

Brotherhood of Railroad  
Trainmen 1947

# BROTHERHOOD OF RAILROAD TRAINMEN

A. F. WHITNEY  
PRESIDENT

S. E. HARVEY  
ASSISTANT TO THE PRESIDENT AND EDITOR  
AND MANAGER OFFICIAL PUBLICATION

W. P. KENNEDY  
GENERAL SECRETARY AND TREASURER



*Brotherhood of R.R.  
Trainmen  
General Office  
Cleveland 13, Ohio*

AFW:BAW:rcv

October 6, 1947

The Honorable  
Eleanor Roosevelt  
Apartment 15-A  
29 Washington Sq., W.  
New York 11, N. Y.

Dear Mrs. Roosevelt:

It was kind of you to write me under date of September 30, advising that railroad management has informed you of their desire to place before the public "the difficulties of nationalization of the railroads in this country," and you ask me if I have any arguments for nationalization which I would care to present for public discussion.

I do not have any prepared data of recent origin on this subject, but I take pleasure in briefly setting forth my views.

The question of the nationalization of the railroads in this country is a part of the whole picture of the American industrial system whereby the ideal of free enterprise is gradually being destroyed by the growth of powerful and selfish monopolies. This is particularly true in the railroad industry. The public believes that the railroads are effectively regulated by government. Nothing could be further from the truth. Less than one-half of one per cent of freight tariffs of the American railroads are brought before the Interstate Commerce Commission for consideration and action. The Interstate Commerce Commission has become notorious for its indulgence on behalf of the selfish interests of the railroad managements. Even in the matter of safety to the lives of the traveling public and railroad employes and to the property of the shipping public, the Interstate Commerce Commission still recommends and forgets, instead of ordering in the matter of safety equipment and safe operation of the railroads.

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operation of this great industry. In these times of freight car shortages. The railroads, in all respects, are operated for the selfish financial interests that control them. The railroads have never been known to voluntarily grant a single improvement in the wages or the working conditions of their employees. Their record is almost as bad with respect to modernization of their plant. These fundamental facts to the attention of the public and to the attention. One of the best indications of the truth of the statement that railroads are operated for selfish gain rather than for public service is the fact that the running time of eight important routes for the shipment of fast freight from California to Chicago is exactly 118 hours and 30 minutes, despite the fact that these routes vary in length as much as 450 miles. Surely there is no free competition or no element of the ideal of the great American free enterprise system in such practices as these. This problem is government ownership of the railroads.

Even Abraham Lincoln expressed fear for the American way of life because of the threat of monopolies. If the American people have not satisfactorily solved the problem of the railroad monopoly through government regulation in the three-quarters of a century since Abraham Lincoln's time, we have reason to doubt that it ever will be satisfactorily solved short of government ownership of the railroads, under which program the great American railroad industry would be operated for service to the people rather than profits to the bankers.

I call your attention to the fact that the present market value of railroad stocks and bonds of approximately 98 per cent of the Class I American railroads is about \$11,100,000,000. This sum does not include equipment trust certificates, which represent a comparatively small item. However, the railroads insist on earning what they call a "fair return" on more than \$27,000,000,000. This form of financial feather-bedding results in mulcting the public out of millions of dollars annually and depressing the wages and working conditions of the railway employees. This "blue sky" margin of almost 100 per cent would be wiped out by government ownership, as the people of America could buy up the railroads for approximately one-half of the amount these private owners of the railroads are now demanding a "fair return" upon.

Nor do I mean to say that this would be the only saving in a program of government ownership calculated to operate the railroads for the welfare of the people. This is only an initial saving. Many operating costs, such as the ridiculous situation existing on fast freight trains between California and Chicago could be eliminated, as service, rather than monopoly, would be the object of the

Federal Board of Investigation  
Transportation and Engineering  
Classified Copy

Eleanor Roosevelt

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operation of this great industry. In these times of freight car shortages these wilful wastes are a disgrace to the American way of life.

During my more than a half century of experience in the railroad industry, I have done everything possible to bring some of these fundamental facts to the attention of the public and to the attention of railroad management. It has been my experience that railroad management, that is those with whom I come in contact, are not free to act upon good advice given them, but must do the bidding of their financial overlords. These financial interests have a record of at least 100 years duration, which indicates that they are unwilling to do anything to promote free enterprise, efficiency and economy in the railroad industry. I have, therefore, come to the conclusion that the only final and complete answer to this problem is government ownership of the railroads.

I appreciate your thoughtfulness in giving me this opportunity to present my views to you, and if further information is desired, please feel free to call upon me.

With kind personal regards, I am

Sincerely yours,

*A. F. Whitney*  
President

*A. F. Whitney*

Mrs Eleanor Roosevelt  
Apt 15-a, 29 Washington Sq W  
New York 11 N Y

Brotherhood of Locomotive  
Firemen and Enginemen  
Cleveland, Ohio



D. B. ROBERTSON  
PRESIDENT

October 3, 1947

*Should be returned  
file used in  
column*

My dear Mrs Roosevelt:

I received your letter of September 30th referring to a memorandum to you from railroad management explaining some of the difficulties of nationalization of the railroads in this country.

You inquire whether or not we have any arguments for nationalization that we would be interested in having placed before the public. I appreciate your interest and usual fair-mindedness in bringing this matter to my attention. However, we are pressing no ideas involving nationalization of the railroads of this country. As a matter of fact, I see no necessity for nationalization. The high degree of efficiency with which the railroads have operated for some time past speaks louder than any thoughts I might express in favor of continuation of private ownership and operation.

Very sincerely yours,

*D. B. Robertson*

Mrs Eleanor Roosevelt  
Apt 15-A, 29 Washington Sq W  
New York 11 N Y

file

New York  
Sunday September 28, 1947

8 East Sixty-ninth Street

Dear Eleanor -

Here is Mr. Hill's promised memorandum telling you something about the railroads, their position in the country's economy, and reasons why nationalization would be harmful.

I am sending you with it his covering letter to me, which you need not return as I have kept a copy - I have seen no occasion to make any change in his memorandum -

It is only because I know how important he feels it is that the true position of our great rail transportation system should receive the widest publicity that he has taken the time to prepare this statement during a week when large sections of his railroad have been damaged almost beyond recognition along the Gulf Coast by the recent

hurricane, and the utmost vigilance  
and effort on the part of the road's  
officials have been called for.

I shall be equally surprised if  
you find time to study this document until  
after the stress of preparation for your  
answer to Mr. Vishinsky is over. But  
when the opportunity presents itself I  
commend it to your attention and hope  
for your impartial interest—

A word of caution to your audience  
that when it comes to nationalizing the  
railroads here it will pay to "stop, look  
and listen" would, I believe, be a  
distinct public service.

Yours sincerely  
Fred B. Wainwright

102  
*Louise*  
Louisville & Nashville Railroad Company

Louisville 1, Ky.

Sept. 25, 1947

J. B. Hill,  
President

*Personal*

Mr. F. B. Adams, Chairman,  
L&NRRCo., 71 Broadway,  
New York 6, N.Y.

Dear Mr. Adams:

Referring to our previous exchanges, and particularly the delightful visit I had in your home a few nights ago.

I have prepared a memorandum which I hope will answer the purposes reasonably well. I have tried to be as concise as possible, although it is difficult to deal with this large subject in a few words. The subjects have been indexed in such a way that if there is more material than is desired, any particular phase of the subject can be readily turned to.

You are at liberty to make any changes which you think are desirable, and I shall rely upon you to make delivery. One extra copy is enclosed for your own files.

I express again my great appreciation for the evening in your home and for the cherished privilege of meeting and talking with Mrs. Roosevelt.

Sincerely,

*J. B. Hill*

ESPECIALLY PREPARED  
FOR  
MRS. FRANKLIN DELANO ROOSEVELT

SEPT. 25, 1947

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I.

WHAT THE RAILROADS ARE.

They operate about 226,696 miles of road (and 403,812 miles of track), directly serving about 60,000 communities, and indirectly practically the entire country. They employ about 1,360,000 persons, with an annual payroll of about \$4,200,000,000 and an average annual wage of almost \$3,100 per employe, this having been increased from \$1,820 in 1921. Their annual purchases total about \$1,500 million and their aggregate taxes amount to about \$500 million per year.

II.

WHAT RAILROADS DO AND HAVE DONE.

The railroads of the United States have been one of the important, and probably the greatest, of all influences in developing our country and unifying it in thought, language, and in economic and cultural development. They have pioneered in transportation development, the improvement of farming, the building of communities and tremendous accomplishment of industry. They now expend large sums and much effort in a continuation of such work. Other transport agencies now largely exist because of the development already created for them and are making insignificant contributions, except in a transport way, toward a further growth.

The railroads and switching companies of the United States are owned and operated by almost 700 separate corporations. 44 companies operate more than 1,000 miles each. While bankers

have considerable representation on Boards of Directors of many railroad companies, they are advisors and assist in the financial direction of the companies. The general, traffic and operating policies of the companies originate with and are mainly directed by local management familiar with the existing and prospective needs of the communities they serve.

Railroads are the most dependable and safest under all conditions of all forms of transport and all costs considered provide the cheapest transportation. They are essential in both peace and war, whether privately or governmentally owned or operated. At present, they handle more than 60% of all inland domestic freight. During War II almost two-thirds of all United States traffic and more than 90% of Army and Navy freight moved by rail.

Over the years they have provided a constantly improving service, at continuously lower rates, with increasing taxes and with higher wage rates and better working conditions for employees. For example, the average freight per ton per mile was 12.94 mills in 1921 and in 1946 about 9.85 mills. The average passenger rate per mile was 3.093 cents in 1921 and 1.948 cents in 1946. The average annual wage per employe in 1921 was \$1,656 and \$3,059 in 1946. In 1921, they paid about \$283 million in taxes, in 1946 about \$505 million.

Although many railroads have very different physical characteristics, traffic density and earning power, they are treated as to rates, wages and regulation as if they were one system and do furnish such a coordinated service that schedules

are practically sustained as if one system.

Although private builders they recognize the public nature of their service. They pay their own way in all respects, and without present subsidy such as some of their competitors receive. Instead of being a drain on government and taxpayers, they contribute in taxes about half a billion dollars annually under present traffic volume. From the local taxes paid it is estimated that about 45% of the amount goes to the support of education.

### III.

#### WHAT SOME OTHERS HAVE SAID.

"The railroad industry has been one of our greatest institutions. Upon the transportation which is furnished, the nation has been built. Billions of dollars have gone into the industry, to a very great extent in the belief that it was a place where savings could safely be invested. Directly or indirectly, the larger part of our population has a financial interest in it. Eighteen years ago it gave employment to as many as two million persons. It has been one of the great consumers of both raw materials and manufactured products." -

Fifty-second Annual Report of the Interstate Commerce Commission, Nov. 1, 1938.

"The way our railroads have transported munitions and men to all parts of the United States and to our sea coasts to be sent to our fighting fronts all over the world has earned the admiration and gratitude of the entire American people." -

The late President Franklin D. Roosevelt.

"The American railroads, united as they are and working together, have done and are doing a magnificent job. We, as a nation, must continue to depend upon them for transportation that is all essential to .... that full life which we as American citizens have a right to desire and to achieve." -

President Harry S. Truman, 1945.

"One of the outstanding accomplishments in the war has been the contribution of American railroads. They went into high gear at the beginning; they have stayed in high gear every day and every night. They have moved more troops and more tonnage than anyone considered possible. They have an important share in the credit for our victories around the world." -

Lieutenant General Brehon Somervell, Commanding General,  
Army Service Forces.

"The Transportation Corps .... knows .... the burden which was imposed upon the nation's railroads, and the truly gigantic proportions of the effort which had to be exerted by them in the face of serious manpower shortages and inability to make any substantial additions to their plant or rolling stock. Despite every impediment and obstacle, the railroads stood up magnificently.

"The railroads were the first and primary link in the chain of movement which carried our military strength against the enemy in all corners of the earth." -

Major General Edmond H. Leavey, Chief of Transportation,  
U.S. Army, 1946.

"America emerges from this War as the strongest military nation in the world. This may seem strange to many of us because we are not a military minded people. A second look into this seeming contradiction shows our military strength came in part from our great pre-war industries. One of the oldest of these is the railroad. It has played a major role in achieving the great Victory today. But it has also been an important factor in building America for more than 100 years.

\* \* \* \* \*

"While our railroads have a remarkable record of serving the Nation for over 100 years, they also have a keen pioneering outlook for the World of Tomorrow. We owe this great transportation system a vote of sincerest appreciation." -

Charles F. Kettering, Vice President, General Motors Corporation.

## IV.

WHO OWNS THE RAILROADS.

About 1 million stockholders own the railroads, some of them located in every State of the Union. The average of their holdings is about 93 shares each. These investors are composed of individuals, insurance companies, trust companies, schools, eleemosynary institutions, investment houses and others. Trust companies in particular have large holdings for beneficiaries under wills, including many widows and children. Life and fire insurance companies have great sums so invested as an underlying protection to policy holders. The actual number of people whose welfare is directly affected by the position of railroad stocks is much greater than the persons listed as stockholders. While railroad management recognizes the public service requirements of its industry, yet it also recognizes it is a private builder from private funds. Its money for improvement comes from earnings, and the hope therefor, from investors and is cautiously spent in order to create the greatest community and traffic development. Its entire organization functions to that end and for that purpose - not from altruistic motives, but with the knowledge that the railroad can prosper most from the greatest development of its territory.

## V.

OTHER RAILROAD INVESTORS.

The number of persons owning railroad bonds is estimated at one million, with still others directly interested by reason of the holdings of trust companies, insurance companies, etc., as was indicated in the case of stockholders. The bonded debt of railroads was \$11,358 million in 1921. The corresponding figures for 1945 were \$9,258 million, at an average interest rate of 4 per cent. In 1946 there were 28 railroad companies undergoing reorganization with bonds affected amounting to \$1,750 million. Although it is necessary for railroads to spend large sums yearly for improvements, the Interstate Commerce Commission has suggested a policy of a continuous reduction in bonded debt. Since 1921 the railroads have spent for improvements about \$13 billion, about evenly divided between roadway and equipment. In the last 13 years they have reduced their outstanding bonded debt by about \$3,531 million, which includes a reduction of the outstanding bonded debt by \$2,019 million in 1941/1945 inclusive, with a reduction in interest charges of about \$85 million per year at the close of the 5-year period.

## VI.

WHAT IS THE VALUE OF RAILROADS.

What the value of the railroads is depends upon the basis of approach. There are about four bases discussed. One - what would it cost to reproduce them; Two - what is the amount invested in them, according to the companies' books; Three - what would be the average value under One and Two less depreciation; and, Four - what is their present market value.

The Federal Government, under the authority of the Federal Valuation Act of 1913, has spent to the end of 1945, \$54,920,542 and the railroads, \$160,676,616, or a combined total of \$215,597,158 to find the value of the railroads and to keep the value up-to-date.

The Interstate Commerce Commission reported a final value for rate making purposes for all railroads of the United States, of almost \$21 billion, as of Jan. 1, 1938, after allowing for depreciation and other factors.

The recorded investment in railroad property at the beginning of 1946 was almost \$28 billion.

On Jan. 1, 1945, the Commission reported a value for rate making purposes of \$19,571,000,000 for Class I railroads only. (Class I railroads are those which have annual gross revenues of one million dollars or more, of which there are 135). Apparently, this was a compromise between reproduction cost and investment cost, both depreciated. For practical purposes, that value may be considered an authoritative and unprejudiced

opinion as to railroad value, although the question remains controversial.

A valuation based on market values of a regulated industry is unfair because its market value is influenced by conditions beyond the control of the company. For example, market value is influenced by net earnings, which in turn are dependent on the rate and wage scale. The general level of rates which determine gross earnings and the general level of wages which determine operating expenses are controlling factors in determining net earnings. The Interstate Commerce Commission determines the general level of freight and passenger rates of the railroads. Fact Finding Boards, on which public representatives have the balance of power, determine the railroads' wage scale. There is no coordination between these two agencies. These factors with other regulatory restrictions on railroads could destroy any market value of railroads. They actually and effectively reduce their valuation much below what the Interstate Commerce Commission has acknowledged as a fair value.

The capitalization of railroads - that is, the aggregate par value of their outstanding capital stock and bonds at the beginning of 1946, was \$16,243,684,267 of which about \$7 billion represented stock and about \$9 billion other securities. This 16 billion compares with the I.C.C. valuation of 19 and a half billion.

It may therefore be seen that any claim that the railroads are overcapitalized falls to the ground when their value and their

capitalization are fairly compared. This is true regardless of how vociferously some persons may yell "Banker Domination", "Wall Street", or "Overcapitalization".

In 1946 railroads earned less than 3% on their depreciated investment. They must have at least 6% to do justice to all concerned and to make necessary improvements.

## VII.

### RAILROAD TAXES.

Railroads pay many kinds of Federal, State and local taxes. These may be divided into three general groups: (1) Federal Normal Income, Surtax and Excess Profit Taxes; (2) For pensions, social security, etc.; (3) State and local taxes on physical property, franchise taxes, excise, license and miscellaneous, as well as State Income taxes.

The annual tax bill of the railroads depends upon earnings. Before World War II, taxes paid by Class I railroads varied from \$237 million to \$396 million per year. During the war, in 1943, they soared to \$1,849,000,000. In 1946 they were but little short of \$500 million.

A large part of railroad property taxes is spent for education. It is estimated that this would equal an annual amount sufficient to provide common school education for one million children. In many counties railroads are the largest taxpayers.

In 1946, Class I railroads paid \$2.13 in taxes for every one dollar paid in dividends.

VIII.

RAILROAD CONSOLIDATIONS.

There was once more than 6,000 separate railroad companies. Consolidation has been the general tendency, sometimes favored and sometimes rejected by statutory law. Recently, the record shows 186 Class I railroads in 1920 and in 1940, 133. Legislation now in effect does not call for any peremptory plan for consolidation, but that consolidations believed to be desirable in the public interest shall be worked out between the carriers themselves and submitted to the Interstate Commerce Commission for approval. This voluntary rather than compulsory basis seems to adequately meet requirements in the interest of the railroads and the public.

IX.

RAILROAD REGULATION.

Railroads are extensively regulated by the agencies of the Federal and State governments and their operations are also affected in various ways by City Ordinances.

The first regulatory Interstate Commerce Act was passed in 1887. Its purpose was generally to prevent discrimination and rebates. Since that time regulation has been made extensive and grows with almost every session of Congress. Laws and regulation are now concerned with freight and passenger rates, and publication of tariffs relating thereto. No stocks or bonds can be issued, nor purchases of other railroads, without authority of the Interstate Commerce Commission, nor can new rail lines be built or abandoned without such authority. Hours

of service, safety standards, minimum wages, accounting, working conditions of employes, and many other things are subject to National or State laws and regulation.

The difficulty of the existing situation is that railroads are regulated as a monopoly, which they are not, but are expected to make their own way against other aggressive and growing forms of competition, namely, waterways, highways, airways, pipe line and private transport, many of which are subsidized by direct gifts and aids, and in one instance by the Inland Waterways Corporation, owned and operated by a governmental transport agency on the Inland Waterways System.

X.

RESULTS OF FEDERAL OPERATION  
OF RAILROADS, WORLD WAR I,  
CONTRASTED WITH PRIVATE  
OPERATION WORLD WAR II.

Freight rates and passenger fares increased sharply during World War I - the average passenger revenue per passenger mile increased about 51 per cent and the average revenue per ton mile increased about 80 per cent. Freight rates remained at approximately the pre-war level throughout World War II and passenger fares increased only slightly.

Federal operation during and following War I (from Jan. 1, 1918 to Mar. 1, 1920) resulted in a deficit to be borne by taxpayers of \$1,616 million, notwithstanding the increase in freight rates and passenger fares. Under private operation in

War II no loss whatever was sustained by the taxpayers. In the three year period 1918-1920 the railroads paid the Government an average of \$133,000 per day in taxes. In War II, 1942-1945, they paid an average of \$2,533,000 per day in Federal Income Taxes. Losses and taxes considered, the Federal Government was about \$4,400,000 per day better off under private operation, with traffic rates at pre-war levels.

The actual operating performance was outstanding under private operation. With one-fourth fewer employes, one-third fewer locomotives, one-fourth fewer freight cars, and one-third fewer passenger cars, the railroads on the average each month moved about twice as many troops, had twice as many passenger miles, moved more than five times as much Army freight and twenty times as much Navy freight, and nearly twice as much other freight, in World War II under private operation than in War I, under Government operation.

## XI.

### CONCISE SUMMARY OF REASONS OPPOSED TO GOVERNMENT OWNERSHIP, OPERATION, OR NATIONALIZATION OF RAILROADS IN THE UNITED STATES.

"Most of us have definite objection to Government subsidies to the railroads to enable them to meet the interest on their outstanding bonds or for any other purpose, and most of us also oppose Government ownership and operation of the railroads. I do." --

Franklin D. Roosevelt, President of the United States, in message to Congress, April 11, 1938.

Using as an example the only two specific results under Government operation - the railroads in World War I, and the Inland Waterways Corporation - it can be fairly said:

1. Government operation of railroads would be much more expensive for the Government and the public.
2. Shippers and the public in general, as well as officials responsible for operation, know that rail service is more efficient and satisfactory under private operation.
3. The deficits from rail operation and loss of taxes will be great and must be paid by the general taxpayers.
4. The Inland Waterways Corporation, created to determine the economy and feasibility of water transport, (with the credit and backing of the U.S. Government) has operated for more than 20 years on waterways provided without cost to or the payment of tolls by the Corporation and has, if charged with all costs of operation, taxes, interest, etc., such as a private concern would bear, piled up a tremendous deficit borne by the taxpayers. A joint committee of Congress on reduction of non-essential Federal Expenditures, cited 44 Government corporations, one of which was the Inland Waterways Corporation.

Other considerations follow:

5. Federal operation would doubtless be attained through a central organization, functioning by means of district organizations headed by a Federal officer. In War I, we had a Director General of Railroads, with Federal Managers over district groupings

of railroads. Directions originating in the Central organization were slow to become effective on the various systems. They were general in their application to all conditions, while frequently conditions are greatly different on various lines. Railroad operation is a live, fast and virile thing. No general rule will apply under all conditions. Quick decisions must be made to operate efficiently and give satisfactory service. Initiative is required and rewarded. Government red tape is paralyzing and does not permit of much variation from prescribed directions. These observations are made by one in a degree of authority during Federal Control and who has long and varied railroad experience.

6. Under private operation, there is much demand for improvements in facilities and service. These are denied where unjustified. Under Government management will be in a sense partially political, even under Civil Service rules. It will not be easy to deny unjustified expenditures when political patronage has an entry. Of the 60,000 rail stations there would be a constant demand for improved local facilities as a matter of civic pride. In the larger centers, this would go to the abandonment of facilities and yards, then consolidation and location elsewhere. Local communities would vie for the extension of favors to attract new industries. Extension of lines would be demanded. Demands for elimination of grade crossings would multiply with the Government paying the entire expense. Hundreds of requests or demands now denied would be the subject of political considerations, and would result in unjustified expenditures and waste. The political pie counter would have endless patronage.

7. The competitive spirit now existing between individual railroads would probably be destroyed. Under existing conditions, while rates are almost uniform, still there is the keenest rivalry between different managements for hauling the available traffic. This competition results in constant research and a search for faster and better service to patrons. Rewards for results are recognized and costly errors and inefficiency are penalized. Deficits are red lights meaning danger to those who are responsible for incurring them. They cannot be hidden nor covered up by reimbursement from the general taxpayer as is so often done in other government operations and excused under the guise of "the public welfare".

8. Nationalization of railroads is recognized by those who desire nationalization of industry in general as a favorable step to that end. Certainly, if railroads are nationalized, the Government would not likely permit active competition from other forms of transport. Consequently, nationalization would spread to all forms of transport, probably to other public utilities, and gradually to price and production control of the elements essential to the functioning of transportation, thus to general nationalization of all industry - totalitarian control as opposed to the principles of free, private and competitive enterprise.

9. Nationalization of railroads is opposed by the greater part of railroad labor leaders, and by the general public. Many labor leaders have from time to time so expressed themselves. In 1942 the Ninth Triennial Convention of the Brotherhood of Locomotive Engineers reaffirmed its 1936 declaration in opposition

to government ownership or control of railroads. Geo.M.Harrison,  
President of Brotherhood of Railway Clerks, said in a public  
address in Indianapolis, Oct. 31, 1946, partly as follows:

"We must re-affirm the rights of private property and  
free choice of action. Our system of private com-  
petitive capitalism must continue to be the foundation  
of our Nation's peaceful and expanding economy. Free  
competition and free men are the strength of our free  
society. Management of industry must enjoy the  
inherent rights to fulfill the responsibility for  
directing the enterprise and to secure a reasonable  
profit."

In a published pamphlet by the Railway Labor Executives'  
Association, May 1946, there is set out a "Program and Objectives  
of Transportation Labor in the Post War Period". This Association  
is composed of the Chief Executive Officers of 20 of the 21  
standard railway labor organizations, in fact, all but Mr. Whitney's  
organization.

This pamphlet sets out the needs and objectives of rail-  
road men. Nowhere does it even suggest the possibility or  
desirability of Government ownership or control of railroads.  
On the other hand, it deals extensively with the things management  
and other employes ought to work out cooperatively. A quotation  
from one paragraph seems to negative any thought of nationalization  
of railroads:

"Since, however, domestic transportation is subject to  
government regulation, equal treatment of competing  
transportation agencies is called for. Government  
policy should enable each branch of transportation to  
render adequate services to the public at economically  
sound rates, to provide proper working standards for  
employes, and to earn a reasonable return on investment".

Certainly, almost all organized transport workers do and  
would object to nationalization of railroads.

In the present state of the public mind, including railroad labor, nationalization would be opposed. The danger of such a course lies in such a measure of government regulation, control, and treatment, as to make it impossible for the railroads under private operation to exist as solvent and sufficient institutions. Their control is now approaching ownership, but without responsibility for adverse results.

10. The exercise of a financial judgment and appraisal would be against nationalization of railroads. The experience of transportation costs in other countries, especially where Government owns and operates railroads should be a deterrent. Within U.S. experience, private operation is better and cheaper. Why then with an already overwhelming national debt should it be considered that the Government could or should add the cost of the railroads to the present debt, pay interest on the essential increase thereof, maintain an inferior and more expensive service, and then also lose its present tax revenues. With such a possible or probable prospect no sane investor would accept the responsibility based on probable financial results.

NO1

10 A.M.

18 paid

TELEGRAM.

LOUISVILLE KY 9.04 P.M. SEPTEMBER 4

F.B. ADAMS

CAMPBELL N.B.

CONSIDER IT A PRIVILEGE AND SHALL BE GRATEFUL FOR THE OPPORTUNITY OF  
DINING WITH THE LADY ON SEPTEMBER SEVENTEENTH.

J.B. HILL.

Dear Eleanor - I appreciate you having made this meeting possible because I believe each of you may get something stimulating and valuable from the other's point of view. I enclose a copy of his latest monthly message to employees in the current number of our magazine in case you have a spare five minutes - Yours sincerely, Fred B. Adams.

*Keep for Arthur  
Fred B. Adams*

*Arthur  
Fred B. Adams  
Campbell N.B.*

# THE LOUISVILLE & NASHVILLE Employees' Magazine

VOL. 23

LOUISVILLE, KY., AUGUST, 1947

No. 8

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Helen Thomas, Women's Section Editor

THE LOUISVILLE & NASHVILLE EMPLOYEES' MAGAZINE is published monthly at Louisville, Ky., by the Louisville & Nashville Railroad, in the interest of its employees. It is distributed without charge to all employees, both active and retired.

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## Friendly Ties

"What sunshine is to flowers, smiles are to humanity. They are but trifles, to be sure; but, scattered along life's pathway, the good they do is inconceivable."

—Addison

SEVERAL years ago a tooth-paste manufacturer conducted a national advertising campaign around this sentence: "Smile, plain girl, smile!" The idea—and it was a good one—was that a smile imparts a real beauty to anyone, whether one is blessed with facial comeliness or not.

Railroad patrons, like everybody else, appreciate a smile with the service they buy, and quite often are so struck with an employee's cheerful attitude that they write us about it.

Mrs. Hazel Hurst, 1910 Scott Avenue, Nashville, Tenn., did just that a short time ago. Addressing President J. B. Hill, Mrs. Hurst says: "In all my years of traveling around on trains I never met a more pleasant or courteous person than your flagman, *Leroy Hogg*."

"Always smiling and so happy looking, he made one feel good to see him passing through the train. . . . I heard others make the same remark concerning him."

When Gene R. Johnson, wage inspector, Illinois Central Railroad, Chicago, and his wife arrived at Dales, Ill., for a visit with relatives, they were distressed to learn that their baggage, routed to Broughton, Ill., had not shown up. The first day they called for the baggage it was after hours and Agent B. H. Foley had already gone home. The Johnsons were directed to his residence and came to see him about the baggage.

"From the outset he exhibited a genuine concern and busied himself in rectifying the error," wrote Mr. Johnson. "He even offered me a selection from his wardrobe to tide me over. He finally ran our vagrant baggage down and we were in fine shape again. . . . But, aside from locating our clothes, we were sure of a pleasant contact each day when we called. . . . For good measure, Mr. Foley gave us some first-hand advice on where to find the good fishing holes."

An error made by a ticket agent of another railroad opened the door for General Agent George W. Phelps, San Francisco, to perform courteous service for an appreciative patron.

H. M. Gerber, president, Louisville Water Company, writes that upon arrival at San Francisco recently he discovered that, due to "a very exasperating and vexatious mistake," his tickets were "all messed up." With genuine patience Mr. Phelps rectified the error, much to Mr. Gerber's pleasure.

When Rev. J. E. Williams, pastor of the Brunswick Baptist Church, Brunswick, Tenn., began his long journey to Copenhagen, Denmark, to attend the Baptist World Alliance, a request was made to have No. 104 make a special stop to pick him up. Proper arrangements were accomplished and on the night of July 13 Rev. Williams boarded the train as scheduled.

Writing District Passenger Agent A. E. Groves, Memphis, Tenn., T. N. Bourne, chairman of the church's board of deacons, expresses thanks, pointing out that the people of the community have the "kindest feelings toward your company and your able and efficient agent, *Opie Jackson*."

In a brief story titled "Modern-Age Diesels Are a Thrill to Watch," an editorial writer for *The Falmouth (Ky.) Outlook* recently praised The Southland and Conductor J. A. Regan of that train's crew. Of Mr. Regan the article says in part: "If you've ever traveled the L. & N. on the way to Florida and return and had the privilege of having him as your conductor you know what we mean when we say that he is one of the 'best.' Even the other night, despite his great hurry and seriousness, Mr. Regan had time to stop and shake hands. . . ."

# President's Message

(No. 149)

Louisville, Ky.  
August, 1947

To Fellow Employees:

The law governing the relations between railroad employers and employes is found in the Railway Labor Act. Railroad employes and some others are not affected by the provisions of the Labor-Management Act of 1947 (Hartley-Taft Bill) recently overwhelmingly approved by both houses of Congress after months of exhaustive hearings and consideration.

There has been more emotional discussion of the new law than a real understanding of its contents. A deeper look should be taken of the causes for its original passage. It was not strictly a partisan measure supported alone by members of one political party. This is shown by the favorable vote in both Houses, the lower House voting 308 in its favor and 107 against, while the Senate vote was 68 for and 24 against. In the House vote were included 93 Democrats for the bill and 84 against it; and in the Senate 21 for the bill and 21 against it.

An impartial or unprejudiced analyst might conclude that the inevitable natural law has again asserted itself—that action and reaction are generally about equal; and that it is the excess or abuse of authority that causes trouble. There was a period when employers thought they were in the saddle, and later labor leaders occupied the favored seat. Now, the reaction has come and the pendulum has again swung toward a readjustment.

The Railway Labor Act, while frequently referred to as a piece of model regulation, has not always functioned perfectly or even satisfactorily. If in the light of recent legislation it needs revision, the railroad employers and employes ought to sensibly agree upon what seems necessary. All railroad men and railroad interests, including both employers and employes, must not forget the fact that our industry is impressed with the requirements of a public service and if we cannot properly and peaceably settle our differences, some increased government regulation, control, or even ownership, will be invited—something that few railroad men or the public now want.

All laws, correctly and legally interpreted, should be obeyed in letter and spirit until modified by other legislation enacted through the force of public opinion. Any other course will surely invite a greater governmental intervention in regulating employer-employee relations. That this would be undesirable is subscribed to by most leaders in industry and labor.

Again, in the broader view, the free enterprise system of this country is under attack by many peoples and other countries. We believe that our form of government has given greater individual freedom and has done more, and will so continue, for the average man,

than any other government in the world, past or present. Leaders of Industry and of Labor, all employers and employes, must so conduct themselves as not to give our attackers material with which to discredit free enterprise or our form of government. This larger consideration must not be overlooked, lest we become victims of Communistic, Socialistic, or Fascist theories.

Another matter about which you may not be informed and which may need some explanation is the suit brought against this railroad and many others by the State of Georgia, in which it is claimed the railroads have violated the anti-trust laws by considering traffic rate matters through conferences of men composing various rate associations of the country. The United States Department of Justice has also filed a suit against the Western Railroads and the Directors of the Association of American Railroads which includes among other things a similar charge that there has been conspiracy among the railroads in making traffic rates.

Of course, the railroads have asserted that the conference method of making rates is not in violation of the law and that there has been no conspiracy, and also that all practices in which they have indulged over the years have been a sensible and necessary outgrowth of well-known practical methods for meeting the many complications that arise in and between the various regions with respect to rate matters. These practices have been within the knowledge of the Interstate Commerce Commission and all shipper organizations, with full approval of both. Evidence in both of these cases has been presented, but it is not probable that a decision will be rendered soon.

This brief explanation of the two suits has been made that you may know that your industry has not intentionally violated any law with respect to rate matters and that you may defend it against unjust charges.

There will be carried over to the next Congress a bill known as the Reed-Bulwinkle Bill (No. S-110) the purpose of which, concisely stated, is to authorize agreements with respect to rate making when *appropriately supervised and approved by the Interstate Commerce Commission*, as being desirable in the public interest, and not in restraint of competition, and to enable the railroads to properly perform their public service. At this writing the bill has been endorsed by 48 Federal Government and State authorities, including the Interstate Commerce Commission, 85 shippers' groups, 145 farm and livestock organizations, 108 business groups, and 552 chambers of commerce and civic organizations. It is difficult to see how rate matters can be successfully initiated and carried on except by the conference method between lines and regional associations. Railroad men and many shippers are greatly disturbed over the confusion that may exist should the courts render a decision adverse to the railroads in the suits above mentioned and should the Reed-Bulwinkle bill not become a law.

These matters are presented for your information and reflection.

Yours truly,



President



Above: Shown behind their beribboned prize peaches are, left to right: first-place winner W. H. LeNair, Maplesville, Ala., with his arm around his daughter Dorothy, of the queen's court; Queen "Chick" Jones, with her father A. S. Jones, Plantersville, second-place winner; and A. D. Headley, who is posing behind his son Houston's peaches which won third prize.

## A Peach Of A Time

To Prove That "Chilton County Peaches Are Tops," Growers And Civic-Minded Citizens Of Clanton And Thorsby, Ala., Stage First Annual Peach Festival

By Lou Nash



AUCTIONEER Tom McCord pointed a practiced finger at Lee Hornsby, of Eclectic, Ala., and said the one word "Sold!" with an inflection of finality. The high bidder mounted a gaily-bedecked platform on the grounds of Thorsby Institute to claim his newly-purchased bushel of peaches.

They were plump Hale Havens, packed with an eye to a critical market—firm, juicy, sweet. They had just been adjudged the best all-around peaches in Chilton County, Ala., by a trio of experts: Lyle Brown, horticulturist with the Alabama Extension Service at Auburn; John Bagby, marketing specialist, also of Auburn; and T. M. Farris, agricultural agent for the Old Reliable, working out of Atmore.

Left: The Queen and her court; left to right seated—Edna Lane Johnson, Esile Lou "Chick" Jones, Marjorie Bentley; standing—Betty Jean Gore, Dot Dennis, Mary Ann Deramus, Beth Sessions, Helen Mitchell, Dorothy Johnson, Dorothy LeNair, Marietta Hamilton and Inez Cox.