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# The Railroad System of the United States

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## An Engine for Civilization

RADIO TALK, DECEMBER 28, 1922

By

HOWARD ELLIOTT

*Chairman, Northern Pacific Railway Company*

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The American Radio Exposition Company, on December 28, 1922, at the Grand Central Palace in New York City, gave an entertainment. The program included vocal and instrumental music and ten-minute talks by

CHAUNCEY M. DEPEW  
HOWARD ELLIOTT  
RODOLPH VALENTINO

These were "broadcasted" as far west as the Mississippi River, south of the Gulf of Mexico, north to Canada and Nova Scotia, and delicate instruments could hear as far east as Europe.

The Radio Company estimate that approximately 1,000,000 persons "listened in." This is said to be the first time that the Radio was used for broadcasting information about the railroads, and at the request of a number of listeners, the talk is reproduced in pamphlet form.

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# The Railroad System of the United States

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## An Engine for Civilization

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The Railroad System of the United States is a powerful Engine for Civilization. Without it our country could not have had the marvelous development of the last sixty years.

**Railroad Owners and Ownership**      It was created by the courage, foresight, energy, ability and money of many individuals who are the *Railroad Owners*. Under the laws of the land, it is their property. There are perhaps 2,000,000 of these owners, but there are at least 10,000,000 other people in the country interested indirectly as owners, because the safety of their bank deposits and insurance poli-

cies depends to a very large extent on the work done by and the earnings of this Engine for Civilization.

This wide distribution of ownership is a far better form of public ownership for the country than to have so-called Government ownership. The best results have been obtained and can be obtained again if the country will permit the initiative, energy and ability of the individual to be exercised in maintaining, operating and adding to our great railroad system subject to reasonable Governmental regulation.

Then, there are  
Railroad from 1,500,000 to  
Employees 2,000,000 *Railroad*  
*Employees* who care  
for and operate this engine. They are vitally interested in keeping it in good order and adequate in every way, because they earn their living by working upon it and upon them devolves the responsibility of producing the enormous

amount of transportation service used by all the people, including themselves. Secretary Hoover says of them in his last annual report—

*“The management on our principal railways today, by all the tests of administration, of load factors, of mechanical efficiency, etc., is the most efficient transportation machine in the world, insofar as it is not limited by causes beyond the managers’ control.”*

Then, there are the  
**Railroad Users**      *Railroad Users*—the  
110,000,000 people  
of the United States.

Their daily lives, health, comfort, pleasure, success and prosperity all depend upon having this engine running smoothly, ceaselessly, day and night, producing transportation in countless forms for our complex civilization. This engine must never stop. If it does, people will starve and freeze, and civilization go backward. Look

at the deplorable condition of Russia where this engine is in poor condition and unable to do the work needed for the people of that great country so rich in natural resources. The Railroad Owners, the Railroad Employes and the Railroad Users all have rights and duties, and must respect the rights of one another and do their full duty in cooperation each with the other to obtain the best results for our country.

**Need of  
Transporta-  
tion**

The people of the United States use more transportation, both freight and passenger, per capita than the people of any other nation. That fact is one reason for the wonderful and rapid development of our natural resources, for the growth of our country in every way, and for the comfortable and healthful living conditions that the great majority of our people enjoy. This great Engine for Civilization must be kept in perfect order,

must be fed with fuel and other supplies, so it can work to its maximum capacity when the "peak" load of business is here, and at all times with maximum efficiency. It is to the people of the United States what the oxen were to the old-fashioned farmer, the stout dray horses to the teamster. The wise farmer and teamster made sure that their animals were well fed, well shod, and well cared for. Only by so doing could they succeed. So with the United States Railroad System. The Railroad Users who need the transportation produced by this great Engine for Civilization in constantly increasing quantity, must see to it that it is nourished, well cared for and kept in first-class condition.

**Adequate  
Rates  
and  
Earnings**

How can this be done? The Railroad Users must pay for transportation enough to pay the wages of the Railroad Employes;—now practically fixed by the United States

Government;—for the fuel and other material and supplies;—prices for which are largely beyond the control of the Railroad Owners and managers;—for the interest on borrowed money and a fair return on the value of the property of the Railroad Owners, so that new capital can be obtained for increasing the capacity of the system. This plan means a continuation of ownership by individuals with such rates and reasonable regulation permitted by the Government, that there will be justice to the Railroad Owners who have created the plant and must add to it constantly to make it adequate for the service of the Railroad Users.

In only one year since 1911 (in 1916) have the railroads earned as much as 5.9%. From 1916 to 1921, the railroads earned less each year. In 1921, they earned less than 3%. They received no war profits. For the 24 months from September 1, 1920, to September 1, 1922, the railroads



earned a little less than  $3\frac{1}{2}\%$ . Their earnings for the entire year of 1922, notwithstanding the very great volume of business, will be something less than 4%. As 4% is a common savings bank rate, the railroads have not been earning enough to attract new capital. Capital can get 4% without taking the risks of railroad business. Listen again to what Mr. Hoover says:

*"We must have increased transportation if we are to maintain our growing productivity. We must, however, find a way out of the cycle of systematic starvation of a large part of our mileage and the denudation of our railroad managers of their responsibilities and initiative."*

If the country does not adopt his plan, which is the one under which this really marvelous Engine for Civilization was created, here are three other courses.

**Deficits to Be Met by Taxation**      1. Railroad Users can reduce the amount of nourishment given to their railroad systems through direct payments of rates, both freight and passenger, and make up the shortage by taxation; and in that way make certain that the additions to railroads needed for the growing country are made. This plan appeals to many because they see the temporary and immediate benefit of the reduced freight and passenger rates, and do not see the indirect burden of taxes. This plan will weaken initiative and reduce efficiency.

This country had an experience of 26 months during the war of Government operation of the railroads. The people came to the conclusion that they preferred private operation. But if private operation is to succeed, a fair

return must be made on the capital, which has not been the case for a long term of years.

**Straight**                      2. The Railroad  
**Government** road Users can  
**Ownership** take from the rail-  
road owners their  
property, but under the law  
they must pay for it. This, of  
course, can only be done by a  
long process of negotiation,  
with court proceedings and  
ultimately by condemnation.  
Meantime, progress and devel-  
opment halt. No one will put  
more money into an enterprise  
which is to be taken from  
him in a few years. To buy  
the railroads will add to our  
already heavy national debt  
many, many billions of dollars.  
This means a still further in-  
crease in taxes that are so  
burdensome to all. In addi-  
tion, there would be added to  
the Government payroll from

1,500,000 to 2,000,000 names.

**Starvation Policy** 3. The Railroad Users can continue a policy of rates and regulations that does not permit adequate support of their railroad system. The result of this will be that there will not be enough transportation produced for the necessities of the country, and our march forward to a still higher and better civilization will be checked.

**Growth of Country** The country is growing rapidly. Its industrial facilities are said to be sufficient to double the output prior to the war; yet there is less railroad mileage, fewer cars and fewer locomotives than in 1916, because the railroad business has not attracted enough new capital. The transportation service has grown enormously. In 1920, seven times as much freight was carried as in

1890, three times as much as in 1900, and 70% more than in 1910. Today not all of the railroads have been able to furnish cars and locomotives at the moment when they were needed. In spite of the coal and shop strikes, the railroads in 1922 have, with the exception of coal, carried more freight than ever before in their history.

If the Railroad  
Need of Users keep cool, are  
Cooperation patient and realize  
that perfection cannot be obtained; if they do not, in this period of readjustment, try foolish experiments; if all will think right, work hard, save and remember their obligations to their neighbors, then Railroad Users, Employers and Owners will find a way to keep this great Engine for Civilization in good condition and running without friction.

There should be cooperation and coordination between steam railroads, electric railroads, waterways, both coastal and interior,

and with motor transport on highways. It will, however, do no good in the long run to destroy or weaken by Governmental action one form of transportation for the benefit of another.

**The Next Twenty-five Years**      The next twenty-five years in this country should be the most glorious in the history of the world if all are patient, prudent and industrious if our national vigor is not sapped and our institutions, which have stood the test of more than a century, destroyed by the poison of Socialism and Communism that is working constantly and insidiously among the ignorant and unthinking.

**Value of Radio**      The dissemination of good, homely truths and accurate information permitted by the wonderful Radio is one thing that will help to prevent foolish action.

A New Year is  
The here. Let every good  
New Year American do his  
best to so act that he  
will make of this nation what all  
surely want it to be. Let each who  
can hear my voice act in the New  
Year so that this old sentiment  
will be absolutely true now and  
forever.

A Union of lakes, and a Union of  
lands,  
A Union of States none can  
sever;  
A Union of hearts and a Union of  
hands,  
And the flag of the Union for-  
ever.

