

McADOO'S REPORT ON THE RAILROADS

So Much Interest, Not Only by Railroad Officials and Employees, but by All Citizens, Attaches to the Future Handling of Transportation Lines That The Observer Herewith Prints the Reports on Railroads Made by Hon. W. G. McAdoo. The Report Is Long and Will Appear in Daily Installments, Giving Every Observer a Chance to Study Carefully the Contents of a Document Which Promises to Have Deep Bearing on Our Country's Future.

(Continued from yesterday)

Civilian Inconveniences.

While such a great work was being performed, inconveniences to civilian travelers and some interferences with the transportation of ordinary freight in the United States were unavoidable. The war necessities came first; the civilian needs of America second. With a limited supply of passenger and freight equipment available, and with a large proportion of this equipment needed for the movement of troops and war supplies, there were not sufficient cars and locomotives remaining to fully meet civilian needs; nor was there time, nor materials nor labor to build them. This was explained to the country early in the year, and during the period of the war the people generally, when they realized the situation, patriotically accepted it and made sacrifices accordingly.

Whatever inconveniences have resulted are due entirely to war conditions and are in no way related to the fact that the railroads were under government control. Such inconveniences undoubtedly would have been greater under private control, for the supply of equipment was augmented by the ability of the government to shorten routes, to combine facilities, to pool equipment and motive power, and to introduce economies which the roads under private control could not, and would not, have introduced.

I desire to make it clear as possible, for it is necessary for the American people to understand the facts of the railroad situation, if this big problem is to be dealt with intelligently. Passenger equipment which was crowded during the war, was crowded because much of the equipment had to be used in the transportation of troops; it was not crowded because the government had control of the railroads. As a matter of fact, many thousands of passenger train miles were saved by the ability of the government to achieve results which private owners of the roads could not or would not have achieved. During the period of federal control, every possible economy was exercised in order to save both passenger and freight equipment and make as many cars and locomotives as possible available for the war need first, and for the needs of the civilian population next.

Serving the Public.

While putting the paramount war needs of the nation first, nevertheless, every possible effort has been made by the railroads under federal control to serve the public adequately and furnish every possible facility for carrying on the ordinary passenger and freight business of the nation. The railroads are public servants, and in time of peace the first consideration should be to furnish adequate service at the lowest possible cost. To keep in touch with the public during the period of federal control and see to it that their needs were given every possible consideration, the Division of Public Service and Accounting was established soon after the railroads were taken over and Hon. Chas. A. Proctor was made director of the division. With this object in view, traffic committees were early established, upon which the public was given representation. While these committees have no authority to change rates, nevertheless their advice and recommendations are most helpful. What the shipping public

desires above everything is stability of rates and reliability and adequacy of service. In the past thousands of rate changes have been made each month which were worse than unnecessary. While passenger and freight service was of necessity interfered with during the war, efforts have been made during the past year to make certain that well-grounded and important complaints should receive prompt attention.

I have given you a statement of the transportation conditions a year ago, of the transportation achievements under Federal control during a year of war, and of the present situation.

The Future.

What remains to be considered is what permanent solution of the railroad problem should be adopted and what shall be the temporary form of railroad control pending a permanent solution.

In December, 1917, there were about 189 separate operating railroads and 109 more per year each; 73 of these companies had operating revenues of \$10,000,000 or more per year each. There were several hundred companies whose respective operating revenues were less than \$1,000,000 per year.

Possible Solutions.

Generally speaking, there are three general permanent solutions of the railroad question. The first is to send the railroads back into the private control of the several hundred old companies. The second is to have outright government ownership and control of all the railroads. The third is to reconstruct the railroad map along logical lines, so as to wipe out these hundreds of different railroad companies and substitute a comparatively few companies, which under strict and close government control can be expected to combine the advantages of government control, including unified control of those things where it is needed, with the advantages of the initiative of private management. I am not committed to any particular plan. I wish to lay before you certain reforms which I think are indispensable and without which any so-called solution of the railroad problem will be a mere disappointing makeshift.

Policy.

I am frank to say I do not believe that these important reforms can possibly be accomplished if we are to have in the future several hundred different companies as we have had in the past, or even a hundred, or even fifty different railroad companies. I believe they can all be accomplished either through a comparatively few railroad companies or through single federal control. If the country prefers to continue in existence the hundreds of different railroad companies as in the past, I believe it will be necessary for the country to abandon the hope of obtaining most of the fundamental reforms which I propose to point out.

The Terminal Problem.

One of the most difficult and important railroad problems in this country is the problem of terminal facilities. It probably means more to the producing and consuming public in the matter of delays, inconvenience, and transportation burdens than any other phase of the

portation. It is generally understood that the delays and excessive costs do not occur principally on account of insufficiency of facilities on the road, but on account of inadequate terminals and of the heavy terminal costs.

It is not unnatural that this should be the case. It is a far simpler proposition to build a train over a railroad than it is to break up that train in a terminal and distribute its cars to the connecting carriers. For one thing, it is easier to provide adequate track capacity on the railroad itself, most of which runs through the country, than it is to provide adequate track capacity in a terminal, which is generally in the midst of a great city. But an even more important point is that when the train is being handled exclusively under one management and on a railroad which has been planned with unity of purpose, but the moment a train has to be separated and delivered to connecting lines, then we have to deal with facilities which have not been planned with unity of purpose and which under private control are not operated under a single management. The ability of one company to get rid of the business depends upon what its connecting companies have provided in the way of terminal tracks and other terminal facilities, and upon the way in which those connecting companies carry on their operations. It is human nature that each company is much more interested in looking after its immediate exclusive interests, both in the facilities which it provides and in the way it operates them, than it is in building and operating its property so as to help its connections.

Generally speaking, the cities of this country and the railroad traffic that passes through them have wholly outgrown the railroad terminal facilities which were provided many years ago without any conception of the growth of the country's traffic. It is difficult to get the land to expand the terminals of any one railroad and each railroad company is jealously trying to prevent some other railroad from getting the advantage in new terminal facilities. Each railroad company wants to plan its new terminals so as to help its own business and so as not to help its rivals. It is true that at times under pressure of critical necessity some of the railroads at some cities try to combine a portion of their terminal plans into a joint terminal enterprise. But it takes years for the railroads to agree on any such matter, and the comprehensiveness of the particular plan is seriously interfered with by the selfishness of some particularly powerful railroad which feels that can preserve certain advantages by refusing to put into the joint plan certain facilities which ought to be put there in the public interest.

The effect is that when it comes to terminal properties we get a clear-cut conflict of interest between the public and any particular railroad company. The public wants terminal facilities comprehensively planned and carried out so as to promote the greatest convenience and economy for all concerned, but each railroad company is anxious to preserve any particular advantage which it already has and to increase that advantage when practicable. This clash of interests between the public and any particular railroad company, and between the different railroad companies serving a particular terminal, operates to produce deadlocks which to a large extent prevent terminals from being developed so as to meet the business necessities and so as to serve the public to the greatest advantage.

The condition exists, and is largely accounted for by the reasons above given, that the outstanding shortcomings in railroad transportation are inadequate terminal facilities. The great unnecessary burdens in the matter of inconvenience, delay, and cost for which the producing and consuming public have to pay are largely due to these terminal conditions. There can be no successful solution of the railroad problem

which does not provide a solution for these terminal difficulties. The greatest opportunity to reduce railroad costs for the future and to promote public convenience in transportation for the future will be found in the solution of these terminal problems. (To be continued)

Neighbors of Woodcraft will hold their regular meeting next Tuesday, night, January 28. All members are requested to be present. There will be installation of officers. 1-25-25

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