer. In time of drought cattle are moved at negligible cost to pastures. In time of industrial depression workless men are taken over the state to work on projects of internal improvement. During the summer months people from the interior are brought to the seacoast for a vacation. In all these countries freight rates are very simple. They can be understood by anyone. A very limited classification of goods suffices. In this country there are hundreds of thousands of classifications. They differ in different railroads. They are not understood even by the agents. The object is to make them intricate. This makes discriminations possible. Under government ownership freight can be divided into just a few groups. This will free the whole producing world from its present ignorance as to railroad transportation costs.

Government ownership will divorce transportation from monopolized industries. The major industries, the great trusts, along with the transportation agencies, are interlocked with the great banking institutions of Wall Street. Railroadings in America has become an agency of high finance. It is scarcely railroading at all. The policies are determined by directors unfamiliar with the needs of the country and interested primarily in financing, stock-jobbing and speculation. It is now possible to divorce the trusts from transportation, to free the smaller industries; to put them on a plane of equality with monopoly, and, most important of all, to encourage that quality of American enterprise and permit the resourcefulness of our people to expend; to utilize its talents with the assurance that the railroad system is open to all on equal terms. It is impossible to conjecture as to the wealth which America might produce were our mills and factories, our mines and our land, assured of a free and open, an adequate and a cheap, means of transportation. It is probable that the output of wealth in this country could be increased a billion dollars, possibly

many times that amount, by providing the labor and capital of America with adequate and cheap transportation and terminal facilities. The extent to which the productive power of the country is held in bondage by inadequate transportation facilities is indicated by the fact that tens of thousands of idle men have been standing about the mouths of the mine*, that thousands of automobiles have been driven to market on their own power while hundreds of thousands of loaded cars have lain at the terminals throughout the country while the freight-houses nearby were clamoring for empty cars.

Waste, colossal waste, can now be stopped. Today, empty trains cross the country to secure cargoes and pass empty trains going in the opposite direction on another road. Thousands of trains are run as a result of competition and in order to secure their pro rata traffic. Palatial passenger trains run out of New York, Chicago, Cleveland, to the same destination, each filled to a part of its capacity, when a single road should carry all-through traffic. Parallel lines from Chicago to Milwaukee, St. Paul, Omaha, Kansas City and St. Louis maintain exclusive through-service; freight is sent around Robin Hood's barn under pooling arrangements; motive power and cars are wasted in this competition for traffic, just as capital and labor would be wasted were there a dozen water plants in New York City instead of one.

There is another colossal waste in private ownership of the railroads that will be saved by us. A great part of the capital value of the railroads is land values, not only in the cities, but in the country districts. Rights of way were in most instances given to railroads for little or nothing. The government gave them 150,000,000 acres of land. These land values have been increasing rapidly. Every decade they go up nearly one hundred per cent, if we may judge by comparison with the increase in the value of adjoining agricultural land. These increased rates are demanded upon the increased land values. And when the railways are acquired the public will be called upon to pay for the value which it itself has contributed to the railroads. Each year, too, immense sums are taken from the public in excess charges and used for betterment and extensions. It is said that billions of dollars of the present capital value of the railways has been added out of earnings. In other words, the producers and consumers of America have contributed a great part of the railway capital to their present owners. This will now be saved to the public. It can be used to build extensions, to improve service or to relieve the burdens of war taxation.

A reduction in interest rates to 4 per cent would save colossal sums, while the closing of expensive passenger offices, the discharging of tens of thousands of competing agents, the ending of the fast freight lines, the consolidation of warehouses and terminals, the reduction in the salaries of high-priced officials—these economies alone will run into tens of millions, possibly hundreds of millions of dollars.

The only objection heard is that the government is inefficient. Is this assumption justified by experience? Is the government a bad administrator? That there are evils in bureaucratic administration all will admit. But is the parcels post a less efficient agency of service than the express company? The fact that in a few years' time the parcels post has become a carrier of 1,000,000 packages a year indicates that the public prefers it to the private agency. And its cost is far less. Is the Panama Canal an exhibit of wastefulness or inefficiency? Has there been any suggestion of graft? Is it not run for service and is not all America proud of that achievement? Does the post office department interfere with our policies as do the railroads? A single official receiving one-tenth the salary of a railroad president administers the postal system with a \$200,000,000 budget and with stations in the inaccessible parts of the country, while the hundred or two hundred railroads each maintain a great staff of highly paid individuals to perform a similar service.

But the efficiency of the government is not demonstrated by the Panama Canal or the parcels post alone. We are building battleships as cheap as private contractors. The Federal government is erecting public buildings all over the country and they are the most commanding in every community. The construction work upon the Great Lakes and rivers and harbors may be governed by pork-barrel methods but it is well done. Our forestry and reclamation service has the spirit of the army. We are spending tens of millions of dollars on good roads. And, on the whole, it is being well done. Moreover, practically every railroad in the country has been in the hands of receivers and operated through receivers by the government. It is a fiction of the press that public ownership is wasteful, extravagant, corrupt, if we could make an honest comparison we would probably find that measured even by cost the government is more efficient than private agencies, while measured by service rendered and the burden on the community, the government service is far less costly than that of railroads or private public utility corporations anywhere.

Finally, America is the only great state in the world that does not own its transportation agencies. England and France took the railroads over as soon as they entered the war. And in any state where the railroads are owned by the people it would be difficult to find a corporal's guard willing to go back to private ownership. There are complaints and protests but no demand for the old profit-making motive. And this is the best evidence of a lack of efficiency, the social efficiency, of public ownership. Moreover, in all those states where the railroads, with their ramifications into the banks, press and the business interests have been taken out of private hands, a renaissance of public spirit followed. A spirit of service, of eagerness to enter political life, to be identified with big things, took the place of the old conflict for private profit. Psychologically this is the greatest gain of all. For it means that the mind and the talent of America is now able to think in terms of America. The freeing of America is the greatest gain of all from public ownership of the railways.