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President Jewel Appears Before U. S. Labor Board

Statement Made By President B. M. Jewell, of the Railway Employees Department of the American Federation of Labor in Behalf of the Affiliated Organizations at the Hearing before the United States Railroad Labor Board, From the Drop Forgers' and Helpers' Monthly.

Judging from the press campaign, the railroads are about to ask this Board:

1. To abrogate the National Agreements entirely, or in large part, or at any rate in respect to rules deemed exceedingly important by the employes.

2. To attempt thereafter to secure either local, system or regional boards of adjustment instead of a single national board of adjustment, such as was in effect during the period of Government control, and as is desired by the employes represented by the Railway Employes' Department and its affiliated organizations.

On behalf of the Railway Employes' Department and its constituent organizations, we charge that the railroads and those who control them have not done equity either in respect to the government under whose authority this Board was created and is now acting, or in respect to the spirit of the Transportation Act, 1920, and the public purposes this board was intended to serve, or in respect to the railroad employes.

We charge, and later on will substantiate our charges:

1. That the railroads are controlled by a group of twelve New York banks, trust companies and insurance companies, dominated by J. P. Morgan & Co., and that a group of only twenty-five men are the instruments of this and an even wider control.

2. That this same group of twelve financial institutions at the same time has interlocking directors with twenty of the leading railroad equipment companies.

3. That, during the past year, the railroads have sent out to such outside railroad equipment companies for repair on contract, over 617 locomotives and over 29,000 freight cars, and have made contracts for much more repair work of like order.

4. That the charges for such repairs in outside shops have been grossly excessive, averaging $10,000 in excess of legitimate costs for the repair of each locomotive, and approximately $500 in excess of legitimate costs for the repair of each freight car, and that these unwarranted profits have amounted to over $25,000,000 during the past year, and if allowed to go on at the present rate, may amount to well over half a billion dollars a year.

5. That the money so taken from the railroads is still subject to the control of the financial interests above mentioned by virtue of their control of both the railroads and the equipment companies.

Drain Upon Treasury.

6. That these over-charges constitute a drain upon the treasury of the United States Government by reason of the Government guaranty established under the Transportation Act, 1920.

7. That the close control of both railroads and equipment companies by these financial interests gives ground for grave suspicion of a conspiracy to defraud the government in violation of Section 37 of the Act of March 4th, 1909, which reads: "If two or more persons conspire either to commit any offense against the United States or to defraud the United States in any manner or for any purpose, and one or more of such parties do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be fined not more than $10,000, or imprisoned not more than two years, or both," and in violation of Section 35 of the Act as amended by the Act of October 28, 1918, which, in substance makes it a crime to present any false, fictitious or fraudulent claim against the United States Government for payment by it, and makes it a crime to knowingly and wilfully falsify or conceal or cover up any material fact in order to obtain the payment of such a claim; and if such a conspiracy has existed it renders many parties guilty by reason of Section 332 of said Act of March 4, 1909, which states that: "whoever directly commits any act constituting an offense defined in any law of the United States, or aids, abets, counsels, commands, induces, or procures its commission, is a principal."

8. That these same railroads and financial interests within the last two weeks attempted to secure in Congress an amendment to the Clayton Anti-Trust Act, which would have made a large portion of this outside contract repair situation lawful, whereas, under the existing statutes it is unlawful, after January 1, 1921, for any railroad to have dealings in supplies or have any contracts for construction or maintenance of any kind for more than $50,000 in any one year with a corporation, firm or association in which said common carrier is interested, except upon competitive bidding in the open market; but this attempt to amend the Clayton Act was thwarted by the President's veto of the Amendment.

9. Furthermore that those same interests are now, by Senate bill 4576, introduced by Senator Frelinghuysen about December 8, 1920, attempting again in effect to make lawful that which is or was intended to be made unlawful by Section 10 of the Clayton Act.

10. That since May, 1920, over 50,000 shop employes of the railroads, and many operating employes, have been laid off by the railroads at the same time that these railroads were sending cars and locomotives out for repair in outside contract shops, on the pretext that the men in the railroad shops were too inefficient or disloyal to get the work done as fast as needed, or that the system of time work, established by the National Agreement, was too expensive, and that the cars and locomotives were therefore being sent out for reasons of economy.

Grave Situations Created.

11. That these lay-offs of employes have created grave conditions of discontent and suffering at a time when there was much strain in the public mind and the public welfare required the best possible spirit and harmony and confidence in the mutual relations of capital and labor.

12. That this unemployment constitutes a menace to the public health, as admitted in a recent bulletin issued by the Metropolitan Life Insurance Company—itself a very large owner of railroad stocks and on whose Board of Directors sit many leading bankers, many of them associated with these same twelve New York financial institutions.

13. That this action of the railroads in farming out large portions of their car and locomotive repair work deprives the men who would have been doing such work in the railroad shops both of their right to the wages establised by this board and whatever working conditions and rules may be established by this board or by any railroad adjustment board, and their right to an opportunity to have their grievances heard and settled in accordance with the terms of the Transportation Act.

14. That the managers of the railroad equipment companies are endeavoringt o prevent trade union organizations of their employes and to destroy such organization as now exists.

15. That this is only one part though a very important part, of the so-called "open shop" campaign now being waged by employers all over the country; and that the railroad managers and their controlling financial institutions have conspired to bring about this situation in order to destroy the employes' organizations, and at the same time the railroads and financial interests are in effect asking the United States Government and the general public to finance this campaign against the Unions to the amount of hundreds of dollars a year in the same manner as has recently been disclosed by the investigations of the Lockwood Committee in the New York building situation, although in that case it was the Morgan-Steel group, whereas in this case it is the Morgan-Railroad group; and this Morgan-Railroad group are exerting every power they possess to prejudice the American people against us and keep them ignorant of the true issues and of our side of the case.

16. That the interests controlled by the Morgan combine are utterly unfit to administer the railroads in the people's interests by reason of the fact that the combine is interested primarily in profits rather than public service, and furthermore will use the railroads largely as an instrument of war against organised labor, in order to establish the "closed shop"—closed against Union workers—, and the resulting inhuman conditions of industrial autocracy.

Believes Act is Experimental.

17. That the Transportation Act has created an agency—the United States Railroad Labor Board—to which the employes must look for relief from their grievances. That this Transportation Act is admittedly a piece of experimental legislation and the employes represented by the Railway Employes Department and its affiliated organizations did not favor its passage, but nevertheless they are law-abiding citizens and desire to observe both the letter and spirit of the law as requested by this Board in its announcement of December 17, and they are willing to give the Act a fair and thorough trial. That no matter what legislation exists, the employes ask justice and the maintenance of healthy, adequate American standards of living and work. That the employes represented by the Railway Employes Department and its affiliated organizations still have undiminished faith that the government, this board and the American public will deal justly with them when fully informed. But if this Board cannot afford prompt and adequate relief for this situation there is grave danger that the employes will be persuaded out of their bitter experience, that the government has not afforded them fair and adequate protection, and that the public does not especially care. If the faith of the employes in the United States government or in the attentive interest and willingness of the American people to inquire into the true facts of this situation and to render them fair treatment, if this faith be lessened by ever so little, the service rendered the public will eventually suffer.

18. By reason of the foregoing facts we charge the railroads and their controlling financial institutions with an insidious attack upon the public treasury and upon the welfare of the American people.

19. We charge that the railroads and their controlling financial institutions have violated the Transportation act inasmuch as they have not, as above set forth, administered their trust "honestly, efficiently and economically," and furthermore their expenditures for maintenance of equipment have been unreasonable and contrary to the provisions of Section 422, subsections 2 and 3 of the Transportation Act.

20. We charge the railroads and their controlling financial institutions with a conspiracy to destroy, and therefore to violate, the National Agreements by means other than a public hearing and decision by this board as prescribed in its Decision No. 2, and that they have further violated the National Agreements, inasmuch as the above mentioned lay-offs were not in reality made in order to reduce expenses, but in order to break the unions and the spirit of the men.

21. Since this Board, in Decision No. 2, expressly stated that the National Agreements were to continue in force until the determination of the question of their continuance should be settled by this Board, we charge the railroads with a violation of that part of Decision No. 2. Also certain individual carriers have flouted this board and publicly announced their intention to reduce wages, in violation of Decision No. 2. We charge the railroads, in coming before the Board, now, with an attempt to secure the acquiescence and ratification of this Board to such breeches of the National Agreement and of Decision No. 2.

Would Inform Public.

The Transportation Act states that it is the duty of this Board to investigate and study the relations between the carriers and their employes and "the respective privileges, rights and duties of carriers and employes" in order that "the public may be properly informed."

The Act further provided that this Board, in case it has reason to believe that any of its decisions have been violated, may hold hearings and determine whether such violation has occurred and make public its decision.

We assert that, in view of the foregoing, the railroads had car and locomotive repair work done which, in the public interest, needed to be done; that in view of this fact, it was the right of the employes of these roads, to have the opportunity to render this public service and at the same time earn their living; and that the railroads owed them this opportunity to work and owed to the public the results of such work, done as economically as possible.

We desire to point out that if the railroads are to be permitted thus to farm out their locomotive and car repair work, and thus arbitarily deprive the employes represented by the Railway Employes' Department and its affiliated organizations, of their opportunity to work, and such protection as is afforded by the Transportation Act and by decisions of this Board thereunder, then the railroads may likewise farm out to outside private contracting companies the maintenance of their tracks and buildings and bridges, and possible even the other departments of their activities, and thereby mulct the American people still further and deprive the Maintenance-of-Way and other employes of similar rights. We seriously question whether, under the principles of public service law, the carriers, having assumed the maintenance of their equipment with their own shop facilities, may lawfully abandon such obligation without clear proof determined by public hearing before lawfully constituted bodies that such actions are in the interests of the public welfare both financially and in relation to the labor problems thereby created.

Because of the dangers created we also request the Board to take jurisdiction over the companies building or repairing railroad equipment.

And if the Board should decide that it has no power to take effective action in this matter for the relief of the employes, or that it has no jurisdiction over such companies building or repairing railroad equipment, we desire to point out the great injustice of this situation and we petition the Board to request the Interstate Commerce Commission to forbid the farming out of railroad equipment repair work to such outside companies even more rigidly than it is now forbidden by Section 10 of the Clayton Act, for the protection of both the railroad employes and of the American public.

Presented on behalf of

J. F. ANDERSON,
Vice-President Interpational Association of Machinists.

J. A. FRANKLIN,
International President, Interpational Brotherhood of Boilermakers, Iron Shipbuilders and Helpers of America.

EDW. TEGTMEYER,
Vice-President, International Brotherhood of Blacksmiths, Drop Forgers and Helpers.

JAS. B. BURNS,
Representing Amalgamated Sheet Metal Workers' International Alliance.

JAS. P. NOONAN,
International President, International Brotherhood of Electrical Workers.

MARTIN F. RYAN,
General President, Brotherhood of Railway Carmen of America.

E. H. FITZGERALD,
Grand President, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employes.

S. E. HEBERLING,
International Pres., Switchmen's Union of North America.

Presented by

B. M. JEWELL,
President, Railway Employes' Department American Federation of Labor.

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