

# 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 Reader a Chance to Study Carefully the Contents of a Document Which Promises to Have Deep Bearing on Our Country's Future.

(Continued from yesterday.)

### Rates

In the matter of rates, an immense advantage resulting from unified control is that rates can be made only so high as may be necessary to protect the situation as a whole, through paying the total expenses and producing only a sufficient resulting operation income to represent a fair compensation for the property employed. But under separate management, there is the greatest diversity in the prosperity of the railroad companies. Some will prosper on very low rates and some will fall on very high rates. The result is either that rates must be maintained on an average basis which, while producing high profits for some railroads, will still leave other railroads in bankruptcy, or must be made sufficiently high to leave a margin of profit to the less prosperous, with consequently excessive profits to the most prosperous. The former course will result in the less prosperous roads being unable to perform their public service successfully. The latter course will result in the public being burdened with unnecessary high rates. Under unified control rates which are sufficiently high on an average, to protect the general situation; will insure an adequate service on all roads and will, at the same time, protect the public against rates being made any higher than is necessary to meet the real necessities of the situation. I do not believe there can be any successful solution of the railroad problem which leaves in existence the great disparity in the results of the same rates to different railroad companies because this will always cause question as to the propriety of any scale of rates and will keep the rate question in constant turmoil.

### Result.

I believe under the handicaps of war conditions a sufficient showing has been made to indicate that all the reforms I have recommended are desirable as permanent peace measures. Yet it is clear that the general public has not an opportunity to appreciate this and to weigh the real value of what has been accomplished. There has not yet been an opportunity to give the public knowledge of facts. In view of the far-reaching importance of any solution of the railroad question which may be adopted, the public is entitled to have, before the present federal control shall be terminated, a reasonably fair test under peace conditions of the advantages to be derived from these reforms.

When congress comes to take the responsibility of making a final decision as to which is the best permanent solution of the railroad problem, one of the most important considerations to which it must give attention is the question as to which solution will involve the least financial burden for the future upon the American public. This being true it seems to me of the highest importance that congress should have an opportunity to form an accurate idea as to the cost of unified control of railroad operations under peace conditions. In order to have an accurate idea on this subject congress ought to have before it at least the operations of the year 1919 under federal control. Of course these figures cannot be ready until the spring of 1920. If congress undertakes to make its permanent solution of this great problem prior to that time it will do so without any adequate comparison between the cost of railroad operation under diversified private control as in the past, and the cost of railroad operation under unified control during peace time. It is true that the figures for the year 1918 will be available in about two months, but these figures will represent the operations under war conditions when the railroad management was subjected to many difficulties which will not exist under peace conditions, and when a substantial deal of traffic had to be handled regardless of cost in order to meet the insistent emergencies of war. It also happens that the year 1918 includes the operations of the most severe and costly winter that has ever been experienced in the life of the railroad business in this country, and the cost of clearing up the most serious congestion of traffic in the history of the railroads—a congestion existing at the time federal control was assumed. Therefore, unless a final solution of this problem is deferred until a reliable view of the economies which actually arise out of unified operation can be obtained, the result will be the adoption of a permanent solution in ignorance of one of the most important factors to be considered.

Shipping and the Railroads. The glorious victory for democracy which America has played such a noble and conspicuous part has given her a commanding position in world affairs. Our own material development makes it more than ever necessary that we shall have access upon just and fair terms to the markets of the world for the disposition of our surplus products. We cannot meet this situation unless we are prepared to forward immediately and oppor-

tunity does not wait for the laggard, whether that laggard be a nation or an individual. America must go forward immediately and organize her resources effectively for the purpose if she is to enjoy her share of the fruits of the keen and friendly rivalries in commerce in which she must engage with other nations.

Under the provisions of the United States Shipping Act, the great merchant marine we are constructing is to be under government control for a period of five years from the conclusion of the European war. If our splendid merchant fleet, built with the money of the people of the United States at a cost of more than one billion dollars, is to be used successfully in their interest, it must be operated in effective co-ordination with the great railroad systems of the United States. They must work together harmoniously and reciprocally. During this great period of world development, involving the vital welfare of the American people, it seems to me peculiarly wise that the period of federal control of railroad transportation shall be made concurrent with that of government ship control. Then we shall have a great transportation system on land and sea furnishing the reliable, effective service which will protect the interests of the American people and carry them forward upon a career of prosperity and success unequalled in any previous period in their history.

### Conclusion.

This is why I have urged that federal control be extended until January 1, 1924. It will be impossible to view the results of even one year of federal control under peace conditions until the spring of 1920, and it will then be too late for congress to legislate before the end of the 21 months' period. Even if it were possible to accomplish legislation in the next twelve months, it would be done without any opportunity whatever to form a reasonable idea as to the advantages of unity in the matters I have mentioned, under peace conditions.

Moreover, the operations under peace conditions with a tenure so short as the 21 months' period cannot possibly constitute a fair test. With such a rapidly approaching termination and with every officer and employee naturally speculating on his relations to the new management, whatever it may be, it will be impossible to secure the best results from the railroad organization, and the nearer the termination approaches the more difficult will be the situation.

Indeed, the difficulties with operation during the 21 months' period will be so serious that I do not see how the government can be fairly asked to encounter them. It will be asked to continue an operation deprived of all the elements which would help in making the operation a success, and I do not see how it can be seriously urged as the proper course by anyone except those who are anxious at all events to see the railroads restored to the control of numerous different companies, just as in the past. It seems to me that anyone who wishes a fair and dispassionate study made as to what is the best ultimate solution and as to the extent to which the reforms I have mentioned are in the interest of the American public, must be anxious to have a reasonable period of federal control after the war, under conditions calculated to make for tranquility and single-mindedness upon the part of the federal railroad organization.

I do not mean that this would be desired in order to accomplish government ownership, but it seems to me it would be desired in order to test the utility of various reforms in the direction of unification which can be accomplished without government ownership, but which cannot be accomplished, as I view the situation, through an unrestricted return to the old conditions of management, through from 75 to 100 different important railroad companies and several hundred smaller railroad companies.

The 21 months' period will be entirely too short to accomplish any effective results with respect to improvements, and especially the terminal improvements which are peculiarly needed. Indeed, with such an early termination of federal control, there will be almost a complete stoppage of improvement work, except what is obviously needed for the most urgent necessities. The result will be that terminal reforms, which are badly needed in the public interest and which already have been delayed many years, will be subjected to further indefinite delay. It will also be true that needed railroad construction and extensions will be practically at a standstill.

In the nature of things the concurrence of the railroad corporations cannot be expected in matters of improvement and extension during the 21 months' period except as to things of the most urgent and ob-

vious necessity and where there is no possibility of conflict with the selfish interest of the particular corporation. This is not surmise, because the evidences of it are already appearing—notably in the case of locomotives—where bids were submitted by the corporations calling for their purchase, and where even now many of the corporations are challenging the purchase of locomotives made for their account and within the limits of their requests. It is natural that each company will prefer to hold all other matters in abeyance in the hope that it can make its own plan in its own way at the end of federal control. This condition will not exist, however, if a five-year extension shall be granted. During the early part of that extension comprehensive improvements can be carried forward in the public interest, and the railroad companies will appreciate the impracticability of holding everything in abeyance for so long a period as five years. Of course, as the five-year period nears its termination, there would be a disposition on the part of the corporations to postpone matters which had not theretofore been entered upon, but by the time this condition would arise it is reasonable to expect that Congress would have been able to make a permanent solution of the whole problem in the light of an adequate experience with the present opportunities for unified control.

With the five-year extension it will be practicable for congress—say within two years from now—to enter upon a permanent solution of this question after congress and the country shall have had before it the result of a complete year's experience of federal control under peace conditions, as well as a year's experience under war conditions. Congress, with that additional experience, will be able far better than it is at present to estimate at their real value the reforms which I have submitted to you as being fundamental, and congress can then determine whether those reforms are so important as to make it desirable to adopt some other method of railroad ownership and control than that of such a great number of different private companies as has been the case in the past.

### Valuation.

It must be remembered also that congress has thought it important to provide for a valuation of railroad property, and this valuation has been in progress for several years at large cost. I assume that it will be completed in the next two or three years. There is widespread conviction that no permanent solution whatever of the railroad problem can be made which does not put at rest the present insistent claims as to railroad overcapitalization. The question therefore arises whether congress can satisfactorily deal with this matter in advance of the completion of the valuation which it has already prescribed, and whether congress will wish to attempt a final solution of it before it can have the benefit of the valuation for which it has already appropriated such large amounts, and to which it has attached so much importance. It is not possible, as I view the complexities of the problem, to affect any marked change in the form of railroad control that is not based upon a completed valuation of their properties. (The End)

## Soldier Not Superstitious but Train of Events Gives Him Cause to Wonder

CLEVELAND, Ohio, Jan. 28.—Sergeant Henry W. Schwab, stationed at the Marine Corps recruiting station here is not superstitious, he says, but:

Ten years ago, on January 10, a "curse" was put on him by "the Witch of the Mountains" in the interior of Panama. He had wrested her son from her to arrest him on a charge of murder.

"For ten long and weary years this curse shall follow you," she croaked, as her incantation ended. "At this hour, on this day, every year you shall be struck by violence or disease." That was at 4 p. m.

On January 10, 1910, Sergeant Schwab was wounded in a clash with insurgent natives in Panama. This at 4 o'clock.

On January 10, 1911, at 4 p. m. he was again wounded "in a little row in Central America."

On January 10, 1913, malaria again hit him low in Panama.

On January 10, 1914, malaria again sent him to bed, this time in Nicaragua.

On January 10, 1914, he was wounded while arresting natives in Porto Rico. Yes, at 4 o'clock in the afternoon. It was always 4 o'clock that misfortune overtook him.

On January 10, 1915, he was stabbed by a Mexican jay outside of Vera Cruz.

On January 10, 1916, he was shot down from ambush while in charge of a patrol near Cape Haitien, Haiti.

On January 10, 1917, an automobile knocked him unconscious in Philadelphia. His watch stopped at just 4 o'clock.

And last year he fell down the stairs of his home in Maryland at the set hour and day.

"No, I'm not superstitious, but I'm damned if I can explain it," Sergeant Schwab said on his sick bed here. He is recovering from an attack of influenza. Yes, he was admitted to the hospital on January 10.

## Beware! That Suit May Be a Dress



Woman can no longer be criticized for "staring" at the various frocks worn at afternoon functions. It takes a keen observer, says Fashion Art, to tell when a suit is a suit and not a dress. The dress on the extreme right, with its waistcoat of beige, is an example. The other two afternoon frocks are of navy blue cloth, that on the left, faced with gray satin and that in the center having a tulle-trimmed, stitched satin collar on both tunic and skirt.

## The Observer's Classified Ads.

- WANTED—Miscellaneous.**
  - WANTED—Lot close in, 60x100 feet, paved street. Will pay fifteen hundred dollars (\$1500) cash. Write L. care Observer. 1-28-3t
  - WANTED—Good first-class milk cow. Phone Red 3561. 1-25-3t
  - HOUSE WANTED—Three or four roomed house, furnished, wanted immediately for permanent rent, if possible. Must be close in, modern, and on south side of tracks. Phone Silverthorn's Drug Store. 1-29-1c
  - WANTED—Plain sewing. Mrs. Norma Webb, 1105 O avenue. 1-20-12tp
- FOR SALE—Miscellaneous**
  - FOR SALE—Rome Beauty apples, \$1 per sack. Phone Black 1062. 1-28-3t
  - FOR SALE—40 head thorough-bred Chester White hogs, 10 sows with pigs in spring. Call Ed Ford, Arcade theatre. 1-28-1t
  - FOR SALE—Cull apples, \$1 a sack. George Chipman, east end of T avenue. 1-25-6tp
  - Rome Beauty Apples for sale. Will deliver. Phone Red 3371. 1-24-6tp
  - FOR SALE—16-inch yellow pine wood, \$9 per cord delivered. Phone Red 1022. 1-20-6tp
  - EGGS FOR HATCHING—From pure-bred Buff Wyandottes. Prize winners. Heavy layers. Choice table fowls. \$2.00 for 13 eggs. Ira R. Aldrich, 707 Fourth street. 1-20-24t
  - FOR SALE—That monument you want for Decoration day is ready for immediate delivery. B. M. M. & G. Co., 1502 S avenue. 1-17-1t
- FOR SALE—Real Estate**
  - FOR SALE—Or trade for stock—two lots and six roomed house close in. Inquire 1311 T avenue. 1-29-3t
  - WHEAT LAND—Palouse county, 300 acres, all tillable, 250 now in cultivation, 225 of this is now plowed ready for crop. Place is equipped with machinery and stock. Will take town property or good paper for \$5000, and one-half of the crop until place is paid for. Security Land & Savings Co. 1-28-3t
  - TWENTY ACRES just in the edge of town, some orchard, but every foot of the tract is best of soil, and for less than \$200.00 per acre. About \$700.00 cash would handle it, then, yearly payments. Box 904, La Grande, Ore. 1-28-3t
- FOR RENT**
  - FOR RENT—Housekeeping rooms. Near shops, 1305 T avenue. 1-29-1t
  - FOR RENT—Apartment, Stove heat, \$16. Call Darland hotel. H. C. Lawyer. 11-27-1t
  - TO RENT—Neatly furnished steam-heated rooms, block from Y. M. C. A., 1607 Sixth street. Phone Main 701. 1-27-6tp
  - FOR RENT—Furnished rooms. Phone Red 3171. 11-29-1t
  - FOR RENT—Nice cosy rooms from \$12 up. 1510 Adams. Phone R3901. 1-18-1t
  - FOR RENT—Furnished housekeeping rooms, Black 1202. 1-24-1t
  - FOR RENT—Furnished housekeeping rooms. Call Black 831. 1-14-1t

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### Professional Directory

- ATTORNEYS**
  - COCHRAN & EBERHARD—Geo. T. Cochran and Colon R. Eberhard, Attorneys. La Grande National Bank Building.
  - R. J. GREEN, Attorney at Law—Practice in all state and federal courts. Office La Grande National Bank Building.
  - CRAWFORD & EAKIN—T. H. Crawford and Robert S. Eakin, Attorneys at Law. Practice in all the courts of the state and the United States. Office, West-Jacobson Bldg., rooms 9-10-17, La Grande, Oregon.

### ARCHITECTS

C. E. MILLER—Architect, room 27, New Foley Bldg., Phone Red 1871.

### OSTEOPATHIC

DR. MARGARET INGLE, Osteopathic Physician—Specializing in diseases of women and children. Hours 10 to 12 a. m., 1 to 6 p. m., and by appointment. Phone—Office Red 1761, residence, Black 1231, 37 New Foley building.

### VETERINARY

DR. H. W. RILEY—Graduate Veterinarian. Hospital, 1409 Madison Ave. State Station Inspector and Inspector of stock for shipment. Home Independent Phone, Black 41; Farmers Co-operative Phone, Main 112.

### EDUCATIONAL

REMEMBER GOODING COLLEGE, Gooding, Idaho. Practical business courses, review subjects, regular college work and summer school. 12-19-1t

### Fraternal Directory.

WOODMEN OF THE WORLD—La Grande Camp No. 149 meets every first and third Monday at Eagles Hall. All visiting neighbors welcome. Dues payable at the office of the clerk, New Foley Bldg., 9 a. m., to 5 p. m. J. J. MURCHISON, C. C. R. J. KITCHEN, Clerk

MODERN WOODMEN OF AMERICA—La Grande Camp No. 7703 meets on the first and third Thursday evenings of each month in the K. of P. Hall. Visiting neighbors welcome. L. J. MYNHALL, V. C. W. F. ASHMAN, Clerk

O. E. S.—Hope Chapter No. 13, O. E. S. holds stated communications the second and fourth Wednesday of each month. Visiting members cordially welcomed. SADIE E. GIVEN, W. M. MARY A. WARNICK, Sec.

K. of L. of Security—Mt. Emily Council, No. 246, meets the second and fourth Monday evening at 8 o'clock at Eagle hall. Visiting members are welcome. ABE HARRIS, Fin'l. Sec. J. K. FITZGERALD, Pres.

A. F. & A. M.—La Grande Lodge No. 41, A. F. & A. M. holds regular meetings first and third Saturday at 7:30 p. m. Cordial welcome to all Masons. ROBERT S. EAKIN, W. M. A. C. WILLIAMS, Sec.

F. O. EAGLES, AERIE NO. 259.—Meet every Friday night, at Eagles Hall. Visiting members welcome. J. P. STACY, W. P. LEE BELLINGER, Secretary

REBEKAHS—Crystal Lodge No. 60 meets every Tuesday evening in the I. O. O. F. Hall. All visiting members are invited to attend. ROSA GLASS, N. G. LUCIA HALEY, Rec. Sec.

L. O. O. M.—La Grande Lodge No. 850, Loyal Order of Moose holds regular meetings every Wednesday night at 8 p. m. in Eagle hall, next to Elks' Bldg. on Washington Ave. Visitors always welcome. Dues payable at Young's Sweets. W. C. HANSEN, Dic. HARRY SWART, Sec.

B. P. O. E. ELKS, La Grande Lodge No. 432, Lodge meets each Thursday evening at 8 o'clock. House and club privileges cheerfully extended to all Brother Elks. R. J. GREEN, Exalted Ruler. A. S. CHEMIST, Secretary.

ROYAL NEIGHBORS—This Camp meets every second Friday afternoon and every fourth Friday evening, every month in K. P. Hall. All visiting members cordially welcome. HENRIETTA GHARNT, Oracle MARY L. WEST, Recorder.

KNIGHTS OF PYTHIAS—Red Cross Lodge No. 87 meets every Monday night in Eagle Hall (K. of P. Hall) & a warm welcome to all visiting Knights. J. L. ROBERTSON, C. C. POLLE GREEN, K. of R. & S.

## CHICHESTER'S PILLS

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