

Charles J. Dillon Talks on Railroads

Representative of Railroad Officials Delivers Address in La Grande.

(Charles J. Dillon, representing the railroad officials of the country delivered an address in La Grande Monday evening at the city hall to a large crowd. The Evening Observer here-with prints the speech in order that Mr. Dillon might be in the hands of everyone who is interested in railroad work. It is probable that many will disagree with some of his statements, but the fact that he represents the presidents of all the railroads of the United States makes his utterances of importance to anyone connected with railroad work.—Editor.)

"The story printed in a Portland newspaper, and the information given from one of the pulpits of Portland to the effect that the railroads are offering their men a basic wage of only 23c per hour is almost untrue. One has only to read the advertisements the railroads are running in the daily newspaper to see what the roads are offering the men. The actual truth is that the only place in which the 23c rate will apply is in the south and southwest part of the country where it will affect precisely 5702 men, mostly negroes and Mexicans."

The foregoing assertion was made by Charles J. Dillon, Assistant to the Chairman of the Western Presidents' Committee, Association of Railway Executives, in La Grande Monday evening. "The short-crafts," Mr. Dillon said, "were receiving 50c an hour in 1917. In 1921, they had been increased to 77c. Under the recent decisions of the Labor Board in Chicago, these men are to receive 70c an hour. The car laborers were receiving 37.7c in 1917, 73.9 in 1921 and they are now reduced to 64c. Common labor on the track, known as 'maintenance of way' received 19.3 in 1917, 37.7 in 1921, and they are now offered 32.7 an hour. Station laborers received 22.3 in 1917, 43.6 in 1921 and are now offered 31c. Signal men received 32.3 in 1917, 69.3 in 1921 and they are now offered 64.2. Stationary firemen and oilers were receiving 21.8 in 1917. The Board increased their pay to 51.6 last year and July 1st the new wage was 41c.

"Under this new decision, the Section Foremen of the country will be receiving wages still 119.7 per cent higher than in 1915 and their wages have a purchasing power 38 per cent higher than in that year. All these wages are far above the cost of living and above the wages paid in other industries where the least reform is comparable to railroading."

Under Government Control. "In times like these, it is not important to discuss what happened to the railroads during the period of Government control. We are not essentially concerned now with what Mr. McAdoo did or did not do. It is not as true that business men should not think of the railroads of today from the basis of what they did or did not do twenty years ago. The managers of these roads in 1922 should not be blamed for a condition in transportation over which they have absolutely no control, a condition created by the way and by Federal legislation. They are doing their level best to conduct these properties efficiently and as economically as possible, at the same time trying to remember the rights of the stockholders, as well as those of the public. It is not a crime, the public should know, to pay dividends occasionally, although it is becoming extremely unusual. There are 201 Class I railroads in this country. Of this number, just 14 made 6 per cent or better in 1921. Some persons believe that if the railroads had made 6 per cent, the Government will make good the deficit. The uninformed public has called this a guarantee. The only guarantee the railroads have or ever have had since September, 1920, is a guarantee that if they earn more than 6 per cent they will have to divide it 50-50 with the Government. In September, 1920, when the roads were ostensibly returned to their owners, marked the end of the period when deficits on the railroads could be made up by taxing the people."

"The present day Managers inherited high wage scales and extensive labor agreements from the Government in 1920. The rates prescribed by the Interstate Commerce Commission never produced enough money to pay the labor bill, the other operating expenses, and leave any fair and adequate return for the owner. In 1921 the average return on the investment was 3.3 per cent for all the roads. Experts now estimate that we must have an increase in business in 1922 of one billion dollars if the roads are to earn 3 1/2 per cent on the investment this year. The Government has agreed to recognize 5.34 per cent as a fair return, if we can make it. Between this 5.34 per cent and the possible 3 1/2 per cent, there is a difference of \$444,000,000.00 which must be made up in some way. The reduction in rates effective July 1, amounts to \$400,000,000.00 based upon the earnings of 1921. The wage reduction over which we now have a strike amounts to only \$115,000,000.00. Here is another difference of \$285,000,000.00, which must be made up by someone."

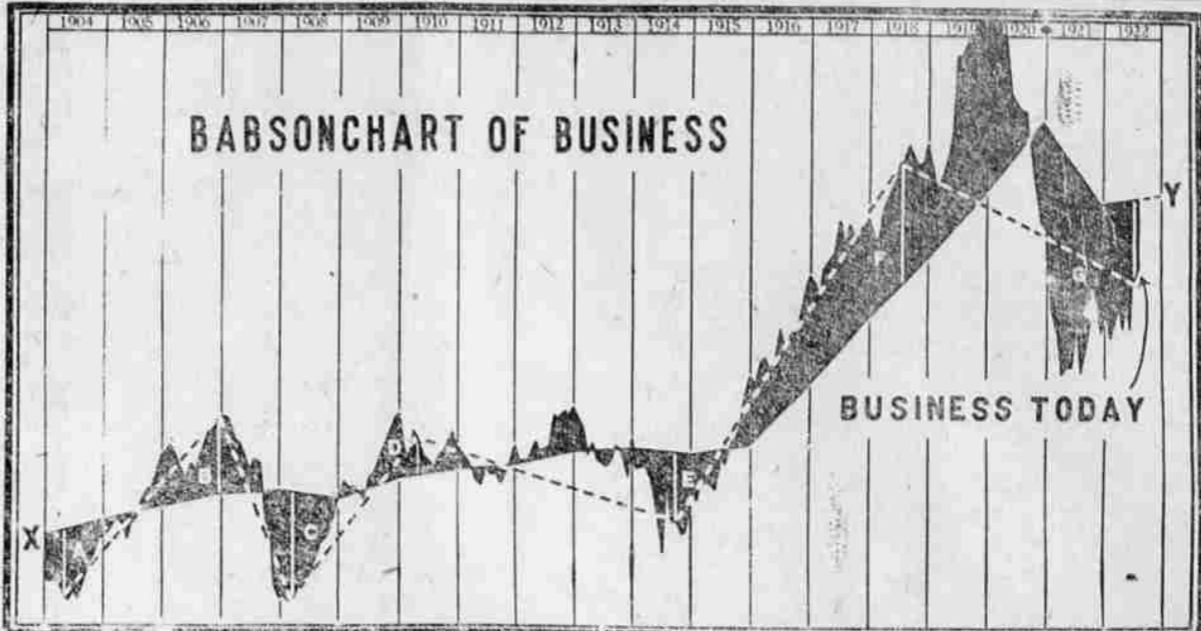
"The business of the first four months this year was a very large increase over the same period in 1921, but actually it was at the annual net return of only 4.56 per cent. The rate reduction of last January on agricultural products was very costly for producers because these products form a very large part of their traffic. In April this year, 25 of these western roads had deficits. The coun-

in that period. Danger in Control. "The great difficulty in this country for railroads lies in the overwhelming desire of the public through Governmental agencies, State or Federal, to control. The next chief trouble grows out of the erroneous belief that the nearer rates can be brought down to just one jump this side of confiscation, the better it will be for the public. Of course, this is the worst kind of reasoning. The truth is that the more the Government business plant in the country will be measured largely by the prosperity of the railroads and their ability to transport raw material into the factories and take the finished product out promptly to the markets. This looks like common sense to me but there are a lot of many business men in this country, normal in every other respect who cannot admit this kind of constructive thinking. They seem to think that railroads, like the Government, always have money. In short, the public utilities of this country, and this includes the electric power business, are suffering from a new national psychology which finds expression in the belief that anything running on two rails ought to be damned."

startling figures showing what the railroads actually do, or have to do in that period. The gross earnings in 1914 were \$115,437,46 every 20 minutes, while in 1921 they were \$209,874. This was an increase of 82 per cent and it seemed to justify a liberal "Let me give you a few rather reduction in rates. But here is the other side. The operating expenses in 1914 were \$82,437,46 every 20 minutes, and the operating expenses in 1921 were \$173,652, an increase of 107 per cent. The payroll of the railroads in 1914 was \$50,888 every 20 minutes, in 1921 it was \$196,379 every 20 minutes, an increase of 199 per cent. Most people complain of high taxes. The railroads are the heaviest taxpayers in America, much of the money they contribute in this way being used to build highways and maintain them for the use of trucks and motor cars which carry freight and passengers in competition with them. The taxes of the railroads in 1914 amounted to \$5,159 every 20 minutes. In 1921, these taxes had increased to \$10,526 every 20 minutes, an increase of 104 per cent. This was \$768,344 a day for taxes, or 3.4 cents out of every dollar of revenue taken by the roads. It takes money to run railroads and all this money is produced by the public. If the roads are to be efficient, if they are to give good service promptly, they must be prosperous. If they are to extend their lines and buy new equipment, they must have new money. Expenses usually are paid out of rates, but improvements come from new capital. This cannot be attracted to invest in railroads unless the return is adequate. An adequate return is the wages of capital, and capital is as much entitled to wages as labor. Theodore Roosevelt said in "The Outlook" in 1913 that railroads could be successful, "good wages could be paid and good service given only when capital was assured a fair return on its investment. If the flood of regulatory legislation is to continue, management of our railroads as private properties cannot be expected to function. There are more than 100 bills before Congress today seeking to control the railroads in one way or another. There are more than 4,000 laws on the statutes for the same purpose. We have the Interstate Commerce Commission in Washington to say what the income shall be. We have the United States Labor Board in Chicago to set the wages and the working agreements. We have the legislatures in 48 states to make laws every two years seeking to control the railroads as public utilities. We have 44 or 45 states all making rates and regulations and rules for the railroads, and finally we have Congress in Washington with power over the whole business. Obviously it is impossible to have sensible and satisfactory operation of railroads with all these various forms of control, some of which would require trains to stop at the state line and change headlights to conform to some crazy law. Secretary Mellon was right when he suggested a ten-year holiday on regulation of railroads. Business should use their influence to have this regulation stopped, or at least not to add to it. The business of this country is already protected so thoroughly that the roads could do it no harm, even if they so wished, which, of course, they do not."

Financed for Violating Fire Rules of the Forests Near Baker. BAKER, Aug. 4.—Three convictions for violation of the state and federal fire laws have just been reported to Forest Supervisor, W. F. Ramsdell. John Howard of Austin was fined \$5 and costs at Prairie City for setting a small fire in Greenhorn district through careless smoking. Ranger Dan Flak secured the conviction. Ed Spangle and Del Snowde of North Powder were each fined \$5 and costs for burning brush during the closed season without a permit. Ranger A. C. Ansel and State Warden W. L. Scott handled these cases.

At the present time the danger of fire in the woods is very great and the public must exercise the greatest care in the forest with campfires and use of fire for any purpose whatever.



"BAB" SAYS CORNER IS NOW TURNED

Great Statistician in His Observer Communication Brings Cheer.

OPTIMISM JUSTIFIED IS HIS CLAIM NOW

Definite and Substantial Business Recovery Reflected in the Ninth Annual Conference.

(By Associated Press) WELLESLEY HILLS, Mass., Aug. 5.—The high light of the Ninth Annual Wellesley Conference now meeting here for the discussion of conditions and business problems, was reached when Roger W. Babson announced a definite turn in business and showed very fundamental conditions indicate definite and substantial business recovery.

Standing before a Babsonchart twelve feet high and thirty feet long Mr. Babson explained the situation. "I have been waiting for over two years to be able to announce that the most drastic depression in business history has spent itself. Fundamental conditions finally indicate that a solid foundation is ready for general and substantial business improvement. "The white line that I draw today divides the area of depression in half. Statistically it means we are at the exact bottom of the cycle. Practically it means that business will pick up this fall and that it should continue to improve for the next two or three years."

Technically, the business cycle is composed of the four successive cycles of Prosperity, Decline, Depression and Improvement, but the average business man experiences but two conditions. Either sales are increasing and business is fine or they are falling off and he is in depression. His attitude changes, not as we pass from a period of prosperity over the X Y Line into a period of depression below, but as the white line is drawn which divides these areas—when business changes its direction. "When we had completed half of depression in the middle of 1914 business began to improve and business men went into a state of psychological prosperity almost over night. We were running below normal, to be sure, but things were again headed in the right direction. "Early in 1917 the panic set in and business confidence practically disappeared. We did not enter the actual area of depression until the fall of that same year. "In April, 1919, another white line marked the turning point and things bounced again until the long sliding downward set in about June, 1919. This decline, while not drastic, kept business quiet until the middle of 1921, when things again turned upward. The war with its feverish activity carried us on until the middle of 1918, when the actual rise had spent itself. Based upon actual and soaring prices but things up for another short but actual production and general business activities were softening. "The natural and inevitable reaction has kept business in mourning for two and a half years. "The white line just drawn marks another turn for the better. Business is again headed in the right direction and you can go ahead with your plans. The banker can now loan with better confidence. The business man should announce his new product, open his new factory, increase his advertising, and go after business now. "In spite of the fact that the stock market has already discounted the improvement to a large extent the investor can hold his stocks for the rest of a bull market which is almost sure to be reached until after the white line

NEW SHIP CANAL IS ADVOCATED

Two Way Canal Deep Enough for Ocean Steamers to Go to Chicago Feasible Says Engineer.

CHICAGO, Ill., August 2.—A two-way ship canal between Lake Superior and Michigan, deep enough for ocean steamers, could be built at a reasonable cost and would divert to this route and to Chicago at least seventy-five percent of the tonnage which now goes through Sault Ste. Marie, according to D. Chase Denison, a Chicago engineer.

After surveying the territory through which it was proposed to build such a canal, Mr. Denison said that the best place for the cut-off route would be from a point near Au Train, Mich., on Lake Superior to the headwaters of the bay north of Escanaba, Mich., on Lake Michigan.

Not Enough Water. It was pointed out that any ship canal from Lake Michigan south to the Gulf of Mexico would require more water than Lake Michigan could at present supply. As an example the engineer showed that the Panama canal would be useless without the artificial lake which keeps the canal full of water. And Lake Michigan, he said, is shrinking. Since the government began to keep records, the surface of the lake has been lowered several inches. Half a century ago the lake was said to be slightly less than 620 feet above the surface of the Atlantic ocean and it now said to be little more than 618 feet above the Atlantic. According to Mr. Denison the greater part of this shrinkage has taken place during the last fifteen years.

The water necessary for the Gulf canal could be obtained from Lake Superior," the engineer said. "Lake Superior is now nearly twenty-one feet higher than Lake Michigan, but the bottom of Lake Superior goes down many hundred feet below the surface of the Atlantic. In many places in Lake Superior it is not certain that the bottom has been reached even at four or five thousand feet, while Lake Michigan is comparatively shallow in its deepest places. The many smaller lakes in territory surrounding Lake Superior are one to eight hundred feet above its surface.

They receive much water but have no surface river outlets. It is Mr. Denison's belief that these lakes have underground outlets into Lake Superior.

The supply of water from Lake Superior and the smaller lakes that are above and surrounding it will be practically inexhaustible, but only as long as the large tracts of forests are allowed to stand. The future generations it was stated, will suffer in every way if "this selfish generation is allowed to rob the earth of one of its most valuable resources."

Mr. Denison said this excessive water supply gives Lake Superior much more than it needs, and in certain seasons the oversupply goes down through Sault Ste. Marie into Lake Huron in large quantities. "All of this water should come down the twenty-one foot incline into Lake

WINCENT WILL SHOW THE GOODS

General Business continues to improve. The index of the Babsonchart reflects an improvement of 2 per cent since last week and stands at 9 per cent below normal. The highest point since January, 1921.

SALEM, Aug. 5.—Governor Olcott announced that he has appointed Sidney B. Vincent of Portland as state exhibit agent to succeed Mrs. Winnie Benton, who resigned to take up a new position in Seattle. Mr. Vincent is at present manager for the Oregon tourist and information bureau and his appointment as state exhibit agent means a virtual consolidation of those two state activities. Mr. Vincent will have no additional salary for his work and consequently the salary of \$209 a month which has been paid to the exhibit manager will be saved by the consolidation.

Before making the appointment the governor discussed matters in connection with the consolidation with Leslie Butler, chairman of the state tourist and information bureau, and W. D. B. Dodson, general manager of the Portland Chamber of Commerce. Both of these men expressed themselves as highly favorable to the move and believed that it would result in efficient working for both of the departments. The matter will remain in the new status until such time as the legislature may pass upon the future of these state activities.

STAY NEWS, READ THE NEWSPAPERS. (By Associated Press) LONDON, July 19.—(By Mail.—A retired member of the British bar, Sir Harry Poland, hale, hearty, and still interested in life at the age of 64, attributes his longevity and mental vigor largely to having always been a great newspaper reader.

He is very fond of taking long walks about London to enjoy the beauties of the city, and recently he has chafed at the rains which have kept him indoors. "But on rare occasions excitement enough to keep you're just by reading the newspapers," he says, "for we live in stirring times."

Michigan and would do so were it not for a solid rimrock or basin edge which holds it back," he continued. "This rimrock starts on this surface at a point a short distance west of Marquette and continues east to Sault Ste. Marie. A low place in the rimrock at Au Train makes this point the most desirable spot to begin the canal."

Shallow Reaches Scarce. The engineer's observations showed that there are few shallow beaches around Lake Superior except in bays, channels and small river mouths. Ninety-five percent of the shore is deep water one hundred to five hundred feet from land, and consequently does not give good footing for breakwaters much further out.

At the proposed starting point the soil is light and sandy for slightly more than two miles south from Lake Superior, averaging ten to fifty feet above the level of the lake, the report shows. The next three miles are of rimrock, fifty to seventy-five feet above the lake level, and covered with a light, sandy soil. South of the rimrock the land slopes down for a distance of more than a mile to about four miles of low, swampy land from which a small river flows to headwaters of the Escanaba bay.

"This Lake Superior and Michigan canal would not cost more than \$10,000,000 as no expensive dam would be necessary," Mr. Denison said. "This rimrock and locks would form the dam. The extra water at the locks could be used for electric generating and this, together with the tolls on boats and freight going through the locks both ways would easily pay the canal cost and operating expenses in ten years."

The engineer proposed that the work be done in the summer and estimated that it would take two or three summers, as there would be great difficulty during cold weather. He pointed out that from Lake Michigan boats could go into Lake Calumet for an inner harbor, and if the Illinois drainage canal were changed for boats, they could go hence to the Mississippi river and down to the Gulf of Mexico.

Not to Be Forgotten. Remember that the opportunity of a lifetime must be grasped during the lifetime of the opportunity.

Time Passes--- BUT WE RENEW YOUR LAST FALL CLOTHES

It's a mighty welcome economy when you realize that we, as cleaners, can restore the clothes you wore last Fall and Winter and bring them back to their original newness.

In these days of thrift, such economy is truly well worth while. Not only will the savings be gratifying to you, but the method of putting new life into your garments will be satisfying as well.

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