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GROUP MEETING

March 25, 1938.
9:30 A. M.

Present:  Mr. Magill
          Mr. Oliphant
          Mr. Gaston
          Mr. Haas
          Mr. Taylor
          Mr. Gibbons
          Mr. White
          Mr. Lochhead
          Mr. Upham
          Mr. Bell
          Mr. McReynolds
          Mrs. Klotz

H.M.Jr.:  Mac, I sent for Harry White. Will you see that he comes in please, unless he's sick.

          (Mr. Gibbons hands Secretary note.)
          
          You never mentioned it to me.

Gibbons:  It couldn't be, of course.

H.M.Jr.:  No. We've just gone through this whole thing. Has the appointment gone up?

Gibbons:  It's gone up and the President signed it. Now he says you understood that.

H.M.Jr.:  That's an absolute falsehood.

Gibbons:  That's what Mr. McGrath told me this morning. Well, you go ahead.

H.M.Jr.:  What?

Gibbons:  I say, you can go ahead. I am going to write the fellow and tell him.

H.M.Jr.:  (On phone) James Roosevelt, please.

Gibbons:  I called Jim Farley and he had an idea you had an agreement.

H.M.Jr.:  That's damn nonsense. I mean, with all the trouble going on here - have to pile something like that on me here.
Gaston: You don't want that? (Memo and news clipping.)

H.M.Jr: I don't care. We can send this fellow a wire, and I'll sign it while I'm still here.

Gibbons: I had already started a letter to be signed by you or me, telling him he had to do this before this thing went through - rather anticipated it.

(Mr. White enters.)

H.M.Jr: I was trying to put my mind on some Treasury business that is important - and give me stuff like this. It's ridiculous - we've got all this railroad stuff, and everything like this.

(Phone rings.) Hello. Hello Jimmy. There must be some misunderstanding - Steve tells me - that McGrath could be the State Chairman of Massachusetts - what?

(remainder of conversation with Mr. James Roosevelt follows:)

Regraded Unclassified
Gibbons: He shouldn't be appointed before he resigns.

McReynolds: The thing to do is to bring him down here and tell him he can't take his oath of office until he does resign.

H.M. Jr: I just can't ....

Gibbons: Will you leave it to me?

H.M. Jr: Will I leave it?

Gibbons: You are going away. He should be out before ....

H.M. Jr: Before he is sworn in.

Gibbons: Yes. Yes, sure.

H.M. Jr: I am not going to have a thing go on before he is sworn in. And, ah, Mac, this is what should be done. Before he is sworn in we should have a copy of his resignation and a copy of its acceptance from the Committee, and it should be - the fact that he - that that's been done can be given out to the press.

Gibbons: Why not this - why not me write a letter - I'll sign it - referring to that article, saying "You are wrong, and you must resign before you can be sworn in."

H.M. Jr: If you want to have it, we have a committee that worked before on that, but I'll say now that as long as he is making an issue of this thing, I wouldn't swear the fellow in if he does resign. I'll take your word for what Jimmy (Roosevelt) told you, but what Jimmy said on there (the record) is something entirely different.

Gibbons: But he didn't say that. He is in agreement with you.

H.M. Jr: All right.

Gibbons: It's all right - that's what he said. I know it.

H.M. Jr: All right.

Gibbons: However, there is the news article.
Hello.


Hello.

Good morning, Henry.

Jimmy, there must be some misunderstanding. Steve Gibbons just comes in and says that you said that I'd agreed that McGrath could stay a State Chairman of Massachusetts.

Oh, no, no, no.

What?

No, no, no, no. I said that the President knew in appointing him that he was the State Chairman of Massachusetts and that we were going to talk it over with him and see what — how we'd work it out.

Well, because we just went through this whole thing with Kelly.

Yes.

And McGrath has given out a lot of publicity up there...

Uh huh.

And, after all, ever since I'ye been here my understanding with the President is that a fellow cannot hold a political office and be in the Treasury at the same time.

Yes.

So...

Well, I think that's absolutely correct. Well, what he wants, do you see — the President knew about it at the time, that what he wants is a couple of weeks to be able to work it out and get the fellow he wants in as Chairman, do you see?
HMJr: Well...

R: He didn't - in other words, he gave out his state-
ments - whatever he gave out - for the purpose of
not having a lot of candidates on his hands, you
see?

HMJr: Well, it'll make it much easier for me if - if the
fellow will stop making statements...

R: Yes.

HMJr: and - like, I mean, "The Secretary of the Treasury
is over-ridden...." and that sort of stuff.

R: Yes.

HMJr: And - because it just puts my back up and I'm going
to fight, that's all.

R: Sure.

HMJr: And, after all, we started with seventeen members of
the National Committee in the Treasury and there are
none here now.

R: Yes.

HMJr: And I just went through the most difficult one I've
ever gone through - on Kelly - and the President
backed me a hundred per cent.

R: Yes.

HMJr: So, inasmuch as that's your State, Jimmy, if you
would tell this fellow to get out and keep quiet
why it'll keep peace in the President's family.

R: Yes. All right, sir. Well, it'll be all worked
out. And the boss knew about it so don't worry
about it.

HMJr: Well, I won't.

R: And it'll be all straightened out.

HMJr: You're going to take - you're going to assume the
responsibility then?
R: Yes, I'll straighten it out, boss.

HMJr: What?

R: I'll straighten it out.

HMJr: All right. Thank you so much.

R: All right, Henry.
H.M. Jr.: Well, if the newspapers ask you, Herbert ....
Gaston: They have asked, and we told them why everybody automatically goes out.
H.M. Jr.: I'd be a little more than that — we have always kept — might say that "Mr. McGrath evidently doesn't realize what kind of an organization he's coming into." See?
Gaston: Yes.
H.M. Jr.: And before he is sworn in I'd be a little bit stiff.
Gaston: I'll call their attention to the fact there have been other cases of this kind.
H.M. Jr.: We just got through with the Kelly case. Before McGrath is sworn in he's going to hand in his resignation.
McReynolds: McGrath is going to come down here for his oath — he sat in my office there and talked about his political activities — he understands — he will hand in his resignation.
H.M. Jr.: Now we all understand each other?
Gibbons: Well, just forget about it. It's through; it's through now as far as you are concerned. If you leave it to me he won't be sworn in.
H.M. Jr.: You heard Jimmy?
Gibbons: Yes, yes — yeah, I did.
H.M. Jr.: All right.
Gibbons: I don't want you to be annoyed with it any further; that is my point.
H.M. Jr.: Now, if we can tend to the Treasury's business — of the Government.

Dan, while we have Jimmy Roosevelt on my mind, — this memo for Jimmy Roosevelt — "will you straighten this out between Morgenthau, Fahey, and Delano," — and here's Fahey's message on the H. O. L. C. legislation — and the reason I'm giving this to Dan instead of you, by the time you read this
through you, mentally, would be bowed down, so I think that..... He said that "If Secretary Morgenthau wasn't actually to get anything done ...." this was Fahey.

Bell: Is that a draft?

H.M.Jr: This is the whole - the President - I'd like it to go back over to Jimmy this evening so he can sign it.

I am leaving today and Mrs. Klotz will have her hands full.

(Side conversation with Mrs. Klotz.)

Let's just slap Fahey down.

Taylor: Let him sit on himself.

H.M.Jr: I mean these boys around here - over at the White House - seem to have confidence in us, and we get all of this stuff. I don't know why, but we do. You take care of it and I'll be available this afternoon. It's good I'm getting out of town. I think I would have a fight if I stayed around here.

(To Mrs. Klotz) And this, I'll dictate to you personally.

(Dictates in low tone.)

Mac, you read this (letter) and dispose of it, will you?

McReynolds: Yes sir.

H.M.Jr: Now, Wayne, this is the reason - here comes in this railroad report late last night. Now I read it very hastily, and I admit that I don't know an awful lot about railroads, but you make a suggestion here, and my only contribution is that we might make it up in the - you see that the body of this thing - my only comment - I wish you'd go into your room and lock yourself in and see me this afternoon, and I don't know who - you call anybody on the staff who you think will be helpful to you. Now my only contribution on this thing, after going over it terribly hastily, instead of setting
up a committee of three again – now the President's
just been through this experience of T. V. A.
I am in favor of a new Cabinet member for
transportation, which includes water, rail, bus,
and airplanes.

Taylor: A Department of Transportation.

H.M.Jr: A Department of Transportation, and that is my
contribution – well that can be put in three words,
and after I have – that is my contribution to this
thing – this is confidential. There is some
stuff around that Miss Chauncey can find on
communications.

Gaston: Why not "and Communications?"

H.M.Jr: No. I have raised that, but they don't want
that. I don't know why, but they don't just –
this is for you, Herman (a memorandum) – for
some reason or other – I raised that point, but they
feel it would bog us down at this time. I don't
know why. I said exactly the same thing.

Gaston: It seems logical.

H.M.Jr: Wayne, here's another very, very, very confidential
from Frederic Delano on railroads that I got.

Klotz: That railroad stuff --(inaudible) --

Gaston: The answer to this (memorandum) is, when you
come back we hope to arrange it in.

H.M.Jr: That's the only thought I can give it - it's my
contribution.

Ros, you've got this message on tax exempts.
That's why I asked you to stay.

Magill: Yes, I've got it. I told you the situation on the
fore part. The introductory part, I think it's
all right. The latter part, when he comes to
suggest specifically what he would do, seems to
me is inconsistent and unworkable. Now it's a
question of straightening out the last page where
the specific proposal is made.

As you know, I'm up on the Hill all day.
H.M.Jr: Just give me time — when can we, we put down — when will it go down to the President?

Magill: Assuming that Senator Harrison plays golf tomorrow, which I expect, he will probably turn it off sometime tomorrow morning.

H.M.Jr: Well, to be reasonable, be ready to go in the Monday afternoon pouch?

Magill: I hope so.

H.M.Jr: What?

Magill: I hope so.

Oliphant: I'll be here tomorrow afternoon. Ros and I can get together on it in the morning and clean it up.

H.M.Jr: I mean, it will be reasonable to say Monday afternoon.

Magill: I think that is all right.

H.M.Jr: It is a question of tax-exempt bonds.

Magill: And salaries.

H.M.Jr: And salaries, and then there was a question of monopoly message; what's the status on that?

Oliphant: It is a document which you handed to me; I still have it on my desk, having communicated with both Thurman Arnold, Bob Jackson, and Ben Cohen, saying they are to get in touch with me, presumably today. As far as I can see it is just to turn that over to them because the bank holding part of it is theirs.

H.M.Jr: Well, when that is turned over I'd like for whoever is Acting Secretary to send a little memo to the President that we have done our job and it is in the hands of the Attorney General, so he will know that, see?

Magill: Will you (Oliphant) see that that is handled?
H.M.Jr.: I mean, whoever is here when it goes over - or what I'd do is this:

"My dear Mr. President: We are hereby sending you a copy of the material which we have today turned over to the Department of Justice."

Then the next move is up to them. He will know we have done our job.

As I see it, the railroad thing, loans - railroad thing, loans to industry, the question of tax exempts, and the monopoly message. What else?

Taylor: Rackets.

H.M.Jr.: Excuse me.

Taylor: Rackets.

H.M.Jr.: That doesn't concern us. There is no time limit on that. I am thinking of what he might call on us for. Railroads ..... 

Klotz: ..... loans to industry.

H.M.Jr.: Loans to industry.

Klotz: The question of tax exempts and monopoly.

H.M.Jr.: What else is there? Oh yes, he is going to keep talking about this question of this bill for flood control - stream pollution.

Bell: That was supposed to have been part of the loans to industry.

H.M.Jr.: It isn't, Dan, and I think you ought to take it and I think you ought to write a memorandum on it for the President, if you don't mind. I really don't think it's part - I think it's a separate thing, and I think, if you don't mind taking that thing and write a memorandum, pointing out the good and bad points of it.

Bell: We've done that.

H.M.Jr.: He hasn't got it, has he?
Bell: You and I sent him a memo and we pointed out the difficulties. As a straight financing situation we said "Yes." We favored it -- but there are differences. First, it will take about two years to put it in effect because the states -- nearly all the states -- will have to enact legislation.

Second, you are increasing contribution of the states from 15 per cent to about 54 per cent.

H.M.Jr: If you don't mind, Mrs. Klotz will give you -- under this thing, folder I've got -- I think the President gave me back this business on what he called this "Two Per Cent Plan," see?

Bell: It was not in those papers that you handed around.

H.M.Jr: Well, I think -- (To Mrs. Klotz) take a look at that -- the one with the blue cover.

If it's back in this -- if you don't mind, I'd like to shoot it back to him again. Say "Mr. Morgenthau asked me to send it back to you, and this is the way he and I feel about it. We don't think this is a part of loans to industry. After you have read this will you please advise us of what you think about it."

Frankly, when I go away tonight -- I am just as tired as I should let myself get, and I don't want to go away feeling that -- well, I mean that I am letting the President down on anything that we've got.

Bell: I'll take care of it.

H.M.Jr: I think if you will just pick that up -- well then if he wants something else, all right.

(To Mr. Magill) Now, so you can go on the Hill, you want to say anything to me before you go?

Magill: I would like to see you before you go this afternoon. I'd like to see you. I had an interesting phone conversation with Mr. Doughton I might tell you about.

H.M.Jr: A little bit depends on Sumner Welles. I am sort of keeping the afternoon open on the Mexican situation.
Magill: I normally come back here at noon, if you have five minutes somewhere from the period of twelve to about five to two.

H.M.Jr: Why not say you drop in and see me about a quarter of one?

Magill: All right.

H.M.Jr: We can kind of check on the state of the nation. All right - if you want to go.

Magill: I'll go back and push the steam roller back a little.

H.M.Jr: Just for the record, on yesterday, was the surplus tax yesterday - they voted on it? The surplus tax.

Magill: The four Senators who voted with the Administration were Senator Barkley, ah ......

Gaston: Senators Barkley, Bulkley, Connally, and La Follette.

Magill: Barkley, Bulkley, Connally, and La Follette - three Democrats and ......

H.M.Jr: And on the capital gains, there wasn't a vote?

Magill: La Follette.

H.M.Jr: La Follette?

Magill: On the undistributed profits tax - I think the entire Committee was present when they voted.

Oliphant: Careful to make no record vote.

Magill: No, they were careful to make a record vote.

Oliphant: The paper said "No."

Gibbons: All four candidates for reelection.

H.M.Jr: Well I am still proud of the Treasury. I still say that the only reform that comes out of this Administration comes from the Treasury.

Magill: I went to a musical comedy last night in which the star was delivered her evening gown in a box about that big (indicating - very small), and
after this tax thing is over, I wish you'd take my remains - I think you can put them in even a smaller box - and ship them back to Columbia.

Gaston: You're burned up, are you Ros?

H.M.Jr: The powder box was about that big (indicating larger).

Magill: Were you there last night?

H.M.Jr: Yes, we were.

Magill: Yes, the powder box was a good deal larger.

McReynolds: It's no longer just a question of bruises?

Magill: No, Lord! It's amusing, in this sense, that the machine is so well oiled; it's a pleasure to see it work. They missed their signals yesterday afternoon, but yesterday morning they were working in swell shape.

H.M.Jr: Doughton's pleased?

Magill: Substance of Doughton's conversation is that 'a good leader ought to be careful to follow the sentiment of the leaders of the country - the political leaders.' To say what he said in substance is this:

"I am not prepared to fight the House bill unless the country is going to support me."

H.M.Jr: If you could get ..... 

Magill: I assured him I was glad he was standing so strongly by me, and it was a great pleasure ..... 

H.M.Jr: If you can get more detail on it ..... 

Magill: One whole day on this thing.....

H.M.Jr: Did you see it in the Post, Ros? I mean, it's the very sentiment of the country on the surplus tax. He must have a lot of material on this tax - All right, my boy. Put on your bullet-proof vest.
Magill: Oh, I wear it closely. I wear my old clothes these days. There's no use getting run over in your best suit.

H.M. Jr: Also your gas mask.

Magill: You don't need that; it's all sweetness in life.

H.M. Jr: Harry, on this Mexican thing, is there anything you can contribute? Incidentally, you might take that back, Harry. I mean, is there anything more that I should know before they come in this afternoon?

White: Nothing except something possibly you are already familiar with - is that fact that the pressure is becoming a little greater against the Treasury in purchasing - I mean public purchases.

Lochhead: The editorial in the New York Times this morning - I think it is interesting to see the way they are building that angle up.

Oliphant: Senator King called me about that yesterday; I didn't take the trouble to report it to you.

H.M. Jr: What was his side - which way did he feel?

Oliphant: He said Mexico is going Red and you ought to quit buying. I didn't bother to pass it on to you.

White: I think all that suggests the possibility that you might consider the use of that statement with respect to the Silver Purchase Act and you could create the opportunity of ... .

H.M. Jr: (On phone) Senator Key Pittman, please.

Oliphant: Did he call you, Wayne?

Taylor: No, he didn't call me.

H.M. Jr: What else?

Oliphant: Nothing.

H.M. Jr: Herbert?
Gaston: No, I have nothing.

H.M.Jr: Now that - let me see that stuff from Boston a minute.

(Looks at Boston letter Mr. Gaston hands him and returns it.)

Gibbons: I'm going to call this fellow up.

H.M.Jr: Who?

Gibbons: This guy, and read the riot act to him, and ask him where he got that stuff, regardless of Jimmy. It's lousy.

H.M.Jr: You can handle it now.

Anything else?

Gaston: No.

H.M.Jr: George?

Haas: I've got a few items on the business situation. There is one construction figure moved up. There is --(inaudible)--

H.M.Jr: All right.

Haas: In here, the first figure on this is still too low.

H.M.Jr: (On telephone) Hello. Thank you. Hello Key. (Conversation with Senator Key Pittman follows:)
Thursday
March 24, 1938
9:58 a.m.

HMJr: Hello.
T.O.: Senator Pittman.
HMJr: Thank you.
T.O.: Go ahead.
HMJr: Hello.
Key Pittman: Hello.
HMJr: Key.
P: Yes.
HMJr: Henry talking.
P: Yes.
HMJr: How are you?
P: Pretty good.
HMJr: Key, I'd like to get your advice and confidence please. The question may come up about our renewing our agreement to buy silver from Mexico. Hello?
P: Yes.
HMJr: And I don't know yet, but the State Department may decide that it's part of their program that they may ask us to stop buying. And I wondered how you felt about it. I mean, it hasn't yet come to a head but it may and I'm leaving town tonight and I wanted to get your advice in confidence.
P: I don't know, Henry, I....
HMJr: What?
P: I'd like to drop in and see you about it, - ah - sometime.
HMJr: Could you do it today?
P: Well, would it be all right today?
HMJr: Well, I'm leaving town tonight. I'm going South with my family.
P: Well, does this have to be settled up before Monday?

HMJr: Ah - it doesn't have to be, no. But I mean I won't be here Monday.

P: I'm inclined to - I'm very much disgusted the way the Mexicans are acting.

HMJr: I see. But Taylor's entirely familiar with the situation and he'll be here - Wayne Taylor.

P: Yes. Well, of course I'd rather get your advice on some of this financial end of it.

HMJr: Well, I'll be here all day.

P: All right.

HMJr: I'll adjust myself to you.

P: Yes. You'll be where?

HMJr: I'll be here at the Treasury until five o'clock.

P: All right, thank you.

HMJr: Thank you.
H.M. Jr: (Nods to Mr. Haas)
Haas: Do you want -- (inaudible) --
H.M. Jr: (Signs a letter or memorandum.)
All right. (Nods to Mr. Taylor)
Taylor: The only special thing is about this credit report.....
H.M. Jr: Yeah.
Taylor: ..... and I'd better talk to you about that for a minute or two some other time.
H.M. Jr: (Nods to Mr. Gibbons.)
Gibbons: Nothing more.
H.M. Jr: You want to bring up anything else? You've got the 'battle of the Irish' in your eye.
Gibbons: You just go through with the program.
H.M. Jr: We've taken on bigger boys than that fellow.
(Points to Mr. White)
White: You asked for several memoranda which are ready but none of them are pressing - they can wait.
H.M. Jr: You and Cy can cry on each other's shoulder.
White: I think you might consider having a statement ready in the event that you decide to continue purchases of silver. I think you might be asked about it by the press. You might consider what you can say.
H.M. Jr: Did you talk it over with White?
White: (Nods "Yes.")
H.M. Jr: Cy?
Upham: Secretary Hull has written you a letter asking if we can, at the request of the Government of Haiti furnish them with bank examiners to examine the bank in Haiti, which is Government owned.
Mr. Diggs got the letter, and would like to talk to you about it sometime today if you can.

H.M.Jr: What do you recommend?

Upham: I should think it was pretty doubtful if we should go down there and examine a bank of issue. Mr. Diggs would like to do it.

Bell: It's a commercial bank too, you know.

Upham: It's a Government-owned bank, which not only furnishes currency ....

H.M.Jr: The State Department would like us to do it?

Upham: Yes, they would.

McReynolds: I think there is no question about it.

H.M.Jr: I think that is the kind of thing – it is a little we can do for South America. What is all this "good neighbor" stuff anyway? All right, the answer is, I will do it.

Lochhead: Chamberlain's speech seems to be pretty well received over in France and Belgium. Belgium rates have gone up, and France is trying to work up the enthusiasm about it. The pressure is off a little bit in both those countries this morning.

H.M.Jr: As Cochran said – said "I wouldn't call you up unless it is something important." Said "I wouldn't bother you for instance if Blum resigns," Said "I'll only call you up if it's something 'important."

Bell: It's just routine now.

H.M.Jr: Anything else?

Lochhead: No, that's all.

H.M.Jr: Dan?

Bell: Seems to me the way to answer this (memorandum) is to give a memorandum covering industries.
H.M.Jr: If we could have it this afternoon.
Bell: I haven't anything else.
H.M.Jr: If Taylor wants to handle it I wouldn't throw him out.
Bell: I'll let him read it.
Taylor: There is - if there is only one asset at the time ....
Klotz: --(Inaudible)-- (Laughter)
Bell: It's a good suggestion.
Lochhead: As a good secretary, you should know that.
H.M.Jr: She is a good secretary - she doesn't know how good she is.
(To Mr. Bell) That's all right?
Bell: That's all right.
H.M.Jr: Well, if anybody wants to see me this afternoon, I am keeping it open, as I say for the Department and Mr. Welles, so if anybody wants to see me, if they'll get in touch with Mrs. Klotz it can be arranged.
Oliphant: I want to ask, was Bill Douglas asked to make a list of those things that couldn't be sold?
H.M.Jr: No, I don't think so. Jones said, "All right, I'll take a look at them now."
Oliphant: He talked like there were a great many. He said he'd send us just a little sample.
H.M.Jr: All right, gentlemen.
Thursday 2
March 24, 1938
11:50 a.m.

HMJr: Hello.
T.O.: Senator Pittman.
HMJr: Hello.
Key: Pittman: Hello.
HMJr: Key.
P: Yes, Henry.
HMJr: Henry.
P: Yes.
HMJr: This Mexican thing has come to a head and I've got to make up my mind before I go away tonight.
P: Yes.
HMJr: Are we going to be able to get together?
P: Yes. I guess I can run there about three o'clock, how's that?
HMJr: Three o'clock? - I'll make it all right.
P: What's that?
HMJr: I'll make it all right.
P: What time are you folks thinking of leaving the office?
HMJr: A little after five.
P: Well, I'll - what's going on here is, you know, is we're voting today on this reorganization thing.
HMJr: Yes.
P: And I'm going to try and get down there a little earlier than that. You go to lunch at what hour?
HMJr: One o'clock.
P: One o'clock. Well, I'm going to try and get down there right after your lunch for a few minutes.
HMr: What time would that be?
P: Well, that would be about two.
HMr: Two o'clock. I'll be waiting here for you from two o'clock on.
P: Because I won't have very much time myself because we're voting on one thing at three and another thing at five - for unanimous consent. But I want to do - but I want to get your views on that whole situation.
HMr: Well, let's leave it - if I don't hear from you again I'll expect you at two o'clock?
P: Yes, sir.
HMr: Is that all right?
P: That's all right.
HMr: Now, I'll adjust my appointments, I'll change them around.
P: All right. Yes.
HMr: I'll expect you at two if I don't hear from you.
P: I want to try to be right on the dot too so that I can back here at three.
HMr: I'll be - I'll be waiting for you.
P: All right.
HMr: Thank you.
March 25, 1938

MEMORANDUM FOR:

TELEGRAPH CLERK, WHITE HOUSE.

Please have the following telegram sent to Miss Le Hand, at Warm Springs, over the White House direct wire, at 8 o’clock, Saturday morning, March 26th:

Miss Marguerite Le Hand, Secretary to the President, Warm Springs, Georgia.

Would appreciate your wiring me at Sea Island the result of the President’s conversation with Gason Gallaway stop If you refer to Gason Gallaway as our neighbor I will understand.

(Signed) Henry Morgenthau, Jr.
My dear Mr. Secretary:

At Mr. Welles' request there is given below the suggested statement which he read to you over the telephone for possible use in connection with the suspension of the silver purchase arrangement with the Mexican Government:

"In view of the decision of the Government of the United States to reexamine certain of its financial and commercial relationships with Mexico, the Treasury will defer continuation of the monthly silver purchase arrangements with Mexico until further notice."

Sincerely yours,

Herbert Feis,

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.
March 25, 1939

TELEGRAH TO THE PRESIDENT, WARM SPRINGS, GEORGIA.
(OVER DIRECT WIRE FROM WHITE HOUSE TO WARM SPRINGS)

STRICTLY CONFIDENTIAL

I AM IN RECEIPT OF THE FOLLOWING COMMUNICATION FROM
THE STATE DEPARTMENT QUOTE IN VIEW OF THE DECISION
OF THE GOVERNMENT OF THE UNITED STATES TO REEXAMINE
CERTAIN OF ITS FINANCIAL AND COMMERCIAL RELATIONSHIPS
WITH MEXICO COMMA THE TREASURY WILL DEFER CONTINUATION
OF THE MONTHLY SILVER PURCHASE ARRANGEMENTS WITH MEXICO
UNTIL FURTHER NOTICE END QUOTE PERIOD UPON RECEIPT
OF THIS REQUEST MR SUMNER WELLES AND I HAD A LENGTHY
CONFERENCE WITH SENATOR PITTMAN PERIOD SENATOR PITTMAN
ADVISED US THAT HE FELT THAT IT WOULD COME WITHIN THE
SPIRIT OF THE SILVER PURCHASE ACT FOR THE TREASURY TO
NOTIFY THE MEXICAN GOVERNMENT THAT UNTIL FURTHER NOTICE
WE WILL SUSPEND OUR SILVER PURCHASE ARRANGEMENT WITH
THEM PERIOD SENATOR PITTMAN FURTHER STATED THAT HE
FELT IT WAS IN THE INTEREST OF OUR FOREIGN POLICY THAT
THIS STEP BE TAKEN PERIOD WE PROPOSE TO COMPLY WITH
THE REQUEST OF THE STATE DEPARTMENT UNLESS YOU ADVISE
US TO THE CONTRARY

(SIGNED) HENRY MORGENTHAU JR
March 25, 1939

My dear Mr. President:

I thought that it would be helpful to you to have a number of quotations on the "right of asylum" made by various people down through history.

Miss Diamond, our Librarian, made the search for these quotations at the Library of Congress and I am sure that you will find a number of them most interesting.

Sincerely yours,

The President,

Warm Springs, Georgia.
ARRANGED CHRONOLOGICALLY
......"The city (Rome) was therefore not then the Empress (Patriocinium verius quam imperium) so properly as the protectress and refuge of the world".
CHAPTER 20

The Lord also spake unto Joshua saying,
2 Speak to the children of Israel, saying, Appoint out for you cities
of refuge, whereof I spake unto you by the hand of Moses:
3 That the slayer that killeth ANY person unawares AND unwittingly
may flee thither; and they shall be your refuge from the avenger of blood.
4 And when he that doth flee unto one of those cities shall stand
at the entering of the gate of the city, and shall declare his cause in the
ears of the elders of that city, they shall take him into the city unto
them, and give him a place, that he may dwell among them.
5 And if the avenger of blood pursue after him, then they shall not
deliver the slayer up into his hand; because he smote his neighbour unwittingly,
and hated him not beforehand.
6 And he shall dwell in that city, until he stand before the congrega-
tion for judgment, AND until the death of the high priest that shall be
in those days: then shall the slayer return, and come unto his own city,
and unto his own house, unto the city from whence he fled.
7 And they appointed Kedesh in Galilee in mount Naphtali, and Shechem
in mount Ephraim, and Kirjath-arba, which is Hebron, in the mountain of Judah.

..........................................................
6 And among the cities which ye shall give unto the Levites THERE SHALL BE *six cities for refuge, which ye shall appoint for the manslayer, that he may flee thither: and to them ye shall add forty and two cities.

7 So all the cities which ye shall give to the Levites SHALL BE forty and eight cities: then SHALL YE GIVE with their suburbs.

8 And the cities which ye shall give SHALL BE of the possession of the children of Israel: from THEM THAT HAVE many ye shall give many; but from THEM THAT HAVE few ye shall give few: every one shall give of his cities unto the Levites according to his inheritance which he inheriteth.
Franciscus à Victoria: (1480 – 1546)
Reflectiones Theologicae.

"because it has been the custom from the beginning of the world for any one to go into whatever country he chooses, and prohibition of entrance is a violent measure not far removed from war."
"Banished persons may seek a new home in the territories of other nations, and that their right to do so may be asserted by force if necessary."

"Even when there is great scarcity of corn, foreigners once admitted cannot be expelled, but the common evil is to be borne in common."
Pufendorf, in his "Of the Law of Nature and Nations", discusses the subject of the admission of foreigners into a State in a far more detailed way than Grotius, and the historical instances he adduces are far later and more relevant. A very striking instance of the usage that he mentions is the licence given by the Emperor Valens to the Huns to settle in Thrace and to the Goths to immigrate across the Danube into Roman territory. The Huns are heard of for the first time in the reign of Valens. Immigration into Roman territory was conceded them in 376 A.D.
During the short peace succeeding the treaty of Amiens, Napoleon, First Consul of the French Republic, demanded that our government should remove out of the British dominions all the French princes and their adherents, together with the bishops and other individuals, whose political principles and conduct must necessarily occasion great jealousy to the French Government" (Mr. Merry to Lord Hawkesbury, June 4, 1802; Parl. Hist., xxx. 1263).

To this demand Lord Hawkesbury replied, his Majesty 'certainly expects that all foreigners who may reside within his dominions should not only hold a conduct conformable to the laws of the country, but should abstain from all acts which may be hostile to the government of any country, with which his Majesty may be at peace. As long, however, as they conduct themselves according to these principles, his Majesty would feel it inconsistent with his dignity, with his honour, and with the common laws of hospitality, to deprive them of that protection which individuals, resident in his dominions, can only forfeit by their own misconduct' (Lord Hawkesbury to Mr. Merry, June 10, 1802).
As long as their country exists, Juries, in England, are girt round with impenetrable armour. Till the destruction of their country no danger can fall upon them for the performance of their duty, and I do trust that there is no Englishman so unworthy of life as to desire to outlive England. But if any of us are condemned to the cruel punishment of surviving our country—if in the inscrutable counsels of Providence, this favoured seat of justice and liberty, this noblest work of human wisdom and virtue, be destined to destruction, which, I shall not be charged with national prejudice for saying, would be the most dangerous wound ever inflicted on civilization; at least let us carry with us into our sad exile the consolation that we ourselves have not violated the rights of hospitality to exiles—that we have not torn from the altar the suppliants who claimed protection as the voluntary victim of loyalty and conscience.
"I undertake to say that they (Congress) will never make poverty a barrier against emigration to this land, which has ever been the asylum of the poor and oppressed foreigners."
"It has been the glory of this country (England) to afford the right of asylum to the persecuted foreigner. That is a glory which I hope will ever belong to this country."
"How true that has been of this country! We have had exiled kings here, an exiled priesthood, an exiled nobility; we have had the Emperor of the French an exile here, plotting against the throne of Louis Philippe, and now his object is to destroy that very asylum which afforded a refuge to himself. Will you allow the laws of England to be perverted for such a purpose? I trust that you will hesitate long before you do so, and that you will see doubts enough in this case which will compel you to say that the crime charged in the indictment has not been proved against the prisoner. I need not remind you that it has been of the greatest advantage to this country that her free shores have been open to exiles from other lands. The requisitions of Philip II of Spain led to an insurrection in the Netherlands, and conducd to the more firm establishment of Protestantism in this country; the revocation of the Edict of Nantes drove to our shores the Saurins, the Romillys, and the Laboucheres, who have shed a lustre on this country. Will you, then, at the bidding of a neighbouring despot, destroy the asylum which aliens have hitherto enjoyed? No; I am satisfied that you will not."
"Among writers on public law, the preponderance in weight of authority, as well as the majority in numbers, concur with Cicero, who declared that the right of expatriation is the firmest foundation of human freedom, and with Hynkershoek, who utterly denies that the territory of a State is the prison of her people . . . All the countries of Europe . . . have encouraged the immigration of foreigners into their territories, and many of them have aided the emigration of their own people . . . Here in the United States the thought of giving it up cannot be entertained for a moment. Upon this principle this country was populated. We owe to it our existence as a nation . . . If we repudiate it now, or spare one atom of the power which may be necessary to redeem it, we shall be guilty of perfidy so gross that no American can witness it without a feeling of intolerable shame."
Sir: I protest against the declaration of the Belgian Government relative to the vanquished of Paris. Whatever may be said or done, these vanquished are political men. I was not with them. **I have protested against their acts: law of hostages, reprisals, arbitrary arrests, violation of liberties, suppression of newspapers, spoliations, confiscations, demolitions, destruction of the Column, attacks on the people. Their violences have rendered me indignant, as today the violence of the opposite party will do the same. The destruction of the Louvre would have been a crime—treason against civilisation. **I return to the Belgian Government. It does wrong to refuse an asylum. The law permits this refusal, the right forbids it. I, who write you these lines, have a maxim: Pro jure contra legem. The asylum is an ancient right. It is the sacred right of the unhappy. In the middle ages the Church accorded this asylum even to parricides. As for me, I declare that: This asylum, which the Belgian Government refuses to the vanquished, I offer.** Where? In Belgium. I do Belgium that honor. I offer an asylum in Brussels. I offer an asylum, Place des Barricades, No. 4. **If a vanquished of Paris; if a man of the reunion called Commune, which was very little elected by Paris, and which, for my part, I never approved—if one of these men were he my personal enemy, above all if he is my personal enemy, knocks at my door, I open, he is in my house. He is inviolable.** If a man is beyond the pale of the law, let him enter my house. I defy anyone to tear him away. I am speaking of political men. **What can certainly be affirmed is, that England will not deliver up the refugees of the Commune. Why place Belgium below England? The glory of Belgium is to be an asylum. Do not take from her that glory.
It is not enough that the presence or acts of a foreigner may be displeasing to a foreign power. If that rule were accepted, where would be the right of asylum? The refugee would be followed by the vengeance of his own government, and driven forth from the home he had chosen, in a free country. On this point, Englishmen have been chivalrously sensitive. Having undertaken to protect the stranger, they have resented any menace to him, as an insult to themselves. Disaffection to the rulers of his own country is natural to a refugee; his banishment attests it. Poles hate Russia; Hungarians and Italians were hostile to Austria; French Royalists spurned the republic and the first empire; Charles X, and Louis Napoleon were disaffected to Louis-Philippe, King of the French; legitimists and Orleanists alike abhorred the French republic of 1848, and the revived empire of 1852. But all were safe under the broad shield of England. Every political sentiment, every discussion short of libel, enjoyed freedom. Every act not prohibited by law—however distasteful to other states—was entitled to protection. May, more: large numbers of refugees, obnoxious to their own rulers, were maintained by the liberality of the English government.
"It has been a proud distinction for England to afford an inviolable asylum to men of every rank and condition, seeking refuge on her shores, from persecution and danger in their own lands. England was a sanctuary for the Flemish refugees driven forth by the cruelties of Alva; to the Protestant refugees who fled from the persecutions of Louis XIV.; and to the Catholic nobles and priests who sought refuge from the bloody guillotine of revolutionary France. All exiles from their own country—whether they fled from despotism or democracy,—whether they were kings disrowned, or humble citizens in danger,—have looked to England as their home. Such refugees were safe from the dangers which they had escaped. . . . If guilty of crimes, they were punished; but otherwise enjoyed the full protection of the law."
In 1887, Lord Salisbury addressed a Circular Despatch to Her Majesty's Representatives in Europe and the United States requesting copies of Laws or local Regulations prohibiting the admission or continued residence of destitute aliens in the countries where they resided. This inquiry led to a most interesting Parliamentary Paper, whose effect is fairly summarized by saying that it showed that Great Britain at that date stood almost alone in not having any laws regulating the admission or continued residence of destitute aliens. Portugal, Russia, the Canton of Glarus, Saxony, Turkey, and Sweden and Norway nominally disclaim having any special laws. It is, however, very difficult to believe that Russia does not expel aliens, and in Saxony there is a kind of residuary power of expulsion.
"When we adopted the principle of religious liberty, we did so for the whole human race, and the distinction that some people were disposed to draw—but not the Government—between our own people and foreigners, was not a distinction known to English history nor could it be defended on grounds of Christianity or reason."
"In the case of an immigrant who proves that he is seeking admission to this country solely to avoid prosecution or punishment on religious or political grounds or for an offence of a political character, or persecution, involving danger of imprisonment or danger to life or limb, on account of religious belief, leave to land shall not be refused on the ground merely of want of means, or the probability of his becoming a charge on the rates."
The primary source of the Right of Asylum is undoubtedly International Law. The preamble of the Act of 1798, regulating aliens, alluded to persons who "really seek Refuge and Asylum from oppression and tyranny." This point has been alluded to, and also the circumstance that it forms what appears to be the first mention of the Right of Asylum in the Statute Book (cf. preamble of Statute 38 Geo. III. c. 50).
'If we take the establishment of liberty for the realization of duties to be the end of civil society, we must conclude that those states are substantially the most perfect which . . . include various distinct nationalities without oppressing them. Those in which no mixture of races has occurred are imperfect; and those in which its effects have disappeared are decrepit. A state which is incompetent to satisfy different races condemns itself; a state which labours to neutralize, to absorb or to expel them, destroys its own vitality; a state which does not include them is destitute of the chief basis of self-government'.
"Why, sir, under the provisions of the clause which is now under discussion, Carl Schurs would have been excluded from the country; also the great body of German refugees and emigrants from northern Europe who were resisting the encroachments of tyranny in the Old World. That period seemed to be one of the cycles in the life of liberty of the human race. In Germany, in France, in Austria-Hungary, in Poland, all over Europe, empire was crowding liberty back to the wall. Carl Schurs broke jail and came to this country with some of his associates. Thank the Lord for it! He came up into Wisconsin. The thousands of liberty-loving Germans and emigrants from Northern Europe that came into the State in which I had my birth, laid at that time the foundations for the thoroughly democratic population which has gone leagues ahead of all the other Commonwealths of this country in bringing government back to the people."
"We have retrograded in our attitude toward political refugees. The act of August 3, 1882, which for the first time debarred foreign convicts, excepted "those convicted of political offenses." The act of March 3, 1891, made the exemption bill stronger by the insertion of the following proviso: Provided, That nothing in this act shall be construed to apply to or exclude persons convicted of a political offense, notwithstanding said political offense may be designated as a "felony, crime, infamous crime, or misdemeanor involving moral turpitude" by the laws of the lands whence he came, or by the court convicting. The provision was in agreement with the best authorities on international law, which recognize that most political offenses are "admixt crimes," which would be considered common crimes if it were not for the political motive of the offender. The reason for the exemption in favor of political refugees is the general recognition of the fact that men and women who fight tyranny in the country of their birth may prove very useful and peace-loving citizens in their adopted country. We have erected monuments in this city to two Polish political offenders, Kosciusko and Pulaaki. I have referred to the German refugees who came to this country after the revolution of 1848 to escape capital punishment in their own country; some of them fought in our Civil War. One of these revolutionists, Carl Schurz, sat in the Cabinet of a President, an honored leader of the Republican Party. The son of another of these revolutionists, Charles Nagel, is a member of the Cabinet of President Taft, and, by the irony of fate, under the provisions of this conference report, should it become a law, would be compelled to enforce the law barring immigrants guilty of political offenses which do not differ from those committed by the German revolutionists of 1848."
President Woodrow Wilson in message to Congress vetoing the Immigration Literacy Test Bill, Jan. 28, 1915.

"The Immigration Literacy Test Bill embodies a radical departure from the traditional and long-established policy of this country, a policy in which our people have conceived the very character of their Government to be expressed, the very mission and spirit of the Nation in respect of its relations to the peoples of the world outside their borders. It seeks to all but close entirely the gates of asylum which have always been open to those who could find nowhere else the right and opportunity of constitutional agitation for what they conceived to be the natural and inalienable rights of men... Restrictions like these, adopted earlier in our history as a Nation, would very materially have altered the course and cooled the humane ardor of our politics. The right of political asylum has brought to this country many a man of noble character and elevated purpose who was marked as an outlaw in his own less fortunate land, and who has yet become an ornament to our citizenship and to our public councils. The children and the compatriots of these illustrious Americans must stand amazed to see the representatives of their Nation now resolved, in the fullness of our national strength and at the maturity of our great institutions, to risk turning such men back from our shores without test of quality or purpose. It is difficult for me to believe that the full effect of this feature of the bill was realized when it was framed and adopted and it is impossible for me to assent to it in the form in which it is here."
"Gentlemen: I want to approach the subject, of such a serious and sad nature which has just evoked an expression from M. Moch, only from the standpoint of the interior policy. In this regard, I can say that we all of us have the feeling of being the interpreters of the unanimous French spirit when we say that the sufferings of tens or hundreds of thousands of men who find themselves in the positions of pariahs in their country, have echoed painfully in our soul.

What must be the attitude of the French Government—that is, in the one policy on which I want to place myself on record. In this connection, I want to say not only that the necessary orders will be given, but even more; that from the first day, the council of ministers deliberated on this subject, and that in their name I issued precise instructions, so that those people who came for asylum to our country should be made welcome in accordance with all the traditions of French hospitality.

This is not the first time that the government is faced with such circumstances. On various occasions, since the end of the war, political refugees came in large numbers to our country. Whether they were Russians, Italians, Spaniards; whether they were monarchists, socialists, or communists, they received, each and everyone of them, the best possible welcome, with the only reservation which I now recall anew, that they respect the laws by which all who live in our land must abide.
"The whole civilised world is interested in this problem. We are faced with the very great difficulties which have been raised for all of us, for every country represented here; with the influx of a population not belonging to our country, many thousands in some cases, in some cases a lesser number,—but raising problem of great difficulty for all us. . . . Theoretically, we could simply reject the influx of this population. I can only say, personally, that if that had been done, it would have determined the decadence of the Christian civilization. It would have meant leaving thousands of persons to starve. As far as we are concerned, and I am quite sure that I am speaking not only for my own country, but for the countries of the whole world and certainly for countries here represented, that would have been a course which none of us would have liked or dreamt of entertaining for a moment. That opinion was reflected by the unanimous vote at the last Assembly of the League of Nations, which showed the view the civilised world has taken of our obligations in this matter . . . The problem is by no means solely a Jewish problem. There are many refugees who are not Jews. We have to deal with the total numbers concerned . . . The problem is not insoluble. After all we have to recognize, if we look at the situation impartially, that in spite of what, I hope, are the temporary economic difficulties, there is an enormous demand for work all over the world. There are enormous spaces to be filled physically, great spaces of unoccupied land. There are not only physical spaces, but, if I may be allowed to say so, there are great intellectual spaces also. It has been said by those who have made the pursuit of knowledge their life study that we are only beginning to scratch the mysteries of the world."
It is mainly in times of great economic and political stress that the ancient issue of the right of asylum receives, and should receive, a renewal of interest. It becomes of consequence not only to the refugee, but its preservation in a democratic country is of paramount interest to that democracy itself. That we are in the midst of a period of intense economic and political unrest cannot well be questioned. It is for that reason pertinent to clarify the historic role of the right of asylum and its importance to the concepts of democracy still prevailing.

**Primitive Peoples**

That the practice of asylum existed among the prehistoric nations is evident from the fact that it is found among all the primitive tribes known to civilization. Evidence of the prevalence of such an institution among the primitive nations is very ample. A. Hellwig, in Das Asylrecht der Naturvolker, Berlin, 1903, proves its existence in Australia and the South Seas, in Africa and in the Americas. Places of refuge are found among the Hindus on the Malabar Coast and among the Kafies of Hindukush (Scott Robertson, Kafies of the Hindu-Kush, 1896, p. 44).

**Ancient Jurisprudence**

With the dawn of civilization, in written history, the references to the right of asylum become more numerous. No attempt is made here at an exhaustive citation of authorities. The reference to some instances will remind the reader that the Christian State adopted this political institution from the ancients in an already well developed form. The sources of such adoption were not only created by custom and usage but were derived from literature and the Bible itself. The clearest exposition of the idea of asylum is found in the Old Testament. In Palestine six cities of refuge were provided for unintentional homicides, in order to prevent their being killed by relatives of the victim. It was clearly an endeavor to mitigate the rigors of the blood feud. It is interesting to note that these cities were to serve as an asylum both for natives and foreigners. This Biblical law was further elaborated in the Talmud (Makkot, ch. 2).
Asylum was extended not only for involuntary offenses, but for crimes of any kind; even fugitive slaves received this protection (Plutarch, De Superstitions, sec. 4). Certain sanctuaries, such as the temple of Apollo at Delphi, became famous throughout the Mediterranean world as a haven for the fugitive. But all temples had this privilege and exercised it constantly. The Greek States themselves went even further, and welcomed as inviolable guests such foreigners as had fled from the justice of their own country (E. Cailler in Darmestern-Saglio, Dictionnaire des Antiquités, vol. 1, part 1, p. 509). For example, when in 404 B.C. an oligarchic revolution in Athens was followed by a reign of terror, the city of Thebes decreed: That every house and city in Boeotia should be open to such Athenians as needed succor; and that whosoever did not help a fugitive should be fined one talent (Plutarch, Lysander, sec. 27). When the Greeks under the Ptolemies obtained control over Egypt they developed the right of asylum to an even greater extent. Unlike most ancient law, the law of asylum there took no cognizance of nationality, race or religion.

Rome

According to Roman tradition, immediately after Romulus and Remus founded the city of Rome, "they made a sanctuary of refuge for all fugitives... there they received all who came, delivering none up" (Plutarch, Romulus, sec. 9; compare Livy, book 1, sec. 8 and Dio Cassius, book 47, sec. 19).

Middle Ages

With the rise of Protestantism and the Reformation, great changes came about in the structure of the civil State and in political concepts. The canon and ecclesiastical law became narrowed down in its application to the different classes of population. For centuries the Church claimed, and tried to preserve, the right of sanctuary and political asylum.
The Huguenots - The French Commune

When the Inquisition was established in Spain and Italy the more enlightened countries accorded the right of asylum to the fleeing Protestants and other dissenters. With the beginning of the Thirty Years War in the 17th century, countries such as Holland, Sweden, Norway, the newly discovered America, and even Russia, opened their gates to the refugees from Central Europe. America itself was partly settled by these refugees. And in France, after the bloody St. Bartholomew's night, the French King allowed the city of La Rochelle to remain for years a city of refuge (ville de surete) for the Huguenots (Reinach, Orpheus, 1930, American edition, p. 363).

Colonial and American Principles

The colonists who emigrated to the United States, being themselves political and religious refugees, necessarily brought with them more than a mere observance of this tradition. It is true that quite early in American history there arose a conflict between property rights in slaves and the fundamental political concepts; and the colonies and states that were strongly slave-minded were not inclined to the right of political asylum in so far as it applied to servants and slaves. But the Biblical tradition which animated the Pilgrim Fathers caused them to write into the Body of Liberties of the Massachusetts Colony in New England, enacted by the General Court, in 1641, the following paragraphs: 2. Every person within this jurisdiction, whether inhabitant or foreigner, shall enjoy the same justice and law that is general for the plantation, which we constitute and execute one towards another, without partiality or delay. 89. If any people of other nations professing the true Christian religion shall flee to us from the tyranny or oppression of their persecutors, or from famine, wars, or the like necessary and compulsory cause, they shall be entertained and succored amongst us, according to that power and prudence God shall give us.
REFUGEES. Any person who under the stress of force majeure has left his home and become dependent on the hospitality of others is a refugee. For the purposes of the present discussion, however, the designation may be restricted to persons who have left the territory of the state of which they are or were nationals and no longer enjoy the effective protection of that state.

Even this definition covers a wide variety of cases. There is the individual political refugee who is still legally able to return to his state but does not do so because return would expose him to disagreeable consequences. There are cases in which some of the inhabitants of a country, including at times the government, have fled across its frontiers before invading forces. In older days it was not uncommon for an entire national community to migrate, abandoning its former territory to an enemy.

The individual political refugee has been a familiar figure in history. Since the days of...
Refrigeration — Refugees

persons involved were more or less at the mercy of those receiving them.

It is impossible to do more than give examples of this type of movement. For some centuries the Roman Empire received innumerable national communities of refugees, mainly of Germanic or Turkic origin. When few in numbers, they were usually drafted with the army; when numerous, they were given the status of "fosterati"; that is, they were left under their own chiefs, given lands, generally on the frontier, and employed on frontier defense. In an age in which land was plentiful, population sparse, the standard of living low and its manner simple the economic problem involved by this process was not at all complex; a grant of vacant land and perhaps a supply of one harvest's seed corn commonly sufficed. Occasionally emergency relief was given; the failure to supply such relief when promised to an exceedingly powerful body of refugees, the Visigoths, and attempts by the local population and officials to profiteer at their expense led in 378 to one of the decisive battles of the world, that of Adrianople. Outbreaks of plague, cholera and similar epidemics were apparently frequent among the refugees, and those who had no military value were often enslaved. The ethnographical and political consequences of the large scale admission of these communities were very great, for when the central authority weakened they recovered their independence and formed national states in their new homes.

Similar movements went on throughout the Middle Ages, particularly in the countries bordering on the great and ever unquiet Eurasian steppe. A variety of tribes took refuge with the various Russian princes or the kings of Hungary. They were usually granted land for settlement and certain economic and social safeguards (e.g. self-government, exemption from taxation), in return for which they had to perform military service whenever required. The famous Cossack bands of south Russia originated with Turki hordes who had taken refuge from stronger nations in the steppe, being reenforced by Russian and Ukrainian runaway serfs and masterless men, who preferred dangerous liberty to till the land under a Polish or a Russian lord. In 1239 Hungary received 200,000 Cumans, the survivors of a great battle with the Mongols on the Volga, and later Hungary and Austria gave shelter to many Serbian and other fugitives from the advancing Osmanli Turks. In doing so they provided themselves with sorely needed military reinforcements; but the benefit was not unearned. The wild immigrants solved their own economic problem by plowing the local pasture white; their men power was valuable, the loss of it was resented by the rule from whom the refugees had fled. The Mongol Khan used the pretext that the king of Hungary was sheltering his fugitive slaves (the Cumans) to invade and practically destroy Hungary. A similar complaint by the Turkish Khan with regard to Justinian's relations with the fugitive Avars in 558 had led to the first diplomatic relations between Europe and central Asia.

The part played by refugee movements in spreading knowledge has often been important. The manuscripts brought to western Europe by fugitive Greek monks after the fall of Constantinople gave an immense impetus to the revival of learning and arts known as the Renaissance; and knowledge of other types was widely spread by the religious refugees who were so numerous in a somewhat later age when, as conditions of life became more settled, national migrations ceased to be frequent (although they occurred up to quite modern times in central Asia and Africa).

From the sixteenth century to the eighteenth the commonest type of refugee was the religious. It is hardly necessary to stress the part played by such refugees in many events of world importance, such as the formation of the United States. If some of the earlier American colonists were adventurers, many were true religious refugees, such as the Pilgrims of the Mayflower and the earlier inhabitants of Pennsylvania, which, founded as a Quaker colony, afterwards became a home of refuge for dissenters of many other faiths. Land was still plentiful, and many of these refugees had time to make their preparations and to take with them the supplies necessary for their establishment. The American colonists' moreover retained the protection of their governments and were not altogether in a friendless condition.

Far worse of course was the case of victims of fanaticism, such as the Moors expelled from Castile in 1502 or the Moriscos driven out in 1609, who were given only three days to embark and allowed to carry only their personal property with them; the sale of their immovable property was expressly forbidden. No provision was made for their reception in Barbary, and most of the half million or more victims perished.

The story of the Protestants expelled from various Catholic countries during the Counter-
Reformation is much happier. They were usually welcome in Protestant countries, both out of religious solidarity and for their useful virtues, and while their expulsion nearly always impoverished the country which they left, their reception enriched that which they entered. English weaving, water engineering and finance owe much to the Dutch merchants, weavers and artisans who fled from the terror of the rule of the duke of Alva and to the later Huguenots; and Prussia had no more useful colonists for the waste spaces of the present Polish Corridor than the Austrian Protestants expelled from Sizburg.

A special and important place in the history of the movement is held by the Jews, who may be called a nation of refugees. In the Middle Ages and the Renaissance their experience was parallel to that of other religious refugees. In the fourteenth century masses of them fled from Germany before the crusaders and Flagellants, but were received hospitably by the kings of Poland and Lithuania, who granted them substantial privileges and assigned them the role of a middle class. Since there had hitherto been virtually no middle class in eastern Europe, the influx caused no great dislocation of the economic life, particularly as the Jews were denied admission to existing guilds and industrial corporations. Likewise the professed Jews expelled from Spain in 1492 were well received in the Ottoman Empire, which saw the benefit of introducing an intelligent middle class. The individual loss and suffering attendant on these large scale migrations were, however, very great. The German Jews were fleeing for their lives; the Spanish Jews had received four months' notice but had no adequate means of disposing of their property or collecting debts due them.

In the late nineteenth and the early twentieth century a steady stream of Jewish refugees from actual or threatened persecution in Russia and Rumania poured westward into England and the United States. For the first time these refugees had to face the modern problem of fitting into a social organization already highly developed. As, however, the labor market was still in general expanding, the difficulties could be met by transitional assistance and relief. To this end the great Jewish associations were formed; the Alliance Israélite Universelle, for example, carried through remarkable work in assisting migration, organizing emergency relief, advancing settlers the means to establish themselves, maintaining schools and assisting poor scholars. The Jewish Colonization Association was concerned principally with agricultural settlement. It founded colonies as far apart as Russia and Brazil, Palestine and the United States. The later emigrants generally enjoyed the help of relatives who had preceded them. Thus the Jews led the way in organizing the essential of refugee settlement—provision in advance of the means to tide over the transitional period.

Refugee movements of the old type still occurred in the Balkans, particularly in Macedonia, where at least four nations—Turks, Bulgars, Serbs and Greeks—were contending for mastery, each taking every opportunity to destroy all members of the exceedingly mixed population which did not belong to its own nationality. Each bout of fighting or change of sovereignty thus gave rise to large refugee movements, the members of the defeated nationalities fleeing to their kinsfolk. It has been estimated that in Macedonia alone, in the short period from 1912 to 1925, seventeen migratory movements took place, hundreds of thousands of persons being affected. Bulgaria alone received some 250,000 immigrants from 1878 to 1912.

All Balkan countries were affected, and a rough and ready exchange of population took place, the incoming refugees driving out earlier inhabitants of a hostile nationality and settling on their lands. In 1913 the idea arose of organizing this exchange. Meanwhile various western European and American committees helped to relieve the distress. Charitable bodies, like the Quaker societies, began to organize emergency relief in all parts of the world for refugees who hoped to return to their homes when the crisis was past. The foundation of the International Red Cross Society was also of inestimable value.

The importance of modern organization was tested in the World War, when the governments and considerable fractions of the populations of Belgium, Serbia and Montenegro fled from their homes before the armies of the Central Powers. Two hundred thousand Belgian refugees entered France, and an equal number took refuge in England. The latter were received and cared for by the War Refugees Committee headed by Lord Hugh Cecil, financed by voluntary subscription with government assistance and facilities. After a transitional period the refugees were absorbed into the economic life of the country and after the war were repatriated. The Serbian government was established in Corfu and the refugees, after transportation in allied vessels to that city, were distributed throughout Europe.
Refugees

Although largely in France, being supported by voluntary effort and by the allied governments. Although the mortality among the refugees was high, the organization for dealing with them was certainly more efficient than any which had preceded it.

After the war there was an influx in the opposite direction, from the succession states into the territory of the Central Powers. The governments concerned were usually prepared to receive and to grant nationality to refugees of their own race. The German Fluchtlingsfürsorge maintained concentration camps and placing offices. Hungary gave many Magyar refugees passes in its administrative services, thus greatly burdening the national budget. The fate of unnamed elements, however, was tragic. These were too often refused naturalization and were relegated to the ranks of the stateless.

A far more serious problem was created by the exodus from Russia. As a result of the Russian Revolution and subsequent civil wars millions of Russians had been uprooted, and of these about 1,000,000 members of the former ruling class or of counter-revolutionary armies were clearly unable to return to their native country. In 1919 and 1920 about 100,000 of these were in Manchuria, from 300,000 to 400,000 in France and Germany each and the remainder in eastern Europe. The sudden arrival of General Wrangel's counter-revolutionary army in Constantinople made that city a special center of congestion and extreme misery.

The allied governments, the charitable organizations and the east European states were spending large sums on relief; but this could not continue indefinitely, particularly as the last named were themselves very impoverished. It was urgently necessary to relieve the congested centers and place the refugees throughout the world where they could find work. For this purpose an international authority was indispensable, particularly since many refugees had no identity papers whatever and governments were often extremely suspicious of Russian refugees as possible Bolshevik agents.

In 1921 the International Red Cross and other great charitable societies requested the League of Nations to appoint a high commissioner to supervise the work in connection with the Russian refugees, define their legal position, organize their employment and repatriation and coordinate the efforts of the charitable organizations. In August, 1921, Fridtjof Nansen was appointed League high commissioner.

Besides the Russians Nansen subsequently took charge of the 200,000 to 250,000 Armenians who had survived the war and the massacres in Turkey and had fled into Greece, Bulgaria or the new French mandated territory of Syria, with some smaller groups of Assyrians, Assyro-Chaldeans and a few Turks who likewise had no natural protectors. The League has refused, however, to take over the "stateless persons" of central Europe or such political refugees as the Ruthenians and Montenegrins. These remain dependent on chance or charity.

The work was carried on first by Nansen, then, under his supervision, by the International Labor Office and after Nansen's death by the Nansen International Office for Refugees, an international bureau under the auspices of the League, which contributes toward its upkeep. The office is assisted by an Inter-Governmental Advisory Commission, on which the chief governments interested are represented, and an Advisory Committee of private organizations. The center is in Geneva, and many governments help the office to maintain local representatives.

The office acts as the agent for the distribution of certain relief funds; but its functions are not to supply relief, which if given at all is administered by governments or private societies. Its object is to enable the refugees to be absorbed in normal economic life. The most desirable solution is clearly repatriation. Nansen succeeded in negotiating the unmolested return of several thousand Russians. A plan to irrigate a tract around Erivan in the Soviet Republic of Armenia and settle there 50,000 Armenians fell through because governments would not supply money or accept the security for a loan offered by the Soviet government. Recently, however, the government of Erivan itself has undertaken the cost of the scheme, and 30,000 Armenian refugees are to be settled there. Some thousands are returning annually to Erivan. For those definitely unable to return, "Nansen passports" for Russians and Armenians respectively were introduced; these were accepted by many governments in lieu of ordinary passports. Subsequent intergovernmental arrangements have enabled the holders of these certificates to enjoy certain rights usually granted to foreigners by treaty. They are thus no longer entirely defenseless, although their rights still lag far behind their needs.

The Nansen passports have proved a great help in the work of settlement. The relief of the congested areas was carried through with con-
Encyclopaedia of the Social Sciences

Considerable success, the office acting as organizer and intermediary. It soon became clear that the work was one of detailed placing in a labor market which was overcrowded in most countries. France and Belgium, however, absorbed large numbers for several years, and some refugees were successfully placed in overseas countries. The office still deals with several thousand cases annually. The economic depression which began in 1929, however, hit the refugees severely. They were usually the first to be discharged from employment and were sometimes expelled from their countries without a home to receive them. In 1933 nearly 150,000 who were able to work were unemployed.

The office proposes to wind up its work by December 31, 1938. It has done invaluable service at a cost which has never exceeded a few thousand pounds annually; but it is clear that the only final solution lies in repatriation or naturalization, and the latter is growing increasingly difficult in modern times.

A special settlement scheme was carried through in Syria by the mandatory government, with the help of the Nansen office for the Armenians, thousands of whom had spent years in malarial concentration camps, foci of misery and disease. New urban quarters and some village settlements were constructed, and the camps were to be closed at the end of 1933. In this way about 40,000 Armenians were definitely settled.

Somewhat different problems arose in connection with Greece and Bulgaria. In the autumn of 1922, after the crushing defeat of the Greek army by the Turks in Anatolia, over 1,000,000 destitute and panic-stricken Greek refugees poured into Greece from Anatolia and Thrace. Greece was willing to receive them and to grant them nationality, but the task was far beyond its powers. Nansen was empowered to deal with the emergency and to distribute relief and medical aid. Afterward an exchange of population between Greece and Turkey was arranged. This raised the final number of immigrants to some 1,700,000 but left a reasonable amount of land available for their settlement. The League of Nations gave its authority for the raising of a loan of £12,300,000, which was administered by a Refugee Settlement Commission consisting of representatives of the League and of the Greek government. The work was handed over to the Greek government on December 31, 1930. It has been brilliantly successful. Over 50,000 agricultural houses and some 30,000 urban houses have been built and about 170,000 agricultural families and 25,000 urban families established and maintained through their initial difficulties at an average cost of £1.40 per person. The appalling mortality of the first period has been checked, and the refugees have been turned into self-respecting and self-supporting members of the world community. The fate of Macedonia has been reconstructed, drainage and irrigation have been carried through, and a new source of wealth has been added to the world.

Similar work on a smaller scale was accomplished in Bulgaria, where out of the 220,000 refugees who had entered Bulgaria between 1913 and 1925 about 50,000 families, or 120,000 individuals, needed help. The task was begun in 1926 and almost completed by 1933. A loan of £4,200,000 and £4,500,000 was raised under League auspices. The land was surveyed and allotted; houses were built and drainage and improvement works were carried out. Incidentally the general health and agricultural standards had been greatly improved, both in Bulgaria and in Greece.

It is clear that the refugee problem has been affected profoundly by modern conditions of life. In the increasing complexity of present day society a man is less easily able than ever before to dispense with the normal protection of his state; and the delicate relations of economic life are more easily dislocated, and with more disastrous effects, than the cruder conditions of the past. Greece and Bulgaria were still exceptional cases, since the recent movements of population had made land available for the immigrants, whom the new countries could regard as a source of strength and wealth. Even so there was much ill feeling between the immigrants and the other inhabitants; and while the help of the League enabled the settlement to be carried out with comparative ease, the process was basically uneconomic, since subsequently neither country was able to meet the full service of the settlement loans. The position of the refugee who has no mother country to receive him is miserable indeed. Modern organization of charity and relief and advanced medical knowledge may relieve the acuteness of the first crisis. But the ultimate absorption of the refugee who is unable ever to return to his home has become increasingly difficult. The question has been inordinately complicated by the excessively difficult economic conditions of the post-war period. On the other hand, it is only in times of difficulty and unrest that refugee movements on a large
scale are likely to occur. Where repatriation has proved impossible, naturalization is the only final solution. The countries which are reluctant to facilitate this solution might well reflect on historical evidence, which indicates that while refugee movements have usually occasioned great suffering among the refugees themselves, they have often enriched the countries which have granted hospitality and have almost uniformly impoverished those from which they fled.

Carlile A. Macartney
Hello.

Secretary Roper. Go ahead.

Hello.

Henry, how are you?

I'm pretty well. I got your letter of the twenty-fifth...

Yes.

...with regard to your man, Frank Wilson.

Yes. I thought he might be helpful to you.

Well, what I did was: the President gave me a lot of material and then he named the people that I should have come over to the Treasury.

Yes.

And I had everybody come that he named.

Yes.

And nobody came who wasn't named.

Uh huh.

And I thought I'd explain that to you.

Oh, yes.

And then I read in the paper about three times that you've announced at your press conference that you're referring all those matters to Jesse Jones.

Oh, no. We refer them to - we sent a copy to everyone, that is, the Treasury and - to every agency that we thought was interested. We didn't know about your committee...

Well, the President...

...at that time.
HMJr: Well, the President just did it before I left.

R: Oh yes.

HMJr: Now, if Mr. Wilson has something why I'm sure that Wayne Taylor will be delighted to hear from him.

R: Shall we then refer him to Wayne?

HMJr: If you don't mind.

R: I'll be very glad to.

HMJr: But I wanted to explain it, rather than writing you because...

R: Oh, that's all right, Henry.

HMJr: I was only carrying out the explicit orders of the President.

R: Oh, we understand that. You understand that I was tied up here with the little business men and I wanted to give you the benefit of all that we got out of them.

HMJr: Well, we need all the help we can get.

R: Now, there's another man that's very helpful but I won't bother you now I'll just incorporate it in the note then to Wayne.

HMJr: If you would I'd appreciate it.

R: Thank you, Henry.

HMJr: Goodbye.

R: Goodbye.
Friday
March 25, 1938
3:32 p.m.

HMJr: Hello.
O: Senator McNary.
HMJr: Hello.
Senator Charles L. McNary: Hello.
HMJr: Hello, Senator.
McN: Hello, Mr. Secretary.
HMJr: How are you?
MCN: Fine. How are you?
HMJr: Pretty well.
MCN: That's good.
HMJr: Senator, I'm calling you up about a matter I'd like to discuss with you for a minute in confidence, -?
MCN: Yes. You may.
HMJr: The State Department is going to ask us, in fact they did ask us this morning, to temporarily discontinue our purchases of silver from Mexico.
MCN: Yes.
HMJr: And unless you thought that it was contrary to the spirit of the Silver Purchase Act...
MCN: Yes.
HMJr: why I thought that in view of their request that I would comply.
MCN: You'd comply with the...
HMJr: With the request of the State Department.
MCN: Well, I— personally I think it's all right, don't you?
HMJr: I do, yes.
McN: Well, I'll - I'll follow you in your judgment.

HMJr: Well, they suggested that - as we know, they're having all kinds of trouble...

McN: Yeah. Well, whatever you do goes with me.

HMJr: But - and they feel, and I guess they're right, that is at this time on the thirty-first of March we simply tell them that until further notice we'll discontinue.

McN: I see.

HMJr: I think it'll strengthen the hand of the State Department.

McN: Yes. All right, that'll be fine.

HMJr: Thank you.

McN: Thank you a thousand times; I'll keep it in confidence.

HMJr: Thank you.

McN: Goodbye.
Friday
March 25, 1938
4:05 p.m.

HMJr: Hello.

O: Mr. Welles is with Secretary Hull, he'll be there quite some time.

HMJr: Well, just tell him I got a short message and ask him to step to the phone.

O: All right.

HMJr: Ask him to step to the phone; I just want to give him a short message.

O: All right.

March 25, 1938
4:09

HMJr: Hello.

O: Mr. Welles. Go ahead.

HMJr: Hello.

Sumner Welles: Hello.

HMJr: Sumner.

W: Yes.

HMJr: I thought you'd like to know that I've talked to Senator McNary in confidence and the proposal....

W: Hello.

HMJr: Hello.

W: Yes.

HMJr: The proposal is entirely agreeable to him.

W: I'm sorry, Henry, I couldn't hear.

HMJr: I talked to Senator McNary in confidence.

W: Yes.
HMJr: And told him what we were proposing to do.
W: Yes.
HMJr: And he said it was entirely agreeable to him.
W: That's very satisfactory.
HMJr: See? And I thought in view of the Vandenberg Resolution you'd like to know that.
W: Thank you very much indeed. That's very good.
HMJr: All right then.
W: Fine.
HMJr: Goodbye.
W: Goodbye.
Friday
March 25, 1938
4:10 p.m.

HMJr: Hello.
O: Dr. Burgess.
HMJr: Hello.
W. R. Burgess: O, hello, Henry.
HMJr: Randolph.
B: Yes, sir.
HMJr: I'm leaving tonight for what I hope will be a two-weeks vacation.
B: Oh, well I hope you get it.
HMJr: And we've had this agreement, while we haven't used it this week, that we'd go fifty-fifty with you fellows.
B: Yes.
HMJr: I'm leaving town and I just wanted to let you know that I was terminating that.
B: You're terminating that?
HMJr: Yes.
B: All right, sir.
HMJr: But there's one Wayne Taylor who will be here.
B: I see.
HMJr: And if the occasion should arise he'd be more than pleased to discuss it with you.
B: All right.
HMJr: Well, I just didn't want to leave an open-ended thing like that around.
B: That's o. k.
HMJr: See?
We - the market, you know, is a little weak today.

Ah - well - the Government bond market?

Yes; not much, a little.

Yes.

As a matter of fact we bought a million for you for Government life, the order we had.

Yes.

And we bought a million for ourselves, one bond that we're keeping around.

Yes.

But that's all.

Well, I just want - I didn't want to leave an open-ended...

Yes.

...agreement.

That's all right.

All right. What's your gossip in the Street on this stock market?

Well, there - one bit of gossip I get is that they're expecting some house to be in difficulty here.

I see.

I've heard that and I haven't been able to run it down any further, but - (Conversation breaks off at this point - no more of it was recorded.)
GROUP MEETING

March 25, 1938.
4:20 p.m.

Present: Mr. Magill
Mr. Taylor
Mr. Oliphant
Mrs. Klotz
Mr. Gaston
Mr. Bell
Mr. McReynolds
Mr. Gibbons
Mr. Upham
Mr. Lochhead
Mr. White
Mr. Haas

H. M. Jr: Where is everybody? Where's Oliphant?

(On phone) Isn't Oliphant coming? McReynolds?
Tell them they're late for school. And Gaston. What?
Tell them they're all late.

(Oliphant and Gaston come in)

Can I have that black book?

(Haas hands book to H. M. Jr)

Now, I just want to give a little pep talk before I leave. I mean I got a few things here; I'm not leaving anything, as far as I know, unfinished in the sense I've dumped anything into anybody's lap without giving them an answer how to handle it. I thought this morning I'd go away with a lot of things, but by tonight I've cleaned up everything, so that everybody, as far as I know, has got an answer to a particular problem. If they haven't got it, they'll get it before they leave the room.

(McReynolds comes in)

Three dollars, Mac.

Gaston: I already paid a dollar and a half.

H. M. Jr: Put it on yourself on the golf course tomorrow. I'll play you against the field.

McR: All right; I'll win it on the first tee.

H. M. Jr: Rather than have you win it on the 19th tee.

McR: Of course you can on the 19th, but if I'm going to win
at golf it's got to be on the first tee, as Wayne knows very well.

Taylor: See no evidence of it.

H.M. Jr: What I wanted to say is this. About, as near as I can make out, 90 percent of the people working for Mr. Roosevelt outside of the Treasury are going around licked, and I just wanted to say, we get here about 23 reports for 23 leading businesses in the United States, and while in some cases their businesses have been extremely low, still in many of the key industries they are at least holding their own. And in a case like United States Steel ....

(Phone rings; Mrs. Klotz answers)

Klotz: Mrs. Morgenthau.

H.M. Jr: ... they're up. Building is up.

(On phone) Hello. - Yes mam. (Holds conversation with Mrs. Morgenthau)

Want to talk to you (McR) about Stanley. He wants to break in the new car while we're gone. But let nobody else run it but Stanley, see?

McR: (Nods yes)

H.M. Jr: Huh?

McR: Yes, that's perfectly safe.

H.M. Jr: He said he did that for the Cadillac Company. All right?

McR: All right.

H.M. Jr: You can do the way we always do, find out who wants the - my old one.

What I wanted to say was this, that as near as I can tell - I mean I'm saying this inside the Treasury for the benefit of you people - you go through this book here the way I do every day and there is nothing to
indicate or justify the six-point drop in the stock market today. There just isn't anything there. Now, there may be some stock exchange failure hanging over the market, or something like that, but there is no business situation I can see. I'm talking about business situation - I mean individual business which is getting sharply worse, and there are a number which are getting better. But one of the worst troubles around here is that we have so many people working for Mr. Roosevelt who are selling the country, to use their own expression, "into the ash can." And you can talk people into a tailspin.

But I'll take business orders, and that's what I've got before me, as against business notions of some of these people around town. And the business orders do not in any way justify what the stock market is saying. And I'm more than willing to - that, based on the information which I've got here, to make a statement like that to you people.

And as I say, there are certain industries - the locomotive industry is - needless to say, it isn't good, and the railway supply industry isn't good. Retail trade is not bad. Any trade that is connected with the building industry is holding its own. Industries that have to do with business machines are holding their own. The level of their business isn't what it was last year or the year before, but, on the other hand, there is nothing that comes across my desk - and I've got as good information as anybody - which justifies this drop in the stock market. And I just want to leave that behind, see?

And that is, for me, a rather remarkable speech, but I think in view of what's happened here I did want to leave that with you people. And I don't know whether - George, you can speak your own mind whether you agree with me or not.

Hass: I agree with you, absolutely. In fact, some of the industries - they key industries, as you said, are pointing up.

H.J. Jr.: Well, I don't know; that is the way I feel about it.

Harry White shakes his head, he doesn't agree.
White: No, I'm afraid I don't, Mr. Secretary.

H.R. Jr: Well, that's all right.

White: But this is no time to discuss it.

H.R. Jr: No.

Well, anyway, all I'm saying is that unless somebody has something to show me which I haven't got, and you (White) haven't shown me anything to make me change my mind, I think at least we don't want to add to the general talk in Washington of talking this thing and making it worse; that is, unless the fellow has got something definite. And I say the most definite thing is the week-to-week orders that American business is getting. Now, when somebody has got something to show me that it is getting very much worse, I'll listen. But all I'm saying is, don't let's the Treasury, lacking definite concrete information, add to this "30 days, we are sunk" thing, which is all over town. You check on that, don't you, Harry?

White: Oh, that's quite a different thing.

H.R. Jr: All right. That's that.

Now, I got a few things which I cleared today. Mr. Daniel Roper wrote me a letter that he's very much hurt that he's not included in this committee which was set up on handling business. And Mr. Frank R. Wilson has consulted with a group of bankers in New York, conveying the requirements of business.

So I told Mr. Roper on the telephone that if I wrote him a letter I might say something which would hurt; that the people invited to come in were people who were designated by the President by name, and that nobody from Commerce had been designated. And furthermore, I had read various press conferences he had held and he always said he was referring all requests to Jesse Jones. He said that wasn't so. So I said that's what the paper said. So I said if Mr. Wilson had anything, why, we'd need all he's got.

But he's got studies, surveys, and commissions, and he's going to put them all at your disposal, Mr. Taylor.
I never heard of Frank R. Wilson. All I know is the head of Secret Service.

Bell: May be the same one.

Taylor: Maybe it's the same guy.

(Hearty laughter)

Did that indicate anything about him?

H.m. Jr: No, I never heard about him. But he's been in consultation with New York bankers.

The other thing is, I -- this is triple-confidential, but just so you people know -- I asked Senator Pittman whether he wouldn't call on me in his capacity as Chairman of the Committee on Foreign Affairs and as Chairman of his Special self-appointed Silver Committee, and he called on me at two o'clock. Mr. Welles was here. And as a result of his being here, I sent the following telegram, which is the quickest way to convey to you people ...

"Strictly confidential for the President.

"I have received the following communication from the State Department .... "(Copy of this telegram to President is attached).

And then I called up Senator McNary and told him what we were doing. He said, "Do you recommend it?" I said, "I do." He said, "I'll follow you."

And Senator Vandenberg's resolution calling on us -- saying, "Tell us all about silver," will be tabled and held up pending announcement by the State Department, which they hope will come Monday.

And then, Mr. Gaston, we are to make a simultaneous announcement.
Gaston: We will make our own announcement with respect to silver.

H.M.Jr: Well, here's the thing right there: "In view of the decision ....." There's the thing that they have asked us to give out. Give it out just like that.

Gaston: That's the telegram from you to ...

H.M.Jr: No, this is the letter from Herbert Feis. "Mr. Welles requests that, as given below, the suggested statement which he read to you over the telephone....." Then comes the statement.

Gaston: Yes, all right. Then we'll just simply give that out.

H.M.Jr: We'll just give that out, that's all.

Gaston: Yes.

H.M.Jr: See? But I just want to let you fellows know I've been working today.

Oliphant: That's fast work.

H.M.Jr: What?

Oliphant: That's fast work.

H.M.Jr: Yes.

Taylor: Just that, without any comments.

H.M.Jr: No comments.

Well now, who wants to hold this, and then - so it will go back into my files. Who wants this? What?

Lochhead: Well, I'll take it.

Klotz: My diary.

H.M.Jr: I give it to Archie because he's a good boy.

Gaston: I assume I'll await word from Mr. Taylor.

H.M.Jr: That's right.
March 25, 1938

TELEGRAM TO THE PRESIDENT, WASHINGTON, GEORGIA.
(Over direct wire from White House to Warm Springs)

STRICTLY CONFIDENTIAL

I AM IN RECEIPT OF THE FOLLOWING COMMUNICATION FROM THE STATE DEPARTMENT QUOTE IN VIEW OF THE DECISION OF THE GOVERNMENT OF THE UNITED STATES TO REEXAMINE CERTAIN OF ITS FINANCIAL AND COMMERCIAL RELATIONSHIPS WITH MEXICO CONCERNING THE TREASURY WILL DEFER CONTINUATION OF THE MONTHLY SILVER PURCHASE ARRANGEMENTS WITH MEXICO UNTIL FURTHER NOTICE END QUOTE PERIOD UPON RECEIPT OF THIS REQUEST MR SUMNER WELLES AND I HAD A LENGTHY CONFERENCE WITH SENATOR PITTMAN PERIOD SENATOR PITTMAN ADVISED US THAT HE FELT THAT IT WOULD COME WITHIN THE SPIRIT OF THE SILVER PURCHASE ACT FOR THE TREASURY TO NOTIFY THE MEXICAN GOVERNMENT THAT UNTIL FURTHER NOTICE WE WILL SUSPEND OUR SILVER PURCHASE ARRANGEMENT WITH THEM PERIOD SENATOR PITTMAN FURTHER STATED THAT HE FELT IT WAS IN THE INTEREST OF OUR FOREIGN POLICY THAT THIS STEP BE TAKEN PERIOD WE PROPOSE TO COMPLY WITH THE REQUEST OF THE STATE DEPARTMENT UNLESS YOU ADVISE US TO THE CONTRARY

(SIGNED) HENRY MORGENTHAU JR

Regraded Unclassified
Klotz: Bell good boy too.
Bell: Thank you.
Lochhead: I take it we're suspending the arrangement we have now for purchasing silver.
H.M.Jr: As of the 31st.
Lochhead: As of the 31st.
H.M.Jr: But we won't announce that until the State Department calls up and says, "We want a simultaneous announcement." Then Mr. Gaston will quickly run all over the Treasury, nobody will know where it is, and then they will finally find it in Gaston's safe somewhere.
Gaston: How will they find it in my safe if Archie has it now?
(Hearty laughter)
Gaston: Archie ought to feel complimented.
H.M.Jr: Does that thing run just from the 15th to the 15th or the 1st to 1st?
Lochhead: 1st to 1st.
Gaston: It seems to me what we're saying is that we're suspending an arrangement that doesn't exist. We have told the boys that there is no arrangement except on a monthly basis.
H.M.Jr: That's right.
Gaston: So what we're doing is not entering into any new arrangement.
Taylor: Yes.
H.M.Jr: We change our underwear every Saturday if we have any underwear to change.
Gaston: All right. I guess we can call it an arrangement.
H.M.Jr: All right?
If you say so. We really ought to have a press
conference, though, to explain that in homely terms.

All right.

Drunk.

Gaston has a draft on something.

Yes, on a proposed statement.

Read it, Herbert.

I thought that we probably would not want to put
this out until we got about ready to enter into the
first contract under the arrangement.

"Secretary Morgenthau announced today that, by direction
of the President, additional measures had been adopted
to insure full competition among contractors and
suppliers of material for Government construction or
other construction for which the Government supplies
all or part of the funds.

"The measures adopted follow recommendations made by
the President's interdepartmental price study group.

"Under the authority of an executive order effective
April 1, the Procurement Division of the Treasury
Department will undertake the purchase of all cement
to be used directly by Government departments or
agencies. In advertising for bids for cement the
Procurement Division will request bidders to agree to
enter into an 'open contract,' under which contractors
on Government work and contractors on other work for
which the Government supplies all or a part of the funds
may purchase cement at the prices quoted to the Govern-
ment. Bidders for the cement contract or contracts will
also be requested to quote on the basis of delivery at
the place of manufacture of the cement.

"Pursuant to other recommendations of the price study
group, the Procurement Division will adopt, effective
April 1, a new policy with respect to bids for Govern-
ment building contracts. ....." And then follows all
those specifications which are to be included in bids
and in proposals for bids.

All right, just so we don't have the President off
base. I think about 48 hours before you think of giving that out, you better tell whoever is handling publicity to put that on the wire and say, just the way I worded that other, "If we don't get instructions to the contrary, we will on such and such a day give this out." See, they have a direct wire.

Gaston: Yes. I thought I ought to have approval from you as to the general form first.

H.M.Jr: Good.

Gaston: And then as to the statement that this is a recommendation of the price study group.

H.M.Jr: Good.

Gaston: There is an objection to that, that it ties the price study group up with measures to reduce the cost of building. But, on the other hand, if we don't tell them, it will be found out within 24 hours.

H.M.Jr: Within 24 minutes.

Gaston: And this will result in more study than if we didn't ....

H.M.Jr: But I would put that on the wire with something like this - just the way I worded it: "Subject to ...." what did I say? That was good, right at the end there.

Lochhead: "We propose to comply with the request of the State Department unless you advise us to the contrary."

Gaston: "We propose to issue this unless we hear ...."

McK: "On such and such a day."

Gaston: As to the day and as to the details of this statement, I'll talk to Reynolds over in Procurement.

H.M.Jr: But that's the Warm Springs technique. Send it to the President, but try and get an answer, so if you don't hear from him she goes out, see?

Gaston: Right. Right.

H.M.Jr: Now ... All right, Herbert, I think that's excellent.
Gaston: Yes.

H.M. Jr.: Anybody disagree? The Vice President not hearing anything, everything's fine.

Gaston: Just one other thing - relates to business situation. Ernest Lindley wants George Haas to contribute to a symposium of about 30 or 40 economists, including about a dozen Government economists, on a prediction on the state of business for the year. After talking with me, George and I both turned Mr. Lindley down, said the Treasury would not participate in any forecasts of business conditions.

H.M. Jr.: Amen!

Now, Mr. Cyril Upham, this complaint against the Comptroller of the Currency I ask you, with my moral backing and with any physical backing you need from Mr. Taylor - on the chart this is under Mr. Taylor - to submit to the Comptroller's office, and tell him we'd like to have him answer these charges which are made against him.

Upham: All right.

Klotz: (Words not understandable)

H.M. Jr.: Yes, that's the way.

Klotz: That isn't ....

H.M. Jr.: Well, it's all right. How else you going to find out? It doesn't say McIntyre.

Upham: McIntyre, yes.

Klotz: Asked if I wouldn't give it to you personally.

H.M. Jr.: How else you going to do it?

Upham: I don't think there's anything to do about it particularly. All these charges have been made before. Isn't anything new here that we didn't know.

H.M. Jr.: Well, you're going to either do it one of two ways. Has Taylor seen it?
Upham: No.

H.M.Jr: Here's a man makes charges against the Comptroller of the Currency. Either you're going to give him a chance to answer it or you're going to go to the people and find out whether they've got these contracts; going to go to Joseph P. Day and ask him whether he has such and such a contract.

Upham: What Brooks suggests is a private confidential report made for you or the President.

H.M.Jr: By whom?

Upham: He'd like to do it himself.

H.M.Jr: I'm not going to have anybody investigate anybody in the Treasury without first giving them a chance.

Klotz: My point is that before you do it - I mean inasmuch as Mr. McIntyre gave it to you confidentially ...

H.M.Jr: Well, you're right. Tell you what we do. Write a letter and say that "the Secretary of the Treasury wishes to inform you that his usual practice is that when charges are made against a presidential appointee, those charges are as a matter of routine submitted to the presidential appointee for his answers."

Upham: Write that letter to McIntyre or to Brooks?

H.M.Jr: No, to this Brooks. And then Mr. McIntyre has - the usual thing is that charges made against a presidential appointee - give the presidential appointee the right to answer those charges. Now, that's the way. Now, if he doesn't want me to follow our way, we'll return the matter to him. Mac, that right?

McR: That's correct.

H.M.Jr: Herman?

Oliphant: (Nods yes)

H.M.Jr: Thank you (Mrs Klotz) for calling my attention to it. Thank you. But I'd do it that way.
Lochhead: Japan is resuming gold shipments.

H.M.Jr: What?

Lochhead: Japan is resuming gold shipments.

H.M.Jr: That's why the market went off.

Lochhead: Three shipments of about six million dollars apiece, starting March 27, the first one - April 5, and April 9.

H.M.Jr: And for you people, I called up Burgess and said that my arrangement with them was to take half of what they bought, as of today, because I was leaving town and the "New Deal" would start tomorrow under the regime of Mr. Taylor, and ... 

Klotz: Poor Mr. Taylor.

H.M.Jr: ... he was more difficult to deal with than I was.

Bell: You want a quarter.

H.M.Jr: So I just want to tell you. Anything else, Archie?

Lochhead: That was all.

Gibbons: I was over ....

H.M.Jr: Both your eyes ....

Gibbons: ... wide open. ... and everything is just as we said it would be. They are writing a letter to this fellow and telling him he must get out.

H.M.Jr: And what did one James say?

Gibbons: Well, he said that he didn't appreciate the significance - that that arrangement was in effect and you couldn't make - fish one exception out of it; that you were right. Dieterich - what he wanted to do, of course, to stop any avalanche candidates for chairman of the State Democratic Committee, was to let this fellow drift along until some time two or three months from now and have a meeting of the State Committee - you know, the old stuff.
Mcr: And they never would have gotten to it.
Gibbons: Never would have gotten around to it.
       I have one request. - That's settled now.
H.M.Jr: Fine. Thank you very much.
Gibbons: One thing - if I could check with you whether we
       had any objection to making a gesture to Senator
       Walsh and inviting him to make the graduation day
       speech at the Coast Guard exercises.
H.M.Jr: Swell. Swell. When you started, I thought you were
       going to give me another man for Oliphant's board over
       there.
Oliphant: Boy! We'll save that one.
H.M.Jr: How many more has he got over there?
Oliphant: No, I just got one.
Mcr: I'm going to suggest as soon as you get back that you
       suggest a rider on some bill that goes through,
       abolishing the damn board. They haven't got anything
       to do. Not doing anything.
H.M.Jr: There's a special tax board he has - sits on something.
Klotz: (Laughing) Sits on something.
Gibbons: I've heard all about it.
Oliphant: The Board of Reviews - refunds of processing taxes.
H.M.Jr: Oliphant put three of his weak sisters on it, and I
       got on two.
Oliphant: Got them all to work but one. Got them all to work
       but one.
Mcr: But not working on board work.
Oliphant: Not on board work.
       (White House phone rings)
Klotz: Mr. James Roosevelt.


James Roosevelt: Yes, Henry. - -

H.M. Jr: You tell him that. - No, I've got nothing. We're sending him a railroad letter and.... - You mean on the market?

Roosevelt: Yes.

H.M. Jr: Uh-huh. No, I haven't got anything. The only news I know is, I'm going at six o'clock. He knows that. I talked to him last night. And I have nothing. Everybody's here and we'll carry on. And if some of his appointees wouldn't talk this government into the ash can, it would help a lot, but I don't suppose we can make them over. - - I thought it was terrible.

Roosevelt: Yes.

H.M. Jr: I thought it was terrible, and I'm saying so in very polite language in a page and a half.

Roosevelt: You mean you didn't think it was constructive?

H.M. Jr: No, don't think we'll get anywhere. - - Well, I just think if they want to keep it in that little clique over there, they won't do anything and won't get anywhere. - - No, I don't think it's forceful enough.

Roosevelt: Well, I'm inclined to agree with you on that. - -

H.M. Jr: Yes, I think some of the temporary things are all right. But what I am for is - frankly, I've recommended that he ask Congress to give him a new Cabinet position of Transportation and then get the most important and able man he can and put him in there at once. It's one of the biggest jobs in the country, and I think if he really put in a fellow like, say, Harriman or somebody like that, and made him Cabinet member for Transportation - I think the country would feel he was going to do something for the railroads, and that that would do more than all the new appointees
and committees and commissions and everything else. What do you think of that?

Roosevelt: I think it would be grand. I don't think it would pass Congress.

H.M.Jr: I wouldn't be so sure.

Roosevelt: But I'm not at all sure you couldn't....

H.M.Jr: Well, you've got to give him all the power in the world. Interstate Commerce has had it now and they haven't done anything, and they had a railroad board and they didn't do anything. And as I say - I think I've met Averill Harriman once in my life - I just mentioned him, somebody like that, of that caliber - and put him in there and give him enough authority and I think we'd get somewhere, with the backing of the President. But that report wouldn't get us anywhere.

Roosevelt: O.K., Henry, I agree with you.

H.M.Jr: Jimmy, just for you, I'm not upset about business conditions and I don't think that the stock market is recording what's happening in business. I mean there is nothing that has happened the last two or three weeks to make the stock market act the way it has the last couple days.

Roosevelt: Well, what's the matter?

H.M.Jr: I don't know. But there's nothing, and we've got as good information here on week-to-week business - and there's nothing in the business picture to make the stock market act the way it has. And so I think we've just got to sit tight and trim our sails and let the wind blow, and let's hope we can get through it. I think we can. In fact, I'm sure we can.

Roosevelt: All right.

H.M.Jr: All right. If you want to give that as a message to your father, you can say that's the way I feel.

Roosevelt: I will.

H.M.Jr: I'm not frightened, Jimmy.
Roosevelt: Yes. Well, that's ....
H.M.Jr: I'm not - well, I'm not frightened.
Roosevelt: Well, that's grand, Henry. Have a swell time.
H.M.Jr: Thank you.
Roosevelt: Good-bye.

(Conversation finished)

Tea: If he wants to do that on the department, the reorganization bill will be eligible for such a modification in the House next week.

Bell: Not next week.

Tea: On yes, it will. It will be passed Monday.

Gibbons: Terrible thing, the way these railroads were run for 25 years. Terrible.

H.M.Jr: Taylor and Haas spent all day on this thing. It isn't going to ... You put a fellow like Averill Harriman - make him a member of the Cabinet, make him Secretary of Commerce, and get somebody in here so that we don't have to be doing half of Commerce's work - things like that. Put some real strong people in there; that will give business some confidence. Put some fellow in there that - as I say, I don't know Averill Harriman, except he seems to know his business, how to run a railroad, and he's got the confidence of people.

Gibbons: Been very loyal to the President right along.
H.M.Jr: Yes, yes, he's all right.
Gibbons: Yes.
H.M.Jr: Put somebody like that in.
Taylor: Well, that report is really awful.
H.M.Jr: Mr. Bell?
Bell: I have a letter for your signature which appoints a
committee to look into Commodity Credit, with Mr. Taylor as chairman.

H.M.Jr: Is he willing?
Bell: I think. Aren't you?
Taylor: (Says nothing)
H.M.Jr: He accepts with pleasure.
Bell: He could use the people in my office if he wanted to.
Taylor: You've got somebody who can count, haven't you?
Bell: Yes.
H.M.Jr: (Signs letter)

Before I leave the Treasury, Mac, do you suppose that the last page of a letter could come last, where I could read who it's sent to, just as a little thing to me.

Mcr: Let me know - let me know 15 or 20 minutes before you decide to leave, will you?
H.M.Jr: I don't mean tonight, but I mean before I'm through.
Mcr: That's what I'm talking about.
Gaston: If you're going to institute a policy that people who sign letters should also read them, it's going to be quite revolutionary.
H.M.Jr: Well, all I want to know when I sign a letter is who it's addressed to, that's all.
Gaston: Put the addressee on the last page.
Bell: Got so many names on, we couldn't put this on the last page.
Gibbons: Another thing that burns me up - Coast Guard says "17 June" instead of "June 17." Have to stop and think what it's all about.
Lochhead: Pretty logical.
Bell: I expected to have that memorandum for you, but apparently the typists haven't got it ready. I had a little difficulty in writing the last paragraph, so we had the nappy solution of saying ...
H.M.Jr: What? Not having the last paragraph?
Bell: No, putting in this sentence, something like this: that this whole matter should be deferred pending the report requested by the President last June on this whole Federal Home Loan Bank set-up. That's good.
H.M.Jr: Oh, you think that's good?
Bell: Sure, isn't it, Wayne?
Taylor: I don't think that's very good.
H.M.Jr: I don't think it's fair to go back to last June. I'm only going back to this morning.
Bell: No, I think that's a pretty good thing to hang on. We're going to get a report, aren't we?
Taylor: I don't think so.
H.M.Jr: Well, take it up with Jimmy, will you, tomorrow morning, anyway.
Now, here's a report from Peoples in which he says that on March 30 they're going to ask for bids for cement f.o.b. mill in carload lots. Estimates approximately from three to five million barrels.
McR: For the next four months.
H.M.Jr: Yes.
McR: And so many more barrels, three-quarters of a million barrels, at less than carload lots.
H.M.Jr: Want to see that, Herbert?
Gaston: Well, I guess I'll have to talk to them in connection with that.
H.M.Jr: All right, what else, Mac?

Mac: I haven't anything more.

H.M.Jr: Anybody got any afterthoughts?

McGill: (Nods nothing)

H.M.Jr: There isn't by any chance anything left of the House bill, is there?

McGill: Oh, there's quite a little left, but they're going to take it out tomorrow morning, because it was a nice sunny afternoon this afternoon; but they're going to meet in the morning.

H.M.Jr: Well, I appreciate that I can get away and that I've got such a good crowd here to carry on. I'm serious for a moment. I don't expect to call up every day. I'll call up Monday morning, but I'm not going to call every day. And I'm very tired.

tell: Call up after two o'clock.

suchness: Can we depend on that?

Gaston: You're going to let us know Monday the schedule of when you're going to call, I hope.

son: Don't call after two.

tell: No, don't call after two.

son: That'll be terrible.

taylor: Shall we wait, the way we did last year, until we're out of chips?

H.M.Jr: Until what?

taylor: Until we're out of chips.

H.M.Jr: All right. Anybody got anything else?

Oliphant: I want to talk about something.

H.M.Jr: All right. Good-bye, everybody.
MEMORANDUM

March 25, 1938.

There were present at 10:00 A.M. in the office of the Secretary, Commissioner Helvering, General Counsel Oliphant, Assistant General Counsel Wenchel, Deputy Commissioner Kirk, and Mr. Irey.

It was explained to the Secretary that the investigation in Philadelphia was proceeding in an orderly fashion and that the Revenue officials were entirely satisfied with the work of the agents.

The Secretary directed Commissioner Helvering to communicate by telephone with Governor Earle and advise him of the results of the inquiry, and to let him know that the Treasury Department will be pleased to cooperate with him in every proper manner.
March 26, 1938

My dear Mr. Roosevelt:

I am in receipt of your memorandum of March 24th.

I am forwarding this afternoon to the President the Treasury's comments on the transportation report.

Mr. James Roosevelt,
Secretary to the President,
The White House.
The White House
Washington

Confidential

March 24, 1938

Memorandum For: The Secretary of the Treasury

Dear Mr. Secretary:

Enclosed is the railroad report. Would you be good enough to send your comments to the President, having them in the mail not later than Monday.

I would appreciate your letting me know when you send them.

With my best wishes to you,

Very sincerely,

James Roosevelt
Secretary to the President
March 25, 1936

My dear Mr. President:

In accordance with the instructions transmitted to me by Mr. James Roosevelt on March 24, 1938, I am commenting briefly on the transportation report submitted by Messrs. Solon, Eastman and Neafffie.

Frankly, I am disappointed by this report, and it is my strong feeling that the over-cautious approach to the pressing national problem of transportation embodied in the committee's recommendations can only intensify the need for drastic action at a later date.

While I am in sympathy with several of the recommendations for immediate action, in particular with the first two recommendations, I prefer to confine my specific comments to recommendation number seven.

First, I do not feel that creation of the type of temporary Federal Transportation Authority envisaged in the report would serve any useful purpose, and

Second, I urge that you request Congress to create immediately a Department of Transportation with power to move vigorously to properly coordinate our national transportation facilities. Page 36 of the report states that "If the idea were carried to its full logical conclusion, it might involve the creation of a new department of the Government. This new department, in addition to undertaking work such as is outlined below, could take over the conduct of various administrative duties in connection with transportation now scattered throughout the executive departments."*

While I realize, as the report also states, that "The creation of such a new department of the
Government is a project of * * magnitude and difficulty, however, requiring * * much time to get it under way and involving * * many considerations which would provoke discussion, * * I see no reason for delaying this strongly indicated and desirable action.

Sincerely yours,

The President,
Warm Springs, Georgia.
March 25, 1939

My dear Mr. President:

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Frankly, I am disappointed by this report, and it is my strong feeling that the over-cautious approach to the pressing national problem of transportation embodied in the committee's recommendations can only intensify the need for drastic action at a later date.

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Government is a project of * * magnitude and difficulty, however, requiring * * much time to get it under way and involving * * many considerations which would provoke discussion, etc. I see no reason for delaying this strongly indicated and desirable action.

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The President,

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could take over the conduct of various administrative duties in connection with transportation now scattered throughout the executive departments, * * *

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I see no reason for delaying this strongly indicated and desirable action.
THE RAILROAD CRISIS.

CAUSES.

Low volume of traffic.

Far below railroad capacity.

Less in 1936 than in 1916, although investment increased 8 billions.

Much less now than in 1936.

Result of COMPETITION, a permanent and growing factor, and DEPRESSION, a temporary factor.

Heavy increases in wages, prices, and taxes.

Inability to compensate for increase in average unit costs by corresponding increase in average unit revenues.

Many rates increased disproportionately, but many others held down by COMPETITION.

Financial consequences aggravated by -

Fixed charges relatively high compared with those of many industries, although materially lower in relation to revenues than in 20's.

Past unwise capital expenditures.
MEANS OF REMEDY.

Increase in revenues.
Rate increases - dealt with by Interstate Commerce Commission.
Traffic increase - largely dependent on business conditions.

Decrease in expenses.
Reduction of wages - subject of negotiations.
Reduction of prices - largely dependent on business trends.

Decrease in taxes.
Largely a State matter.

Government subsidy.
Probably inexpedient.

Shrinkage in railroad plant by abandonments.
Last resort.

MEANS OF ALLEVIATION.

Decrease in fixed charges.
Being accomplished through bankruptcies and receiverships.

Government loans.
Possibilities explored by R. F. C. and F. R. B.
MAIN OPPORTUNITIES FOR GOVERNMENT HELP.

Waste.
Resulting from large number of independent railroad systems.
Can be eliminated by CONSOLIDATION or COORDINATION.
Elimination can be accompanied by improvement in service and rates.
Will result in certain property abandonments.

COMPETITION.
Vast amount of wasteful, destructive competition.
Must determine best economic use for each kind of transportation, encourage such use, discourage un-economic use, and promote COORDINATION.
Must appraise extent to which Government supports wasteful competition.

Reorganization Procedure.
Probably can be improved.

Capital funds.
Possible use of government credit for equipment and property improvements, particularly those which will be self-liquidating.
BASIC PROPOSITIONS.

We have a TRANSPORTATION problem, not a RAILROAD problem alone.

No sudden, spectacular solution is possible. Can be solved gradually by steady, unremitting work.

Government leadership is necessary. Conflicts in interest so great carriers cannot work out own salvation unaided.

Some government agency must be on the job continuously, planning and promoting improvements, advising President and Congress, and working in close cooperation with ALL carriers.

This work is separate and distinct from that which Interstate Commerce Commission performs. Interstate Commerce Commission is quasi-judicial regulatory body. Has not time and is not organized for planning and promotion.

New agency needed. Should be started on temporary basis, but could develop into permanent Department of Transportation. Would need small but highly competent technical staff, and authority to borrow men from carriers.
PROGRAM.

Create Transportation Board.
For work outlined above. Three members. Two-year
life with power in President to extend to 5 years.
Free from quasi-judicial procedure.

Reserve Powers for Interstate Commerce Commission.
Change consolidation law. Abolish plan of consolidation.
Grant power to approve, on petition of Transportation
Board, any consolidation which will promote public
interest.
Grant power to compel, if necessary. Consolidations to
be effected by exchange of securities without use
of cash.
Grant power to approve and, if necessary, compel
 coordinations, upon petition of Transportation
Board, barring operation of anti-trust statutes.
Labor to be cared for as per agreement of May, 1936.
These powers to be in reserve. Emphasis on cooperation
rather than compulsion.

Reorganization Procedure.
Changes to be recommended by Senate Committee.

Government Loans.
Changes to be recommended by R.F.C. and F.R.B.
Summary of Recommendations

Means of Immediate Relief

1. That facilities be provided, as was done under the National Industrial Recovery Act, for the purchase of railroad equipment, including shop equipment and appliances as well as cars and locomotives, by the use of government funds, the equipment to furnish the security for the advances; and that, say, $300,000,000 be made immediately available for this purpose.

2. That for a period of 12 months, in connection with certain loans by the Reconstruction Finance Corporation to railroads, the present requirement be suspended that the Commission, in approving, must certify "that such railroad, on the basis of present and prospective earnings, may reasonably be expected to meet its fixed charges without reduction thereof through judicial reorganization," and that substantially the requirement in connection with loans under section 210 of the Transportation Act, 1920, be substituted

That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.
3. That of suggestions for the use of government credit in improving railroad financial condition, the one most worthy of consideration is that such credit be so used "by underwriting or by the guaranty of bonds issued in voluntary reorganization of capital structures designed to reduce the burden of fixed charges"; that whether the government would be justified in engaging its credit to the extent necessary in so aiding voluntary reorganizations on an extensive scale presents a question of prime public policy; and that on this question the President may desire the views of government officials dealing directly with credit and financial problems.

4. That existing statutes be appropriately amended to remove the requirement for land grant reductions in connection with the movement of government traffic. The reduction on this account for 1937 is estimated at $7,000,000, and for the most part affects roads in the Western District, where financial conditions are worst.

5. That a reduction, or temporary deduction, in railroad wages and salaries, such as was made in 1932, would be a means of very definite and positive relief to the carriers; but in view of the present policy of the law, as reflected in the Railway Labor Act, and in the absence of a full hearing of both the managements and the men, the committee does not feel
justified in expressing an opinion either for or against such a reduction or deduction. The view is, however, expressed that both parties wish to be fair in the pending negotiations, and "in reaching their conclusions will take into consideration all relevant matters, including the direct and indirect consequences to the railroads and their operations and to both the employees who are now in service and those who have been laid off."

6. That there are opportunities for improvement of the reorganization procedure under section 77 of the Bankruptcy Act, and that Congress may well give attention to this matter, including, perhaps, the establishment of one court to have charge of railroad reorganizations.

The Long-Term Program.

7. That a body of three members, to be known as the Federal Transportation Authority, be created for a period of 2 years, with power in the President to extend its life to 5 years, for the purpose of planning, encouraging, and promoting action by railroad companies with a view to eliminating the waste caused by the fact that the railroad system of the nation is owned and operated by a large number of independent companies. Such action would include consolidation or other unification of companies and "coordination", this being described as "cooperation in a common interest at particular places or with
respect to particular matters", such as the pooling of traffic or unified terminal operations.

In aid of this program, it is proposed to amend section 5 of the Interstate Commerce Act to broaden greatly the powers of the Commission with respect to the pooling or division of railroad earnings or traffic, to eliminate the so-called "consolidation plan", and to permit the Commission to approve whatever unifications it finds will promote the public interest. The Authority is given power to intervene in such proceedings, and upon its petition the Commission is also given power to require "coordinations", not covered by section 5. No provision is recommended for the compulsion of consolidations, but the Authority is directed to report through the Commission to the President and Congress, if it finds that such compulsion is necessary or desirable, and to submit a draft of appropriate legislation.

The Authority is also directed to investigate the relative economy, and fitness in other respects, of rail carriers, motor carriers, and water carriers for transportation service, or any class thereof, in order that the use of each may be encouraged for purposes for which they are specially fitted, and discouraged for purposes for which they are not well fitted, and their joint and cooperative use be promoted, with a view to abating wasteful and destructive competition. In
the event that further legislation directed to this end is found to be necessary or desirable, the Authority is directed to report accordingly. It is also directed to report upon the extent to which the three forms of transportation are supported, directly or indirectly, by the use of government funds, and to report the facts in regard to this matter and any changes in government policy with respect thereto which it deems desirable.

Other powers of investigation are given to the Authority.

8. Attention is directed to the subject of railroad "financial abuses", which is now under investigation by the Senate Committee on Interstate Commerce, and to the fact that this Committee may be expected to come forward with recommendations for the correction of such conditions. Certain suggestions are offered in this connection.

9. The desirability of subjecting all important forms of transportation to equal and impartial regulation by a single agency of the Government is emphasized.
March 24, 1938.

To the President:

On March 15, 1938, you brought together at the White House a group of men for the purpose of considering the serious financial situation of the railroads of the country and what action, if any, can and should be taken by the Federal Government for the relief or improvement of existing conditions. This group was composed of representatives of the Senate Committee on Interstate Commerce, the House Committee on Interstate and Foreign Commerce, the Department of the Treasury, the Department of Agriculture, the Department of Commerce, the Interstate Commerce Commission\(^1\), the Reconstruction Finance Corporation, and the Securities and Exchange Commission and of men concerned with the railroad situation from the point of view, respectively, of the managements, the employees, and the security holders. The conference was continued on March 17, and at its close you requested a committee made up of the chairman and two other members of the Interstate Commerce Commission to bring forward a report, after consultation with the other members of the Commission, containing specific recommendations for your consideration with the advice and help of the conferees. The committee so appointed has the honor to submit its report herewith.

\(^1\) Hereinafter called the Commission.
Your committee has invited and received many suggestions from various of the conferees, from other members of the Commission, from representatives of the railroad, motor truck, and motor bus industries, and from representatives of those who ship by these forms of transportation. It has also sought and secured from appropriate departments of the Government detailed and valuable information in regard to general economic conditions and the bearing of the transportation situation on them. Many of the suggestions received relate to matters which are important but, in the judgment of your committee, are not of immediate pertinence in dealing with the transportation emergency. The time remaining for the consideration of matters at the present session of Congress is none too long, and it has seemed desirable, therefore, to confine recommendations to subjects which are of pressing consequence.

The other members\(^2\) of the Commission have considered the recommendations here presented. They agree unanimously with those that are discussed under the heading "Means of Immediate Relief" and, with one exception, with those discussed under the heading "The Long-Term Program". The exception is the recommendation for the creation of a Federal Transportation Authority. The majority agree with that, but there are some who differ as to certain details, and one Commissioner who does not favor the creation of such an agency.

\(^2\)Commissioner McManamy, because of absence from the city, did not participate in the consideration of the recommendations.
At the conferences of March 15 and 17, it became clear that possible means of relieving or improving present transportation conditions divide themselves under two heads. In one group are means which will have an immediate or early effect in abating or relieving present financial difficulties. In the other group are means which can have only a gradual or long-range effect in improving conditions, but yet are of sufficient ultimate importance to warrant their present consideration and adoption. This report will be divided accordingly.

MEANS OF IMMEDIATE RELIEF.

As a preliminary to the presentation of specific recommendations, a brief review of the statistics which disclose present railroad financial conditions seems desirable.

The Commission receives statistics annually concerning 1,470 steam railway corporations, of which only 782 are operating companies, the others being mostly lessor or inactive companies whose property is used by the operating companies. The 782 companies themselves are to a large extent grouped in systems consisting of two or more operating, leased, and inactive companies, so that there are less than 677 companies that can be regarded as independently operated, but many of these have a minority stock interest in other companies. These 677 systems or companies are mostly small, as shown
by the fact that of the 782 operating companies above referred to the 139 largest collected nearly 97 percent of the $4,197,464,000 total revenues of all of the steam railways in 1936. These are the so-called class I line-haul companies, each of which has annual operating revenues above $1,000,000.

The road mileage of all steam railways on December 31, 1936, was 240,104, of which class I railways and their lessor and proprietary subsidiaries account for 93 percent. The reason this percentage is smaller than that previously shown for the revenues is that the traffic is denser per mile on the large than on the small roads. It may be noted in this connection that from 1921 to 1936, 7,138 miles of new road were constructed and 17,417 miles were abandoned, making a net loss in the country's steam railway system in that period of 10,279 miles, not including changes resulting from relocations and other minor changes.

The equipment of all of the companies consisted on December 31, 1936, principally of 48,009 locomotives, 1,813,837 freight train cars, and 41,390 passenger train cars. In addition, there were on the rails or available 7,998 cars of the Pullman Company and some 287,662 private freight cars not directly owned or leased by the railways. These private cars are mostly refrigerator and tank cars.
The net book investment of the class I line-haul companies and their non-operating subsidiaries, amounting to $23,061,500,000, was 94.42 percent of the total net book investment of all of the railways on December 31, 1936. By net book investment is meant the investment in road and equipment as shown by the books, less depreciation so far as accrued on the books, and plus materials and supplies and cash.

The capitalization of all the railway companies is a complicated system of wheels within wheels. If one wishes to view the railways as one system with all intercorporate holdings eliminated, it appears that the net capitalization on December 31, 1936, was $18,335,887,000, of which $7,095,196,000 was stock and $11,240,691,000 unmatured funded debt. These totals exclude $2,933,093,000 of stock and $2,733,572,000 of funded debt held by some railway companies as investments or means of controlling their subsidiaries.

Actually, the railways are not financed as one system. From the standpoint of current railway financial problems it is more illuminating and more convenient to deal with the financial set-up of the class I line-haul operating corporations. It is the condition of these corporations that largely determines the state of railway credit, the curtailment or expansion of maintenance, and the discharge and hiring.
of the employees. Hence, the following paragraphs will relate to the class I line-haul operating companies.

First, as to their capitalization actually outstanding: At the close of 1936 their aggregate stock had a par value of $8,029,965,000, of which $6,179,002,000 was common and $1,850,963,000 was preferred. Their aggregate funded debt unmatured was $10,001,038,000, not including $491,584,000 of matured debt unpaid. The debt consists mostly of mortgage bonds. The equipment obligations are a relatively unimportant part of the total, $492,801,000.

The sum of their stocks and unmatured debt was $18,031,000,000, of which the debt was 55.5 percent. The total of the book assets of these companies, including their investment in road, equipment, and securities of other companies, and current and other assets, was $27,166,566,000, subject to a deduction of $2,485,948,000, accrued depreciation. Their total corporate surplus is reported as $3,349,889,000.

These companies in 1937 took in $4,166,000,000 in operating revenues from freight, passenger, mail, express, switching, and other services. The revenue from freight, $3,377,908,000, was the most important item. The revenue from passengers was only $442,809,000, or 10.6 percent of the total. They also had non-operating income (chiefly from
their investments) of $179,308,000, which helps them pay their fixed charges. It is true that most of this non-operating income comes from other railway corporations, but it is also true that one element in their fixed charges, the rent for lease of roads, is also payable to other railway corporations. The fixed charges will be referred to more in detail below.

The total operating expenses for 1937 amounted to $3,119,064,000 and for 1936, to $2,931,425,000. The largest item in operating expenses is for wages and salaries. The total payroll in 1937 was $1,985,323,000, compared with $1,848,636,000 in 1936. In 1936, 94 percent of the payroll was chargeable to operating expenses, and the remainder to investment. The corresponding percentage for 1937 is not yet available. For 1936, wages and salaries amounted to 59.3 percent of the operating expenses and 42.9 percent of the operating revenues. The expenditure for fuel in 1936 was $236,932,000, which was 8.1 percent of the operating expenses. Depreciation charges, amounting to $193,501,000, constituted 6.6 percent of the total expenses. The remaining expenses $762,965,000, were for costs of materials other than fuel and miscellaneous items. Among these miscellaneous items may be mentioned loss and damage, injuries to persons, insurance, stationery and printing, advertising, and pensions.
But pensions have recently been taken over by the Railroad Retirement Board and their cost to the railways now appears in tax accruals, as noted below.

After meeting their operating expenses out of revenues, the railroads have also to meet hire of equipment and joint facility charges and taxes. The remaining amount is known as the net railway operating income, and is what is available to the investor out of operating revenues. For 1937 this sum was $590,181,000 and for 1936, $667,347,000. It is this sum which may properly be compared with whatever valuation is assigned to the property used in the railway service.

The recent opinion of the Commission in the Fifteen Percent Case, 1937-1938, 226 I.C.C. 41, takes the value of the property used by the class I railways as being $19,972,000,000, of which the net railway operating income for 1937 was 2.955 percent and for the three-year average, 1935-1937, was slightly less, 2.933 percent. The corresponding rates of return on value, by districts, were as follows:
Rate of return on value

<table>
<thead>
<tr>
<th>District</th>
<th>1937</th>
<th>Three year average 1935-37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern district</td>
<td>2.865</td>
<td>2.981</td>
</tr>
<tr>
<td>Southern district:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pocahontas region</td>
<td>9.039</td>
<td>9.048</td>
</tr>
<tr>
<td>Southern region</td>
<td>3.039</td>
<td>2.747</td>
</tr>
<tr>
<td>Western district</td>
<td>2.300</td>
<td>2.198</td>
</tr>
<tr>
<td>All districts</td>
<td>2.955</td>
<td>2.933</td>
</tr>
</tbody>
</table>

The net railway operating income is not available to the stockholder alone. He must share this with the bondholder by paying fixed charges, after which there is left the net income of the corporation which is available for sinking and reserve funds, dividends, and surplus. The income account of class I railways from net railway operating income to net income appears below for 1937:

Calendar Year 1937

(Millions of dollars)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net railway operating income</td>
<td>590</td>
</tr>
<tr>
<td>Other income (largely from investments)</td>
<td>179</td>
</tr>
<tr>
<td>Total income</td>
<td>769</td>
</tr>
<tr>
<td>Miscellaneous deductions</td>
<td>25</td>
</tr>
<tr>
<td>Income available for fixed charges</td>
<td>744</td>
</tr>
<tr>
<td>Fixed charges -</td>
<td></td>
</tr>
<tr>
<td>Rent for leased roads</td>
<td>157</td>
</tr>
<tr>
<td>Interest</td>
<td>473</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td>Income after fixed charges</td>
<td>633</td>
</tr>
<tr>
<td>Interest charges contingent on income</td>
<td>111</td>
</tr>
<tr>
<td>Net income</td>
<td>99</td>
</tr>
</tbody>
</table>
It will be noted from the above that the income available for fixed charges, $744,000,000, was 1.18 times the fixed charges. The item of $473,000,000 for interest represents the accruals, not the payments. As will appear below, a large part of this interest is not being paid to the bondholders.

The average rate of interest on the funded debt of class I railways is about 4.5 percent. The rent for leased roads in many cases represents a guarantee of high interest and dividend rates agreed to many years ago when the leases were made.

The shrinkage in the net income in recent years is striking:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>$896,807,000</td>
</tr>
<tr>
<td>1930</td>
<td>523,907,000</td>
</tr>
<tr>
<td>1931</td>
<td>134,762,000</td>
</tr>
<tr>
<td>1932</td>
<td>139,204,000</td>
</tr>
<tr>
<td>1933</td>
<td>5,983,000</td>
</tr>
<tr>
<td>1934</td>
<td>16,387,000</td>
</tr>
<tr>
<td>1935</td>
<td>7,539,000</td>
</tr>
<tr>
<td>1936</td>
<td>164,630,000</td>
</tr>
<tr>
<td>1937</td>
<td>98,527,000</td>
</tr>
</tbody>
</table>

The net income is unevenly distributed by districts, as appears from the following figures for 1936 and 1937, the Western district having failed to cover fixed charges in both 1936 and 1937.
The totals by districts are the net results of incomes and deficits of individual systems within each district. Thus, in 1937, 69 systems reported a net income above charges, and they had a net income of $230,733,000, while 62 systems reported a net deficit after charges, and their aggregate deficit was $132,207,000.

At the present time 37 class I railways are in the hands of the courts, 10 of them in receivership and 27 in trusteeship. The unmatured funded debt of all railways in the hands of the courts amounts to approximately $3,180,000,000. The amount of their bonds that have matured and are unpaid is over $877,000,000, and the interest on these and other bonds that is in default for as much as 90 days or more has accumulated until at the close of 1936 it was over $491,000,000. Of this amount, $354,500,000 is owed by railways in the Western district. The excess of interest accruals over interest payments
is running now over $100,000,000 a year. At the present time it is safe to say the unpaid interest has accumulated to over $600,000,000.

In 1937 the class I railways declared dividends of $27,486,000 on preferred stock and $140,288,000 on common stock, a total of $167,774,000. In 1929, the corresponding total was $490,126,000.

The financial results shown above for the year 1937 taken as a whole, although unsatisfactory, would not indicate a critical situation. However, the results for 1937 cannot be taken as indicative of the situation in 1938. Costs are on a higher level and traffic is on a much lower level in 1938 than in 1937.

The chief item of increased cost is the higher level of wages and salaries. As of August 1, 1937, a wage increase of 5 cents an hour was granted to certain classes of non-transportation employees, and on October 1 an increase of 44 cents a day was granted to the transportation employees. These two increases together raise the annual payroll by about $130,000,000. There has been some decline in prices of materials recently compared with the prices early in 1937 but not on all the articles railways buy. Taxes will be on a higher level in 1938 than in 1937 because the tax for unemployment insurance is 3 percent instead of 2 percent of the payroll. On a
$1,800,000,000 payroll, the additional 1 percent means 18 million dollars a year. The total payroll tax is now 5-3/4 percent, 3 for unemployment and 2-3/4 for old age retirement. On a $1,800,000,000 payroll, this amounts to $103,500,000, but against this must be set a credit of $32,600,000 formerly charged as an operating expense for "pensions" which have now been assumed by the Railroad Retirement Board. Thus, the net increase in cost to the railroads from the new old age retirement and unemployment insurance legislation is about $70,000,000 a year.

Early in 1937 railroad ton-miles reached a relatively high level for recent years. In March they amounted to 99.2 percent of the 1923-25 base period. At that time, however, the Federal Reserve Board index of industrial production stood at 118 percent of the same base. There was a gradual decline in these indexes in succeeding months and a precipitate decline in November and December, 1937. Passenger miles reached 69.4 percent of the 1923-25 base period in March and held up well to the end of the year, as passenger travel responds more tardily than the freight volume to industrial fluctuations. The much lower index for passenger-miles than for ton-miles shows the effect of the extensive use of private automobiles.
The collapse of freight traffic in 1938 is shown by the total carloadings for the first 10 weeks, which were 20 percent below those of the same period in 1937. For January 1938, the freight revenue of the railroads was off 18.7 percent from January 1937 and preliminary reports for February indicate freight revenues 26.5 percent below February 1937. Total passenger revenue, which in January had remained practically unchanged from a year earlier, shows a decline in February of 4.8 percent below that of February 1937.

The effect of the decline in traffic and increased expense is revealed by the diminished net railway operating income for January 1938, which was only $6,920,000 compared with $38,867,000 for January 1937. The New England region and the entire Western district did not have revenues enough to cover their operating expenses and taxes in January, with nothing available for interest charges.

For the immediate low state of railroad traffic, the present marked recession in industrial activity throughout the country has a very large measure of responsibility, but its effect has been greatly aggravated by the influence of a factor of continuing and growing importance, namely, the competition with other forms of transportation. In 1936, when, as shown above, the index of industrial production stood at 116 percent of the 1923-25 base, the railroads were handling somewhat less freight traffic and much less passenger traffic
than in 1916, although in the 20 intervening years the invest-
ment in their properties had increased by more than 8 billions
of dollars. This influence of competition on traffic has been
continuing. From 1929 to 1936, for example, tons of freight
originated on Class I, II, and III railways declined from 1.4
billion to a little over 1 billion, or in excess of 23 percent,
while the number of passengers carried fell from about 786
to 492 million, or more than 37 percent. Revenue ton-miles
fell, roughly, from 450 billion to 341 billion, a decline of
over 24 percent, and revenue passenger-miles from over 31
billion to barely 22.5 billion, or more than 27 percent. In
1937, the ton-miles for these roads are estimated to have been
50 percent and the passenger-miles 79 percent of those of
1929, but these passenger-miles were about 52 percent of those
in 1920.

The increasing competition of motor trucks, water carriers,
pipe lines, and other carriers with the railroads is indicated
by the Commission's study of the fluctuations of railway
freight tonnage originated on Class I roads as compared with
the tonnage of production. This analysis would indicate that,
as compared with the average condition of 1923-1925, the spread
between the two trends had widened by 1936 to the extent of
196 million tons of freight. This figure is equivalent to
about 20 percent of the total tonnage originated on Class I
carriers in 1936. While the foregoing declines in passenger traffic were due in part to the growth of air and bus passenger transportation, they undoubtedly reflect chiefly the even more significant inroads of private passenger automobiles.

The losses of the railroads resulting from the competition of other transportation agencies, however, have not been confined to the absolute declines in the volume of traffic. To retain traffic it has often been necessary to reduce rates and fares, and these reductions are reflected in declining average revenues per ton-mile and per passenger-mile. As shown by the following table, the average freight revenue per ton-mile for 1937 was 13 percent less than that of 1929:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>1.076</td>
</tr>
<tr>
<td>1930</td>
<td>1.063</td>
</tr>
<tr>
<td>1931</td>
<td>1.051</td>
</tr>
<tr>
<td>1932</td>
<td>1.046</td>
</tr>
<tr>
<td>1933</td>
<td>0.999</td>
</tr>
<tr>
<td>1934</td>
<td>0.973</td>
</tr>
<tr>
<td>1935</td>
<td>0.988</td>
</tr>
<tr>
<td>1936</td>
<td>0.974</td>
</tr>
<tr>
<td>1937</td>
<td>0.935</td>
</tr>
</tbody>
</table>

This decline is in part the result of the lengthening of the haul, long haul traffic yielding lower ton-mile revenue than short haul traffic, but in the main the extensive reduction in charges to meet competition explains the reduction in the average receipts per ton-mile.
The decline in passenger-mile revenue has been greater:

<table>
<thead>
<tr>
<th>Year</th>
<th>Gents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>2.81</td>
</tr>
<tr>
<td>1930</td>
<td>2.72</td>
</tr>
<tr>
<td>1931</td>
<td>2.51</td>
</tr>
<tr>
<td>1932</td>
<td>2.22</td>
</tr>
<tr>
<td>1933</td>
<td>2.01</td>
</tr>
<tr>
<td>1934</td>
<td>1.92</td>
</tr>
<tr>
<td>1935</td>
<td>1.93</td>
</tr>
<tr>
<td>1936</td>
<td>1.84</td>
</tr>
<tr>
<td>1937</td>
<td>1.79</td>
</tr>
</tbody>
</table>

The average for 1937 is 36 percent below that for 1929, the fares having been drastically reduced to increase passenger travel.

The presence of competitors in the field of transportation for the traffic which seemed formerly to belong exclusively to the rails is one reason why it is not possible to solve the railway problem by the simple expedient of raising the prices of the railroad service. Many freight rates have been increased disproportionate, in comparison with the average increase in unit operating costs, but many others, where competition is a vital factor, have been held down and even reduced, often materially. In this connection it is important to observe that the same competitive influences which have thus adversely affected the railroads have had like effects on their competitors. While comprehensive statistics are not presently available, it is known that the financial situation of the water carriers, motor carriers, and air carriers is, in general, quite as serious as that of the rail-
roads. The problem by which the country is confronted is, in short, not a railroad problem alone but a transportation problem.

Emergency freight charges amounting to an estimated $119,000,000 a year, or 3.6 percent of the freight revenue, were in effect during 1936, but were canceled at the close of the year. During the year 1937 there were some increases in passenger fares in the South and West amounting to $15,000,000 a year and there were increases in freight rates on certain commodities, but not a general increase. The freight rate increases, however, for the most part became effective in November and December and consequently did not greatly affect the total revenues for the year. Recently, in 1938, general increases in freight rates of from 5 to 10 percent have been approved by the Commission to become effective shortly. However, these increases are to include and are not in addition to the rate increases of 1937. Hence it may be said that the freight rate level of 1938 will be about 7½ percent higher than it was at the beginning of 1937. The percentage of increase in 1938 over the level prevailing in December of 1937 will be slightly over 5 percent. The revenue effect of the increases in terms of dollars will obviously depend on the volume of traffic. It is estimated that on the basis of the 1936 volume, the increases of 1937 and 1938 in rates and fares will add about $260,000,000 to the annual revenues, or nearly $140,000,000 in excess of the canceled
emergency charges of 1936. But, as previously indicated, the cost of operation is higher and the volume of traffic is lower in 1938 than in the beginning of 1937.

The railways are extensively curtailing the number of persons employed. Reports for February 1938 show that compared with the employment of February 1937, the class I railways have reduced their maintenance of way forces by 19.3 percent, their maintenance of equipment forces by 21.5 percent, their train and engine employees by 13.9 percent. The reduction in the total of all employees was from 1,099,088 in February 1937 to 939,663 in February 1938, or 14.3 percent. In February 1938 the railway employment was 52.6 percent of the 1923-25 base.

The effect of continued skimping of maintenance may be serious. In the 1920's the railways were liberally maintained and they entered the depression in good physical condition. In 1929 they applied nearly 2,000,000 tons of new rails. This was cut to 1,517,000 tons in 1930, to 985,000 in 1931, and to 395,000 in 1932. Since that time there has been some recovery, reaching 921,000 in 1936. In 1929 they applied 74,662,000 wooden crossties; in 1933, 37,287,000 and in 1936, 47,345,000. Painting and renewing of fences has been postponed to a large extent. It is safe to say that there is an accumulated deferred maintenance if the railways are to continue to handle as much traffic as in 1937, of not less than $500,000,000. However, this
does not sufficiently state the need of the railways for more money. Large sums need to be spent for modernizing the equipment and shops, not to handle more traffic but to handle present traffic at lower cost and with greater expedition. The use of new alloys in building lighter cars and locomotives and the substitution of the latest tools and machinery in the shops offer possibilities of important saving in operating expenses. A railroad president recently testified before the Commission to the effect that such a program of improvement would justify an annual capital expenditure of $900,000,000 a year.

There were 855,261 railway stockholders in 1936 according to the annual reports, but there are duplications in this total from ownership of stock by one person in more than one railway. The number of bondholders is not known, but the widespread interest in railway bonds among the population is evidenced by the fact that in 1936 $6,617,000,000, or nearly 56 percent, of the railway funded debt was held by insurance companies, banks, endowed educational institutions, and foundations. The holdings of the life insurance companies amounted to $3,267,000,000.
Improvement in Equipment and Facilities

The continuing decline in the spread between revenues and expenses along with the current loss of traffic have, generally speaking, resulted in the destruction of railroad credit. Few railroads are in a position to borrow. With earnings so largely consumed in paying operating expenses, taxes, and other obligations, little is available for improving plant no matter how necessary such improvement may be. The railroad plant, especially its equipment, is constantly wearing out or becoming obsolete. Efficient operation requires constant renewal and replacement. To the extent such renewal and replacement are impeded, transportation efficiency is lessened and cost is increased.

As of December 31, 1929, there were 56,936 steam locomotives in service on class I roads. As of December 31, 1936, there were 44,162 in service, or a decrease of 12,774 units, representing 22.4 percent decrease in locomotives of all classes when compared with those in service December 31, 1929. Of the foregoing totals, 33,605 were
freight locomotives. As of December 31, 1936, there were but 26,695 freight locomotives in service, a decrease of 6,910 units, equivalent to 20.5 percent of those in service December 31, 1929.

Tractive power had similarly decreased 251,556,000 pounds, or a decrease in tractive power of freight locomotives of 14.6 percent.

Passenger locomotives had decreased in number from 11,321 units in 1929 to 7,655 units in 1936, a decrease of 3,666 units, representing 32.4 percent of those in service December 31, 1929, and a decrease in tractive effort of 25.4 percent. Locomotives available for either freight or passenger service had decreased from 1,584 units to 1,563 units in 1936, a decrease of 21 units, representing a decrease of 1.3 percent, whereas the tractive power had increased 27.2 percent, indicating more powerful units acquired for this service.

Switching locomotives numbered 10,426 in 1929 and 8,249 in 1936, or a decrease of 2,177 units, equivalent to 20.9 percent of this class of service. Tractive effort declined from 388,161,000 pounds to 331,103,000 pounds in 1936, or a decrease of 57,058,000 pounds, equivalent to 14.6 percent.
From the foregoing it will be seen that the largest decrease in percentage was represented by locomotives in the passenger group, 32.4 percent. Nevertheless, locomotives assigned exclusively to freight declined 20.5 percent and switching locomotives 20.9 percent. It is significant, however, that while units decreased, as did tractive effort, the number of units decreased faster, indicating that replacements were made with more powerful units and that the older and lighter equipment was being scrapped.

Of the freight locomotives in service December 31, 1936, 1,497 units or 5.6 percent of all freight locomotives in service were less than 10 years old, 5,425 units were more than 10 and less than 17 years, and represented 20.3 percent of available freight locomotives. It is significant that 19,773 locomotives, representing 74.1 percent of the entire freight locomotives, were more than 17 years old. In other words, nearly three-fourths of the entire number of freight locomotives are more than 17 years old, and are costing more to maintain and operate than would modern power, which might
well replace at least 50 percent of these units. A similar situation exists in respect to switching locomotives. Five hundred forty nine of these units are less than 10 years old and represent 6.6 percent of the equipment so designated. Fourteen hundred seventy three units are more than 10 and less than 17 years old and represent 17.9 percent of all switching locomotives in service. However, 3,227 units representing 75.5 percent of switching locomotives are more than 17 years old. At least one-third of these switching locomotives more than 17 years old could be economically replaced by Diesel power, thereby eliminating the expense of boiler maintenance, which represents approximately 20 percent of the cost of all locomotive maintenance. A reduction in the cost of fuel would result from the fact that when a Diesel is standing it does not consume any material amount of fuel, whereas in the steam units steam must be kept to working pressure at all times regardless of whether the locomotive is standing or working.

As of December 31, 1929, Class I roads owned 2,277,464 freight-carrying cars having a capacity of 105,411,000 tons. As of December 31, 1936, there were 1,752,093 owned units having a capacity of 95,721,000 tons, or a decrease of 519,371 units, and a decrease in carrying capacity of 19,690,000 tons, representing a decrease of 22.3 percent in units and 18.7
percent in carrying capacity. Of the 1,758,093 owned units, 1,712,026 were serviceable. This indicates that the carriers have, in general, been retiring their older and less effective units. However, as of January 31, 1938, only a little more than 8 percent of all cars in service are five years old or less, while 22.31 percent are shown to be more than 25 years old and approximately another 20 percent are more than 20 years old. Under these conditions it would seem reasonable that approximately 40 percent of existing freight equipment could be replaced with modern units to the advantage of both the public and the carriers.

Should business in the near future equal or materially exceed the peak load which occurred during the week ending October 2, 1937, when approximately 850,000 cars were loaded, which is within 50,000 cars of the number which could be handled with existing equipment, it is probable that a serious car shortage would occur.

If the 519,571 units retired between December 31, 1929, and December 31, 1936, were to be replaced with approximately 300,000 cars built during the next three years, it would serve to release an equal number of older and more obsolete cars, those which are 25 or more years old, and at the same time serve as a buffer, should business return to the level of October, 1937.
Therefore, your committee believes that facilities for the purchase of equipment by the use of government funds should be provided. The equipment would itself furnish the security for advances. Loans of this character were formerly authorized and made under the terms of the National Industrial Recovery Act approved June 16, 1933. We recommend that, say, $300,000,000 be made available for loans under similar procedure.

In addition to rolling equipment many railroads could advantageously use new and improved shop equipment and appliances. Much of the present shop equipment is obsolete and can profitably be replaced. This also would provide security, and would be an appropriate use of such funds.

Earnings Certificate

Under existing law the Reconstruction Finance Corporation may make loans to railroads only with the approval of the Commission. Except as to loans to receivers, or trustees, and loans for maintenance or the purchase of equipment, the Commission must, in approving, certify "that such railroad, on the basis of present and prospective earnings, may reasonably be expected to meet its fixed charges without reduction thereof through judicial reorganization." In view of present earnings the requirement for this certificate is unduly restrictive. It may prevent loans for desirable
purposes that, from the standpoint of the adequacy of collateral, reasonable assurance of repayment, or the desirability of protecting the Corporation's present position as a creditor, out to be made. Your committee suggests that consideration be given to suspending this requirement for a period of, say, 12 months, and that in lieu thereof for that period there be substituted substantially the certificate which was required under section 210 of the Transportation Act, 1920. That is:

That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

Possible realization on some Reconstruction Finance Corporation loans has been impeded or perhaps prevented by injunctions issued by the courts in charge of the properties. This, of course, renders the collateral less desirable and makes loans initially more difficult to justify as adequately secured. Your committee suggests that obligations to the Reconstruction Finance Corporation, in bankruptcy proceedings, be accorded a position in this regard similar to that now given to equipment obligations.
General Credit Structure

From a national standpoint, one of the most important factors in the railroad situation is the possible effect of existing and threatened defaults on general credit conditions. So far as possible, with the facilities available to it your committee has endeavored to appraise this situation. Losses have already been incurred by credit institutions and individuals and additional bankruptcies may add to them. Necessarily such losses, and possible losses, have a depressing effect upon the general business conditions of the country. These considerations add to the importance of stabilizing the railroad industry on a sound basis as rapidly as is possible. Yet, as we view it, they do not justify its consideration as primarily other than a transportation problem.

We have given consideration to numerous suggestions that have been offered with the object of improving railroad credit. Among these are (1) a subsidy to be paid by the government based either on value, earnings over a test period, or fixed charges; and (2) the use of government credit by underwriting or by the guaranty of bonds issued in voluntary reorganization of capital structures designed to reduce the burden of fixed charges. These suggestions, like most others intended to improve the position of railroad credit and securities, contemplate the extensive use of government resources. Of the two
your committee believes the second to be more worthy of consideration. Whether the government would be justified in engaging its credit to the extent necessary in so aiding voluntary reorganizations on an extensive scale presents a question of prime public policy. On that you may want the views of government officials dealing directly with credit and financial problems.

**Land Grant Rates**

For many years land grant reductions, usually 50 percent of the revenue accruing to that portion of the line which is government aided, have been made on government traffic. Through an equalization arrangement competing roads make the same reduction on government traffic in order to participate in the business. The reduction on this account for 1937 is estimated at $7,000,000. For the most part it affects roads in the Western District where, as above noted, financial conditions are worst. The increase in government shipments in recent years has made this reduction from the normal rates assume important proportions. No good reason appears why such reduction should continue. After all, the country must support whatever transportation system it uses. The government, as a shipper, may well pay reasonable rates. We recommend appropriate amendments to existing statutes to remove the requirement for land grant reductions.
Wages and Salaries

Representations from various sources have been made to your committee, both to the effect that the wages of railroad employees should be reduced, at least for a temporary period, as a means of affording quick financial relief to the railroads, and to the effect that such a reduction is not warranted and also might have the unfortunate result of precipitating like reductions by other large industries.

In 1932, when the railroads were in financial difficulties similar to those which they are now experiencing, although less serious in some respects, they were able to reach an agreement with their employees for a temporary deduction of 10 percent from wages which was of very material assistance. This deduction was in part eliminated, beginning in 1934, but not wholly until April, 1935. At the present time, wages are higher than they were in 1932, when this deduction was agreed upon, by about $130,000,000, based on the 1936 level of employment. The actual payroll at present, however, is probably no greater, and may be less, than it was in 1937, when the increased wage rates were agreed upon, because of the large number of employees who have been laid off.

The railroads are now engaged in conferences with their employees for the purpose of determining whether, in view of the
financial emergency, an agreement can be reached for a temporary deduction from wages like that which was agreed to in 1932. Such a wage deduction would be a means of very definite and positive financial relief to the carriers. In this respect it differs from an increase in freight rates or passenger fares, the actual results from which are always problematical, owing to the possible effect on traffic.

The policy of the law, as reflected in the Railway Labor Act, is to permit the railroads and their employees to determine matters of wages and working conditions by the process of mutual negotiations, with the National Mediation Board available for the purpose of mediation or to set in motion, with the consent of the parties, processes of arbitration. Provision is also made, in the event of an emergency, such as an impending strike, for the appointment by the President of a fact-finding board. This being the policy of the law, your committee does not feel justified in expressing an opinion either for or against a wage reduction or temporary deduction, and in any event it would be inappropriate for us to express such an opinion without fully hearing both the managements and the men. We are confident that both parties wish to be fair in the pending negotiations, and in reaching their conclusions will take into consideration all relevant matters, including the direct and indirect consequences to the railroads and their operations.
and to both the employees who are now in service and those who have been laid off.

Reorganization of Railroads

As stated above, 37 class I railroads are in receivership or trusteeship. Obviously the public interest requires that they be reorganized as rapidly as circumstances will permit. Recasting the financial structure of a major property is a vast undertaking. It requires, among other things, a forecast of future earnings. The fluctuations in business in the recent past and the present low level of earnings not only make such a forecast difficult but make security holders unwilling to accept a plan based on present conditions. Until the level of future earnings is more clearly indicated, we are convinced that progress in completing reorganizations must necessarily be slow. Under section 77 of the Bankruptcy Act the Commission and the United States Courts share responsibility. Necessarily there is some duplication. There is an opportunity for a great deal, the extent depending largely on the degree to which these agencies are able to work in accord and along similar lines as to the fairness of plans, etc. Your committee is convinced that there are opportunities for improvement in this legislation. Possibly the establishment of one court to have charge of railroad
reorganizations may be desirable. We suggest that the Congress may well give attention to the improvement of the section 77 procedure.

**THE LONG-TERM PROGRAM.**

There are, your committee believes, important steps which the Government can take for the ultimate and rapid, although not immediate, improvement of the railroads and of the transportation situation in general. In the proposals which we shall submit, we have kept in mind the necessary limits of governmental responsibility and authority under the present system of private ownership and operation. The proposals assume, and will be dependent for their success upon, the cooperation of the private owners (including the bondholders) and their managements within their own fields of responsibility and authority.

I. There is work for the Government to do, with relation to transportation, of a kind differing from that which the Commission was created to carry on. The Commission is essentially a regulatory body. While its duties are chiefly quasi-legislative, in the performance of most of them it functions somewhat after the manner of a court. Primarily it is occupied with the decision of controversies, or cases, involving complicated issues of both fact and law, and
requiring hearings, briefs, arguments, conferences, and ultimate reports. It handles a great volume of such work.

In recent years there has been a great and radical change in transportation conditions, brought about principally by the rapid development of new forms of transportation, not all of which are subject to the Commission's jurisdiction. The railroads have lost much of their former dominance. Competition has become a continually increasing, and often a profoundly disturbing, factor. The present "transportation problem" is very largely the product of that competition, combined with depression. It has created need for readjustments between and within the different branches of the transportation industry, for consideration of present tendencies and their probable results, for the avoidance of uneconomic and wasteful practices, for the survey and possible amendment of governmental policies, and in general for the determination, creation, and protection of the conditions most favorable to the development of a transportation system which will best serve the public interest. Much of this is planning and promotional work, as distinguished from regulation.

In view of the multitude of conflicting interests among those engaged in transportation, we believe that it is necessary for the Government to take the lead in this planning and promotional work. Probably the need has long existed,
but it has been vastly intensified by the recent great change in conditions. The Commission, however, is not suited to the purpose. It was constituted for an essentially different purpose. Its methods and organization were designed for regulatory work requiring quasi-judicial procedure. We believe that planning and promotion are separate and distinct from regulation, can be separately pursued without interference, and require unlike procedures and methods.

If the idea were carried to its full logical conclusion, it might involve the creation of a new department of the Government. This new department, in addition to undertaking work such as is outlined below, could take over the conduct of various administrative duties in connection with transportation now scattered throughout the executive departments, including those performed by the Bureau of Public Roads in connection with the construction of highways, by the Army Engineers in connection with the investigation and improvement of waterways, by the Bureaus of Marine Inspection and Navigation and Air Commerce of the Department of Commerce, and by other similar agencies. The creation of such a new department of the Government is a project of such magnitude and difficulty, however, requiring so much time to get it under way and involving so many considerations which would provoke discussion, that we do not propose it as an immediate step.
II. Your committee recommends for immediate purposes the creation of a temporary Federal Transportation Authority of three men, reporting to the President and to be appointed by him with the advice and consent of the Senate. What this Board could do is indicated in subsequent paragraphs. It is hardly necessary to say that its success would depend chiefly upon the character and ability of the three members.

III. The Authority would be helped by the research work which has already been done. An enormous amount of information has been accumulated by the investigations of the Commission, the former Federal Coordinator of Transportation, the carriers, and others. Some of this information may need to be brought up to date, or to be further checked or amplified, and various other inquiries may prove desirable; but by and large basic data necessary for informed judgment and action are available.

IV. We propose that the Authority be given no power to issue orders, but that, except so far as it is authorized to recommend further legislation, it undertake to work out improvements helpful to the situation in cooperation with the carriers and other interested parties, and that it be empowered, also, to present certain matters to the Commission for action. The Authority should not be required to hold public hearings or to follow any other formal procedure. To facilitate voluntary action by the carriers and the obtaining of authority from the Commission, where necessary, certain changes in existing statutes are recommended below.
A body engaged in planning or promotional work inevitably becomes an advocate or proponent. Where a governmental order is required to effectuate what it advocates, and there are opponents who must be given a hearing, obviously such a body cannot be made the judge to pass upon its own proposal. That is why the function of regulating, which requires quasi-judicial procedure, must be kept separate and distinct from the function of planning and promotion.

The Authority could, like the former Federal Coordinator of Transportation, be empowered to issue, without hearing, orders subject to review by the Commission; but such a grant of power is largely form rather than substance. If it should be thought that this would add to the prestige of the Authority, or improve its tactical position in dealing with the Commission, the bill which we recommend can readily be changed accordingly. Our considered judgment, however, is that it is better policy to leave the responsibility for orders definitely and wholly with the Commission, and that if this is done, possible antagonism between the Authority and the Commission will be minimized.

It will be the task of the Authority by negotiations with the carriers and general educational work to reduce to a minimum the opposition to its proposals, so that orders, where necessary, will encounter less resistance. Many of the matters with which the Authority would deal are of such a character that it would
be exceedingly difficult to enforce mandatory requirements against any concentrated opposition. The probable result would be prolonged litigation. Moreover, the activities of the Authority would in no wise be punitive or restrictive; on the contrary they would be aimed at the relief of the carriers and the establishment of conditions conducive to their future welfare. It would afford a test of their willingness and ability to cooperate effectively in such an undertaking on the part of the Government. The emphasis throughout should be on cooperation rather than compulsion.

V. In our Judgment, the Authority would not need a large appropriation. A million dollars annually should be sufficient (twice what the Coordinator had available), provided the Authority were also authorized to borrow such temporary help from the carriers, from time to time, as they were willing to give. The salaries of the members should be fixed by the President, and there should be authority to select such employees as the Authority may deem necessary without regard to civil service regulations, but with the approval of the Civil Service Commission. Provision should be made for the free transportation of the members of the Authority and its staff by the carriers. The life of the Authority should be limited to 2 years, with power in the President to extend for an additional period not exceeding 3 years, or 5 years in all.
The expenses of the Federal Coordinator of Transportation were borne directly by the railroads, through a form of special taxation. Their financial condition is now such that we doubt the advisability of assessing the expenses of the Authority in this way. Furthermore, the Authority, as we have planned it, would have to do with motor and water carriers as well as railroads.

VI. Probably the greatest opportunity for early helpful action by the Authority lies in the reduction of operating expenses by the elimination of the waste caused by the fact that our national railroad system is owned and operated by a large number of independent companies.

Speaking broadly, there are two means of elimination, one of which we shall term "consolidation" and the other, "coordination". By "consolidation" we mean actual unification of carriers, whether by technical consolidation, merger, purchase, lease, or common control. The word "coordination" is used for convenience to mean cooperative action in a common interest at particular places or with respect to particular matters, but without actual unification of carriers. It may take various forms.

Voluntary consolidation of railroad companies may now be accomplished, subject to certain limitations, with the approval of the Commission. Below we discuss the objections to the
present statute, and propose certain changes. Some forms of coordination may now be accomplished by the carriers without supervision by the Commission. In other instances, the approval of the Commission for all, or some features of, the transaction must be obtained. Thus, pooling of competitive traffic requires such approval, and certain features of terminal unifications may require it. In the case of both consolidations and coordinations, we believe that a body, such as the proposed Authority, representing the Government, can do much to promote action. The conflicting interests of railroad managements are such that disinterested intervention of this character is necessary.

The staff of the Federal Coordinatory of Transportation, 1933-36, made extensive investigations into a wide range of coordination possibilities, including, among others, opportunities for economy in:

Unified operation of terminal facilities at points served by two or more railroads.

Formation of car pools.

Unified handling of less-than-carload, freight-forwarder, and express traffics.

Pooling of passenger or freight traffic in numerous situations.

Unuse of freight containers, interchangeable between all railroads and with other carriers.
Joint utilization of shops and other repair facilities.

Cooperation in scientific and engineering research, in standardization and handling of materials and supplies, in purchases, and in disposition of scrap.

Better methods of interline accounting and settlements, including establishment of a central railroad or transportation clearing house.

Cooperation in handling of fiscal work.

Progress in the realization of such opportunities was hindered by the provisions in the Emergency Railroad Transportation Act, 1933, for the protection of railroad labor, and by the fact that the detailed working out and adoption of such plans affecting many railroads require time, and much of it.

It is, we think, very generally agreed that there is a large amount of waste in the railroad industry of the character above described. There are those, however, both in and out of the industry, who do not believe that it is practicable to eliminate this waste by coordinations under present conditions. The number of independent managements is, they feel, too large for effective negotiations and agreements. They would accomplish the objectives, therefore, primarily by consolidations, to be followed by coordinations after the number of separate companies has been reduced.
Theoretically, the maximum opportunity for eliminating the present waste would be created by unification of all railroads into a single system; and the next best opportunity, by combining them into a very few systems. Practically, the difficulties of unification into a single system would be very great. It could only be accomplished by a use of the power of eminent domain on a huge scale, and would require much the same legal procedure as Government acquisition of the properties. The effective and efficient administration of such a system would require a new and wholly untried plan of organization. Public opinion would not, we believe, support such a system. Much of the same difficulties and objections would attach to the creation of a few great systems, and in addition such a plan would preserve railroad competition at certain centers of population but eliminate it at many others. There is well-founded opinion to the effect that smaller railroad companies permit of more intensive and efficient management. We incline to the belief that the best practicable results can be secured by a limited amount of consolidation, coupled with broad development of cooperative coordination. The Authority, however, would be free to give consideration to every point of view, and to direct its efforts toward consolidation or coordination, or both, as its judgment might dictate after study and experience.
The control over consolidations which the Commission would exercise, even after the change in the statute proposed below, would furnish a check upon the judgment of the Authority in this respect.

In considering this matter, it should be borne in mind that consolidations not only open the door to important savings in expense, but may also, by exchange of stock of a strong railroad for bonds of a weak railroad, afford a means of reducing fixed charges. It should also be noted that if the process of consolidation and coordination is carried to the limits possible under present conditions, much valuable railroad real estate in the larger communities will be released for sale, to the advantage of both the railroads and the communities.

VII. The Emergency Railroad Transportation Act, 1933, (under which the Coordinator was established) provided that no railroad employee in service in May 1933 could be deprived of his employment or be placed in a worse position with respect to his compensation by reason of any action taken pursuant to the Act. The Coordinator, after much research, drafted and recommended, as a substitute for this provision a bill providing for reasonable dismissal compensation in the event of coordinations displacing labor. In 1936, you urged the managements and the employees to negotiate in regard to this matter, expressing the view that it could be handled to better advantage of all concerned by agreement rather than
by legislation. Negotiations resulted, and in May, 1936, the
managements and employees of most of the important railroads
agreed upon a plan which affords reasonable protection to
employees displaced by coordination or consolidation and at the
same time permits immediate realization by the railroads of some
of the economies and gradual realization of the remainder.

In view of this agreement and the policy which it
represents that this matter should be handled in this way
rather than by legislation, we have included in the bill which
we recommend no provision for the protection of labor. However,
we have included a provision which would give any railroad com-
pany affected by an order under the Act the right to retire
employees of 65 years of age or over who are subject to the
provisions of the Railroad Retirement Act of 1937. That Act
does not now authorize such compulsory retirements. They would
relieve the situation with respect to displaced labor, and
those so retired would have the benefit of the pensions for
which the Retirement Act provides. Our information is that
this can be done without increasing the present basis of taxing
the companies and the men.

If any further provision for the protection of labor
is desired, we suggest that the matter be considered by a
special committee made up of representatives of the Social
Security Board, the Railroad Retirement Board, and the National Mediation Board.

With respect to the argument that consolidation and coordination would add to unemployment, we believe that the situation and the choice are not so simple as this argument would suggest. If all means are used to decrease the cost of railroad operations, the chances for a railroad service that will thrive and grow and be capable of adding to employment will be vastly improved. Under conditions as they now exist, the prospects point to the continuation of a shrinking railroad service. Consolidation and coordination will, therefore, pave the way to better rather than worse unemployment conditions, and the 1936 agreement will afford a protection against hardships from the process of change such as labor enjoys in no other industry and such as the Government does not even extend to its own employees. Furthermore, traffic and railroad employment are now at the bottom. It will take time to work out consolidations and coordinations, with the result that they are likely to take place in a period of rising traffic. This will greatly minimize, and may eliminate, their adverse effect on labor, especially if the railroads have the right to retire employees of 65 years of age or over.

VIII. As is well known, the Transportation Act, 1920, sought to promote the consolidation of the railroads into a
limited number of systems. To this end the Commission was directed to prepare a consolidation plan conforming to certain specifications, to which future consolidations must conform. The weaknesses of this scheme were thus stated by the former Federal Coordinator of Transportation:

1. Consummation is dependent wholly upon the voluntary action of the carriers. No matter how good a plan it may be, it can only be made effective to the extent that it is to their liking.

2. Independent carriers have in general found it impossible to effect consolidations by mutual agreement, subject to the approval of the Commission. The prevailing method is for one carrier to acquire a controlling interest in the stock of another, or for some agency to acquire such interests in the stocks of both, prior to arranging for a consolidation or other unification. Such operations drive up the price of stock which is being acquired, often to unwarranted levels, and usually involve a diversion of railroad cash which could better be used for other purposes. The results are particularly unsound when borrowed money is used to acquire these stock equities.

3. Even if a consolidation be arranged and finally approved by the Commission, considerable amounts of cash will now usually be necessary to take care of dissenting minority interests. The inability of the railroads to obtain cash during the depression has halted progress in consolidations and unifications.

4. It is very difficult, if not impossible, to devise a plan which conforms to the elaborate specifications of the act, and any plan can only meet these specifications temporarily, owing to continual change in underlying industrial and financial conditions.
5. The rapid development of competition with the railroads from other forms of transportation has made the emphasis in the act upon the preservation of railroad competition unnecessary in the public interest.

The fourth report of the Coordinator (House Document No. 394, 74th Congress, 2d Session, Appendix C) presented a draft of legislation designed to correct these weaknesses in the present law. This proposed legislation would eliminate the present consolidation plan, and give the Commission authority to approve any unification which it finds will promote the public interest, with specification of matters to be considered in determining that issue. It would also give the Commission authority, through resort to the power of eminent domain, to require a unification, where it is sought by at least one carrier. It would further provide for consummation of mergers by exchange of securities on a fair and equitable basis without the use of cash.

Your committee is inclined to believe that a statute of this character may prove necessary, but for the present we provide, in the bill which we recommend, only for the elimination of the consolidation plan and for authorization by the Commission of any unification which it finds will promote the public interest, with appropriate specification of the matters to be considered in that connection. We do, however, include a section directing
the Authority, if, after study of conditions, it reaches the conclusion that compulsion by governmental authority, or other means of facilitation, is necessary to accomplish the results desired, to report accordingly to the President and Congress, through the Commission, with a full statement of its reasons for this conclusion and a draft of the legislation recommended. The Authority is also empowered to intervene for or against any application by a carrier or carriers seeking Commission approval of a unification project.

IX. Section 5(1) of the Interstate Commerce Act now permits railroads, with the approval of the Commission, to pool or divide their traffic or earnings. All the railroads concerned, however, must assent to such a plan, and the Commission must find that it will not unduly restrain competition. Such pooling or division of traffic or earnings may often, we believe, be a very effective means of eliminating waste and strengthening the railroad situation. In the bill which we recommend, therefore, we propose to amend section 5(1), so that the Commission may require such pooling or division, whether or not the carriers assent, and we have also stricken the provision with respect to undue restraint of competition. In view of the intense competition now prevailing between the various forms of transportation, we do not regard it as necessary to lay so much stress as in the past on the competition of railroads with each other. The bill also requires the Commission to institute
a proceeding upon its own motion, if the Authority so petitions, with a view to requiring particular arrangements for pooling or division of traffic or earnings.

X. There are many possibilities in the way of coordination which are not covered by the consolidation or pooling provisions of section 5 of the Interstate Commerce Act. In the bill which we recommend, the Commission is given power, upon petition of the Authority, to require such coordinations, and it is provided that any order which it so issues shall, as in the case of an order under section 5 of the Interstate Commerce Act, bar the operation of Federal or State anti-trust statutes or similar prohibitory measures. We doubt the practicability of such orders, if the railroads generally were hostile to the project in question, but believe that the situation would be otherwise if only a minority of carriers were unwilling to make the change. Even where all carriers concerned are willing, moreover, an order may be desirable to bar the operation of prohibitory statutes, or to provide for just compensation for use of carrier property or services. The emphasis should, in short, be on cooperation, but power in the Commission to order is a desirable reserve power for the reasons above indicated.
Substitution of motor or water transportation is recognized in the bill as a means, under certain conditions, of obtaining greater economy and efficiency in operations. In such event, existing motor carriers or water carriers, as the case might be, ought to have an opportunity to provide the desired service, other things being equal. The Motor Carrier Act, 1935, does not, however, empower the Commission to establish through routes and joint rates between rail carriers and motor carriers. Our bill gives the Commission such power in acting upon a petition from the Authority. The bill does not, however, dispense with the need for securing all necessary authority, as required by the Motor Carrier Act, for new motor carrier operations or for railroad acquisitions of existing motor carriers.

XI. Some coordinations, such as unification of terminals, may involve capital expenditures to some extent, if they are to be successful. Under present conditions, the railroads may be unable to secure the necessary capital from private sources. The bill which we recommend, therefore, provides that in such an event the consummation of the project may be made contingent upon the loan by the Reconstruction Finance Corporation of the necessary funds upon such terms and conditions as the Commission may find reasonable in the circumstances. The Reconstruction Finance Corporation is authorized, in its discretion, to make such loans upon such a finding by the Commission.
XII. The jurisdiction of the Authority should extend in some degree over motor carriers and water carriers as well as over railroads. This is necessary because it is the widespread and bitter competition between these three forms of transportation particularly which is the chief cause, aside from the depression, of their present grave financial troubles. It is essential, for the future improvement of transportation conditions, that concentrated attention be given to this matter. Freight rates have become more unstable and chaotic than for long years past, and it is certain that much traffic is being carried, particularly by railroads and motor carriers, under uneconomic conditions, so that it imposes an unwarranted burden upon other traffic or on carrier finances.

In the first place, the facts ought to be brought clearly to light as to the extent that transportation is being furnished in part at government expense. The former Coordinator undertook a very extensive investigation of this matter, and the results of that investigation will soon be available in print. These reports will contain an immense amount of valuable information. Further investigation of certain phases may be desirable, but in due course the Authority would be able to present to the country the essential facts. In the light of these facts it should be possible to resurvey Government policies with respect to financial aid to transportation and the promotion
of particular projects and consider their soundness and wisdom in all respects. It is probable that considerable opportunity will be found for improvement.

In the second place, and even more important, it is most desirable that the relative economy, and fitness in other respects, of the three types of carriers for transportation, or particular classes or descriptions thereof, be determined as well as may be, in order that their use may be encouraged for certain purposes and discouraged for others. This is of the very essence, if we are to have a well integrated transportation system, functioning as efficiently, effectively, and economically as possible. An important part of this study should be to determine the opportunities for the joint and cooperative use of the three kinds of transportation. All have their place and they can be made to fit together with advantage to themselves and the country as well to a very considerable extent.

The bill which we recommend provides for a thorough consideration of this general subject by the Authority. It is authorized to confer freely with the carriers and to encourage and promote voluntary action on their part which will improve conditions, but in the event that it finds that further legislation is desirable, it is directed to report, through the Commission, to the President and Congress accordingly.
XIII. There are other matters to which the Authority might well give attention with a view to the improvement of transportation conditions. The bill which we recommend contains no specifications as to such matters, but it does, in one of the sections, give the Authority blanket opportunity to give them consideration.

A draft of a bill such as your committee recommends for the creation of a Federal Transportation Authority is herewith submitted.

**Fixed Charges**

The railroads carry a heavy burden of "fixed charges". By this term is meant, for present purposes, payments in the nature of a return on investment which must be made each year regardless of the state of earnings, if bankruptcy or receivership is to be avoided. They chiefly include obligatory interest on debt and rentals. The amount is indicated in our preliminary statement of railroad statistics. Few industries carry as heavy a burden of this character.

There are several reasons for this. The railroad industry is old, as industries go. In the early days it was common practice to build railroads out of the proceeds of bond issues. Stock was issued as a bonus or for purposes of control. Another reason is that insurance companies, savings banks, and other fiduciary institutions have great funds of capital for conservative investment, and they are often lim-
itied by law to bonds meeting certain specifications. Such capital has in the past been available to many railroads through the issue of bonds at low interest rates, to the considerable advantage of stockholders when earnings were good. A further reason is that railroad equipment, which is movable and capable of rather general railroad use, has been regarded as exceptionally good security, so that it has been the custom to finance such purchases largely by sale of equipment-trust certificates. In many cases, railroads have been compelled to borrow, often on unfavorable terms, because their earnings did not permit the sale of new stock.

From one point of view the using public is not concerned with the amount of railroad debt. The railroads have a constitutional right to endeavor to obtain, if they can under reasonable rates, a fair return on the rate-making value of their properties. This right is in no way affected by the ratio of debt to stock. The public, however, has a very practical interest in the matter, to the extent that an unduly high ratio impairs credit and the ability of carriers to provide the most economical and efficient service, or lends them to scrimp on maintenance and service to keep out of bankruptcy.

It is probable, indeed, that during the depression this heavy burden of fixed charges has chiefly distinguished the situation of the railroads from that of many other industries.
Railroad revenues shrank very greatly, but so did revenues generally. In the case of the railroads, however, the shrinkage threatened or precipitated bankruptcies of large companies to an unusual extent, because of the high level of fixed charges.

Some have seemed to think that railroad fixed charges could be reduced by statute. Of course they are contractual obligations and cannot be avoided, except by inability to pay and the procedures of bankruptcy or receivership, or by consent of the creditors. Where a railroad is large and its bonds widely held, it has not heretofore been practicable to secure such consent, although it is possible that present conditions may change this situation somewhat.

In January 1938, steam railroads were in receivership or bankruptcy with an aggregate operated mileage of 77,729, or 30.6 percent of the total. For the time being these roads are largely relieved from fixed charges, and their pending financial reorganizations will afford much permanent relief. Because many were railroads conspicuously overburdened by fixed charges, these reorganization, if properly accomplished, will greatly improve the general situation. If low earnings persist, an increasing number of railroads will obtain relief through the bankruptcy route.
There is some misunderstanding of the fixed-charge situation and its significance. Many seem to think that these charges represent an unjust burden, and that if it could be removed, all would be well. The fact is that these charges constitute a comparatively modest return on only a part of the legitimate investment in railroad property. There is nothing unjust about this return. The objection to it lies in the contractual obligation to pay regardless of conditions, thus making it difficult for the railroads to weather our periodical business depressions.

Moreover, as above indicated, even if the investment were more largely represented by stock rather than bonds, the right to obtain, if possible, a return on the fair value of the property would still remain. The advantage of stock is that in times of depression dividends can be passed without danger of bankruptcy. But the fact that they are so passed is in itself a reason why they should, if possible, in times of prosperity be paid in generous measure, at least on stock supported by property value. Indeed companies cannot long maintain good credit unless they are paid. Careful investors will not buy bonds unprotected by a heavy margin of earnings over and above the interest charges. Not only that, but unless earnings are sufficient to make stock attractive to investors,
railroads will be forced to do all their financing by borrow-
ings, thus recreating the burden which the bankruptcies are
reducing, and eventually putting a stop to financing.

Summing up the fixed-charge situation, it is in need of
correction chiefly because of the difficulties which it creates
in times of depression. It is in process of correction to a
very considerable extent, through the procedures of receivership
and bankruptcy. However, reduction of this fixed-charge burden,
while much to be desired, is not a cure for basic railroad ills.

Financial Abuses

As has been shown by various investigations which have been
made in the past and by that which is now being conducted by
the Senate Committee on Interstate Commerce, the railroads have
suffered from what may be termed, for want of a better designa-
tion, "financial abuses." Broadly speaking, they have been
of four main types: (1) The acquisition of controlling inter-
est in other railroads, or other transportation companies, at
extravagant prices and often with a consequent improvident in-
crease in indebtedness, and often associated also with the use
of holding companies to this end and with a view to greatly
minimizing the investment necessary for control purposes;
(2) acquisition of terminal or other auxiliary properties from
shipping interests on an extravagant or improvident basis for
traffic control purposes; (3) improper or misleading accounting for the purpose of concealing actual financial condition; and (4) unwise issuance of securities in the interests of those who market such securities.

Legislation in 1933 had the effect of bringing such abuses under better control, but further legislation to this end, coupled with better implementation of the Commission for the purpose, is desirable. Recommendations with respect to such legislation, covering the holding company situation among others, will no doubt be brought forward by the Senate Committee. We believe it to be clear that the expenditure of carrier funds for other than strictly carrier purposes should be permitted only after approval by the Commission. As an aid in such supervision, non-carrier subsidiaries of railroad companies should be brought within the Commission's jurisdiction.

Transportation Regulation

Your committee believes that transportation presents a single problem, interrelated in all of its parts, and should be dealt with by the Government as such. In one of his reports, the former Federal Coordinator of Transportation suggested the following declaration of policy by Congress in connection with proposed legislation:
It is hereby declared to be the policy of Congress to promote, encourage and develop an adequate national transportation system embracing all necessary transportation service and facilities for the efficient handling of the commerce of the United States and for the national defense; to deal fairly and impartially with each mode of transportation, whether by rail, by water, by air, by highway motor vehicle, by pipe line or by any combination of any two or more of the several modes of transportation; and to foster and preserve all such modes of transportation to the extent consistent with the development of an adequate national transportation system as above described.

The Commission in its annual reports has expressed similar views. If there is to be such equal and impartial treatment of all the important forms of transportation, it is highly desirable, in order that the results desired may be effectively accomplished, to concentrate regulatory activities in a single agency. This has now been done in the case of railroads, motor carriers, and pipe lines. We believe that it should be done with respect to water carriers and air carriers. A bill providing for such regulation of water carriers has been reported by the Senate Committee on Interstate Commerce and hearings on a similar bill have been concluded by the House Committee on Merchant Marine and Fisheries. The way is thus open to the enactment of such legislation at the present session. There is like opportunity with respect to the regulation of air carriers.
With respect to the concurring expression, Commissioners Eastman and Mahaffie desire to say that they do not differ from Chairman Splawn that a reorganization of the Interstate Commerce Commission is desirable, particularly if it is to be given additional or more extensive regulatory duties. However, they are not satisfied that the plan of reorganization which he suggests has been sufficiently considered and worked out, or that it is basically the most desirable plan. In their judgment this is a matter of such importance and concern to so many interested parties, and of such inherent difficulty, that it is not practicable to attempt to deal with it at the present session of Congress, or desirable to inject this issue for immediate consideration in connection with the legislation which the report recommends.

Respectfully submitted,

[Signatures]

Joseph B. Eastman
Charles O. Mahaffie
BPLAWN, Chairman, concurring:

I am writing this separate expression to emphasize some of the recommendations we are making and to call attention to the desirability of better adapting existing organization for regulation of interstate common carriers as well as to provide for a new Authority to promote and develop coordination and the elimination of undue competition.

Before recommending legislation it is necessary to make a brief summary of the more important facts of railway transportation.

The mileage of steam railways in the United States reached its peak in the year 1916. In that year the total was 254,251 miles. There has been a decline in nearly every year since that time, and in 1936 it was 240,104. There was a further decline in 1937. However, the volume of freight originating on these rails did not reach its peak until 1926 when it aggregated 1.4 billion tons. In ton-mileage, the peak of 450 billions was reached in 1929, the average haul being somewhat longer in 1929 than in 1926. The number of passenger-miles of railway travel reached its peak of 47 billions in 1920.

The central, all important fact concerning the present railway situation is the extent of the falling off in both freight and passenger traffic since 1929. From 1929 to 1936, for example, tons of freight originated on Class I, II, and III railways declined from 1.4 billion to a little
over 1 billion, or in excess of 28 percent, while the number of passengers carried fell from about 786 to 492 million, or more than 37 percent. Revenue ton-miles fell, roughly, from 450 billion to 341 billion, a decline of over 24 percent and revenue passenger-miles from over 31 billion to barely 22.5 billion, or more than 27 percent. In 1937, the ton-miles for these roads are estimated to be 80 percent and the passenger-miles 79 percent of those of 1929, but these passenger-miles were about 52 percent of those in 1920.

The increasing competition of motor trucks, pipelines, and other carriers with the railways is indicated by the Interstate Commerce Commission's study of the fluctuations of railway freight tonnage originated on Class I roads as compared with the tonnage of production. This analysis would indicate that, as compared with the average condition of 1923-1925, the spread between the two trends had widened by 1936 to the extent of 195 million tons of freight. This figure is equivalent to about 20 percent of the total tonnage originated on Class I carriers in 1936. While the foregoing declines in passenger traffic are due in part to the growth of air and bus passenger transportation, they undoubtedly reflect chiefly the even more significant inroads of private passenger automobiles.

The losses of the railways resulting from the competition of other transportation agencies, however, have not been confined to the absolute declines in the volume of traffic. The traffic declines referred to above are rendered
the more serious because of the declining prices per ton and per passenger mile. Thus the revenue per ton-mile for all freight traffic on all Class I, II; and III roads dropped from 1.088 cents in 1929 to .984 cents in 1936, or not far from a loss of 10 percent. This decline was due for the most part to voluntary reductions by the rail carriers to meet competition. For the Class I roads from 1929 to 1937 the ton-mile revenue declined more than 13 percent.

In the case of passenger traffic, not only has there been the pronounced decline in the number of passengers carried and the passenger-miles, but a steady and progressive decrease in revenues per passenger-mile resulting principally from fare reductions designed either to prevent further losses or procure increases in traffic in competition with private automobiles and busses. In 1929, for all three classes of roads the revenue per passenger-mile was 2.811 cents; in 1936, it was 1.840 cents, a decrease of over 34 percent. For the Class I roads from 1929 to 1937 the decline was in excess of 36 percent.

As a result of the foregoing developments, railway passenger revenues for Class I, II, and III roads fell from not quite 876 million dollars in 1929 to 413 million in 1936, or over 52 percent. Railway freight revenues for the same roads declined from barely 4.9 billion in 1929 to less than 3.4 billion dollars in 1936, or over 31 percent. If the unit revenues of 1937 for the Class I roads had been as high as those of 1929, the gross revenues in 1937 would have been
greater by over 750 million dollars.

Although the roads have rather consistently succeeded in reducing their operating expenses, in the face of the aforesaid declines in traffic and revenues, the amount of their losses in the latter respects has been so great that the net railway operating income has suffered severe declines. Thus in 1936 the operating expenses of the Class I, II, and III roads were just under 3 billion dollars, or more than 35 percent below those of nearly 4.6 billion in 1929. Despite this decline in operating expenses, total net railway operating income none the less fell from not quite 1.3 billion dollars in 1929 to about 676 million in 1936, or over 46 percent.

The presence of competitors in the field of transportation for the traffic which seemed formerly to belong exclusively to the rails explains why it is not possible to solve the railway problem by the simple expedient of raising the prices of the railroad service. It is true that the motor carrier industry has in recent years been brought under Federal regulation. The Interstate Commerce Commission recently said that (226 I.C.C. 73), a very practical situation confronts the organized motor carriers. "Because of the vast number of carriers, common, contract, and private, which are competing for the traffic with the rail and rail-water lines, it would be impossible for the organized highway carriers to proceed independently or as individuals. Should this be attempted, the remaining highway carriers which did not increase their rates might gather to themselves
the traffic, and because of the increased volume secured their situation would improve while that of the carriers which attempted to make increases would become so much the worse."

The decline in railway rates and fares since 1929 is largely the result of voluntary reductions made by the railways themselves. These reductions have been unevenly distributed, the cuts being made only where necessary to hold the traffic, especially for the shorter distances. Many of the most important rates are still no lower than the 1929 level. To increase all freight rates by the uniform percentage of 15 percent recently requested by the railways would greatly accentuate the disparities. The Interstate Commerce Commission granted increases in its decision of March 8, 1939, which, added to the increases in rates effective at various dates in 1937, will raise the maximum freight rate level above that in effect at the beginning of 1937 by about 7½ percent. The increases granted will little more than compensate for increased wage and material costs and taxes recently effective compared with those of 1936.

In addition to these increases which the carriers estimate they can get by applying uniformly a percentage, they are free to restore the rates which they have voluntarily reduced. But for competition such restoration could be made. The maximum which could be realized from such restoration of voluntarily reduced rates would be about 10 percent of the gross freight revenue. This, added to the average increase of 5 percent on the maximum reasonable rates
authorized in Ex Parte 123, makes a possible increase in
gross freight revenues of 15 percent. Because of undue
competitive conditions nothing like this 15 percent will
be realized. These competitive conditions likewise bear
down with comparable heaviness upon common carriers by
highway and by water.

At the present session of Congress, legislation
should be enacted which would accomplish the following:

**A Stabilization of Railway Credit**

Necessary amendments to existing statutes should
place the Reconstruction Finance Corporation in a position
to make any loans for the payment of interest on railroad
bonds to banks which might appear to be necessary in
the general public interest. The Reconstruction Finance
Corporation should further be authorized to make loans
for the purchase of new equipment up to at least
$300,000,000. A survey might disclose that such loans
could well be made to a much greater amount. The Recon-
struction Finance Corporation should also be authorized to
make loans for rehabilitation of properties. These loans
should be on liberal terms, perhaps in exchange for pre-
ferrred stock or for certificates comparable to equipment
trust obligations, placing the government's claim for these
loans in behind existing bonds. Consideration should be
given to the feasibility of legislation which would enable
the Reconstruction Finance Corporation, perhaps with the
advice of the Interstate Commerce Commission, to refund out-
standing railroad bonds at an interest rate not to exceed 2\(\frac{1}{2}\) percent. In order to effect such a refunding it might be necessary for the government to stand behind the interest of the bonds for a period of years.

**Protection of Railway Companies from Exploitation**

The Senate Committee on Interstate Commerce has been making an intensive study of the problem of railway holding companies. In the light of their investigations an amendment should be promptly drawn to the holding company provisions of the Interstate Commerce Act which would at least prevent the development in the future of the control of railroad companies through the holding company device; which would encourage the dissolution of existing holding companies set up and used for such control; and which would give the Interstate Commerce Commission access to the books and accounts and jurisdiction over such holding companies as may be necessary to a system to meet the requirements of State laws. Such legislation in connection with other remedial statutes recommended would go far toward protecting railroad companies against dissipation of their revenues.

**The Reorganization of Insolvent Railroad Companies**

At the end of 1936 there were 31 roads of all classes in the hands of receivers and trustees, operating 69,712 miles of road, of which 84,878 were owned. The investment of these companies in road and equipment was slightly more than 8 billion dollars, and they had capital
stock and unmatured funded debt in excess of 3.5 billion. Several additional roads passed into receivership or trusteeship in 1937 and the first part of 1938. At the present time there are 10 Class I roads operated by receivers and 27 by trustees. These 37 companies own 62,767 miles of road with a little over 3 billion dollars unmatured funded debt and 2 billion dollars of capital stock. In addition, these roads had substantial amounts of funded debt matured and unpaid, receiver’s certificates and the like outstanding.

In order to bring about the most equitable reorganizations, it appears desirable further to amend section 77 of the Bankruptcy Act so as to relieve the Federal district courts of all responsibility for the reorganization of the properties. This task should be transferred to a specially created court of at least three judges with a provision for appeal direct to the Supreme Court. This court should be tied in with the Finance Division of the Interstate Commerce Commission, perhaps by the President, with the advice and consent of the Senate, designating a commissioner to be a member of the court, and further by making available to the court the facilities of the Commission. Either the Commission with the approval of the reorganization court, or the court on its own motion, should be authorized to draw up a plan of reorganization of a company and be empowered to put it into effect. Where there is doubt as to the existence of an equity for a class of security holders, rights might be exchanged for such securities with a limitation of the
period within which such rights could be exercised.

This court could be either constitutional or legislative. If constitutional, it could be an existing circuit court of appeals designated for this task; or a court composed of judges to be designated by the Chief Justice of the Supreme Court; or it could be composed of new judges appointed by the President with the advice and consent of the Senate. An existing circuit court of appeals would already be busy with the grist of litigation. Judges in districts or circuits who might be particularly fitted for service on this court are likewise busy. If a constitutional court is set up, it would perhaps be best to be composed of new judges, appointed by the President with a view to their fitness for this special work. If the work should be completed within a few years, the judges could be assigned to other courts.

A legislative court like the Court of Claims could be composed of judges who would serve while the court is needed. Appeals might be taken from the legislative court directly to the Supreme Court as is now done from the Court of Claims. The Court could be given access to the facilities of the Interstate Commerce Commission. If necessary the staff of the Commission's Bureau of Finance could be increased in order to serve this court during the pendency of reorganization proceedings.

An officer could be attached to the court known as a Conservator. This Conservator could pass upon the
qualifications and fitness of receivers and trustees appointed by the district courts. He could keep in close touch with the management of the properties under reorganization and advise the court when it would be feasible to adopt a plan of reorganization. He might be permitted to nominate to the Federal District Court receivers and trustees.

Reorganization of the Interstate Commerce Commission

At first the Interstate Commerce Commission was composed of five members and its authority was for the most part limited to the regulation of charges and the prevention of discrimination in charges and practices. By 1920 the membership had been increased to eleven and the administration of a variety of statutes had been assigned to the Commission.

The most important work of the Commission continues to be the regulation of the charges which carriers may make for their services and the prevention of unlawful discriminations. There are, however, a number of other very important duties assigned to the Commission.

At present the Commission carries on most of its work through its divisions. Appeals lie from the divisions to the entire Commission. Each of the eleven commissioners must pass upon every petition for reconsideration of the action of a division.
Paragraph (4) of section 17 should be amended so as to authorize a division to make a final order subject to review by the courts. With such an amendment, the Commission could then organize into appropriate divisions, each of which could finally pass upon matters submitted, subject always to review by the courts. I am submitting my view of a workable reorganization of the Commission along functional lines. While I have submitted this idea to the Commission for study, there has been no action by the Commission with reference to it. In the event of serious consideration of this suggestion, the criticisms and judgment of the Commission should be sought. Such a reorganization could be as follows: A General Division, a Finance Division, and a Rate Division. To the Division of Rates there would be assigned the regulation of all rates over which the Interstate Commerce Commission has jurisdiction, the valuation of carrier properties for rate-making purposes, and the division of rates between carriers. To the Finance Division would be assigned all matters pertaining to the issuance of securities, certificates of public convenience and necessity, and related matters. To the General Division would be assigned all other matters not assigned to the Rate Division and the Finance Division.

The Rate Division should be composed of seven commissioners; the Finance Division of three commissioners, and the General Division of three commissioners. That would make thirteen assignments for the eleven commissioners. Such
A division of labor could be made by having the Chairman of the Commission serve only on the General Division and one commissioner give all of his time as Chairman of the Finance Division. Two commissioners could be assigned both to the General Division and to the Finance Division. When necessary the Chairman of the Commission could assign to the Finance Division one or two commissioners from the Rate Division. It could be provided that upon a motion of any division the entire Commission could consider whether or not it would pass upon a question which might appear to be of commanding national interest. One member of the General Division could be a permanent Chairman of the Commission and ex officio chairman of the General Division, to be appointed by the President of the United States as has already been recommended by the Federal Coordinator of Transportation. To this chairman could be assigned such duties as were described by the Coordinator in his report on the reorganization of the Commission. The new Authority which we recommend could report through the General Division of the Commission. The General Division could, in most cases, dispose of all matters brought to the Commission by the Authority.

At the present time the Chairman of the Commission performs the duties of the chairmanship for only one year. During that time he also performs the ordinary duties of a commissioner and is not relieved therefrom in any respect in consideration of his duties as Chairman. For many years
it has been the custom for the Commission to select each year a new chairman, each member serving in rotation. The result is that the chairmanship is not necessarily held by the member best fitted for the position. Due to the necessity of performing the usual duties of a commissioner the Chairman cannot devote the attention to the chairmanship which it should have. There is little opportunity for him to give special study to reforms or improvements in procedure or administration. Such matters, moreover, are not made the particular function of the Chairman but are left to the discretion of the entire Commission whose time is fully occupied with other duties.

The Chairman would be primarily the administrative director of the work of the entire Commission. This change in the functions and authority of the Chairman would give the Commission what it does not now have, a permanent executive officer relieved from many routine duties but with the specific duty of expediting and promoting efficient conduct of Commission business and initiating improvements in procedure.
AN ACT

To create the Federal Transportation Authority and to amend section 5 of the Interstate Commerce Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Transportation Authority Act."

TITLE I -- FEDERAL TRANSPORTATION AUTHORITY.

Section 1. In view of the serious financial situation of rail, motor, and water carriers in general and the grave danger that they will be unable for the future to serve the nation as adequately, efficiently, and cheaply as its welfare demands, it is hereby declared to be the policy of Congress to strengthen the transportation system of the nation by eliminating sources of waste and weakness and by utilizing each type of transportation in the most effective economic way with a minimum of destructive competition, so that the carriers will better be able to meet present and prospective needs for growth and modernization and for the development of the best practicable service at the lowest reasonable cost.

Section 2. As used in this act —

(a) The term "Commission" means the Interstate Commerce Commission.

(b) The term "Authority" means the Federal Transportation Authority hereinafter provided for.
(c) The term "rail carrier" means any common carrier subject to the provisions of part I of the Interstate Commerce Act, as amended, any common carrier forwarding company utilizing railroad service, and any company owning and leasing cars for railroad use, including any receiver or trustee of any such carrier or company.

(d) The term "motor carrier" means any common or contract carrier subject to the provisions of part II of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

(e) The term "water carrier" means any common or contract carrier, including any receiver or trustee thereof, which engages by water in the transportation of passengers or property for compensation or hire from one State or territory of the United States, or the District of Columbia, to any other State or Territory of the United States, or the District of Columbia, whether such transportation be wholly by water or partly by water and partly by rail or highway.

(f) The term "carrier" means a rail, motor, or water carrier, as above defined.

Section 3. There is hereby created a body, to be known as the Federal Transportation Authority and composed of three members, who shall be appointed by the President by and with the advice and consent of the Senate. The Authority shall have
such powers and duties as are hereinafter set forth and prescribed, and may, without regard to the civil service laws and the Classification Act of 1923, as amended, but subject to the approval of the Civil Service Commission, appoint and fix the compensation of such assistants and agents as may be necessary in the performance of its duties under this act. The Authority may also accept and utilize the voluntary and uncompensated services of officers or employees of carriers or carrier organizations in investigating matters pertaining to the physical operations of carriers and the facilities and properties used therein, and avail itself as fully as may be practicable and desirable of the cooperation, services, records, and facilities of all departments and bureaus of the Government, authorities of any State or municipality, and organizations representing the employees of carriers or users of carrier service. The office of the Authority shall be in Washington, District of Columbia, but it may establish branch offices at other places. The President shall designate one member to serve as chairman, and each member shall receive such compensation as the President shall fix.

Section 4. It shall be the duty of the rail carriers, in furtherance of the policy declared in section 1, to take such practicable action as will (a) have the effect of reducing the operations, facilities, or properties, or the cost thereof, required to meet the reasonable
demands of the public for adequate and efficient rail transportation, or (b) enable such carriers by cooperative effort directed to a common end to meet such demands more efficiently, effectively, and economically, including, among other things, the consolidation or other unification of properties, arrangements for the pooling or division of earnings or traffic, the joint use of terminals, shops, and other facilities, the pooling of equipment, or any class thereof, under common ownership or control, collective or cooperative arrangements for the handling of any class of traffic, like arrangements with respect to purchases and various accounting or fiscal matters, and the substitution of motor or water transportation for rail transportation, whether by joint arrangements with motor or water carriers or otherwise. It shall be the duty of the Authority to plan, encourage, and promote such action by rail carriers. In the performance of this duty, the Authority shall particularly direct its attention to the rail carriers which are in receivership or bankruptcy, and especially to those operating in the territory known as western trunk-line territory; and it shall bring to the attention of the Commission any situations where, in its judgment, consolidations or other unifications of railroad properties should be considered in connection with the financial reorganization of carriers in receivership or bankruptcy.
Section 5. Whenever a rail carrier applies or rail carriers apply to the Commission, under section 5 (4) (b) of the Interstate Commerce Act, as amended, for authority to effect a consolidation, merger, purchase, lease, operating contract, or acquisition of control, the Authority is hereby authorized, if it so desires, to intervene on behalf of or in opposition to the applicant or applicants.

Section 6. Whenever a rail carrier applies or rail carriers apply to the Commission, under section 5 (1) of the Interstate Commerce Act, as amended, for authority to pool or divide traffic or earnings, the Authority is hereby authorized, if it so desires, to intervene on behalf of or in opposition to the applicant or applicants. Upon petition of the Authority, also, the Commission shall upon its own initiative institute a proceeding under said section 5 (1) to determine whether it shall by order require the pooling or division of traffic or earnings of rail carriers specified by the Authority in said petition.

Section 7. Upon petition of the Authority, the Commission is hereby authorized and directed to issue and enforce an order giving appropriate directions to rail carriers named in said petition, and made parties to the proceeding with due notice, to take action of the character described in section 4 of this act, other than action subject to the provisions of section 5 of the Interstate Commerce Act, as amended, as specified in said petition, or to take some part or modification of such action,
provided the Commission shall find, after hearing, that such order will be in furtherance of the policy declared in section 1 of this act and of the duties imposed upon said carriers by section 4 and will otherwise be just and consistent with the public interest. Such order may include provisions for such compensation for the use of property or for carrier services as the Commission may deem necessary and just, and at the same time and without further proceedings the Commission may grant any authority necessary under other provisions of the Interstate Commerce Act, as amended, in connection with the action which the order directs said rail carriers to take. In such petition, the Authority may also seek the establishment of through routes and reasonable maximum or minimum, or maximum and minimum, joint rates or fares thereover between named rail carriers and named motor carriers or water carriers; and in that event such motor carriers or water carriers as well as such rail carriers shall be made parties to the proceeding with due notice, and to the extent that the Commission finds, after hearing, that such through routes and joint rates, or any of them, are necessary and desirable in the public interest, it shall by order require them to be established and maintained.

Section 8. If, following a petition by the Authority under section 7 hereof, the Commission after hearing shall find that action by the rail carriers, as specified in the petition,
or any part or modification of such action, will require cap-
tal expenditures and that the rail carriers concerned are
unable to obtain the necessary funds on reasonable terms from
private sources, it shall make such order as it may issue,
directing such action, contingent upon the loan by the Recon-
struction Finance Corporation of such funds; and the Reconstruc-
tion Finance Corporation is hereby authorized, in its discretion,
to make such a loan upon such terms and conditions as the Com-
mission may, in the circumstances, find to be consistent with
the public interest.

Section 9. The carriers affected by any order of the
Commission made pursuant to this act shall, so long as such
order is in effect, be, and they are hereby, relieved from the
operation of the anti-trust laws, as designated in section 1
of the act entitled "An Act to supplement existing laws against
unlawful restraints and monopolies, and other purposes", ap-
proved October 15, 1914, and of all other restraints or prohibi-
tions of law, State or Federal, other than such as are for the
protection of the public health or safety, insofar as may be
necessary to enable them to do anything authorized or required
by such order made pursuant to this act: Provided, however,
that nothing herein shall be construed to repeal, amend, sus-
pend, or modify any of the requirements of the Railway Labor Act,
as amended, or the duties and obligations imposed thereunder or
through contracts entered into in accordance with the provisions of said act; and provided, further, that the Commission shall issue no order which shall have the effect of relieving any carrier from the operation of the law of any State or the order of any State authority, unless it shall have given the Governor of such State prior notice of the proceeding and an opportunity to be heard.

Section 10. The carriers affected by any order of the Commission made pursuant to this act shall thereafter have the right to retire employees who are subject to the provisions of the Railroad Retirement Act of 1937, and who, at the time of such retirement, are sixty-five years of age or over.

Section 11. If the Authority, after study of conditions, shall at any time arrive at the conclusion that the purposes of this act cannot effectively be accomplished without provision for compelling, by exercise of the authority of the Federal Government, or for otherwise facilitating the consolidation or other unification of rail carriers, it shall so report to the Commission with a full statement of its reasons for such conclusion, including in its report a draft of proposed legislation designed to provide the necessary means for such compulsion or facilitation; and the Commission shall promptly transmit such report, together with its comments thereon, to the President and to the Congress.

Section 12. The Authority is hereby authorized and directed to investigate, in such way as it may see fit, the competition
existing between rail carriers, motor carriers, and water carriers, with a view to determining, as nearly as may be, the relative economy, and fitness in other respects, of these three types of carriers for transportation service, or for particular classes or descriptions thereof, and what steps which are practicable and in the public interest may be taken to encourage their use for purposes for which they are specially fitten and to discourage their use for purposes for which they are not well fitted, and to promote their joint and cooperative use, all to the end that a system of transportation may be developed and maintained for the nation which will utilize these three types of carriers in the most effective, economic, and efficient way and with a minimum of wasteful or destructive competition. The Authority shall confer freely with the carriers for the purpose of encouraging and promoting voluntary action to this end, and if in its judgment further legislation is necessary in the public interest for the more effective accomplishment of such purposes, it shall so report to the Commission with a full statement of its reasons for this conclusion, including in its report a draft of such further legislation; and the Commission shall promptly transmit such report, together with its comments thereon, to the president and to the Congress. The Authority shall also investigate the extent to which the operations of the three types of carriers are, directly or indirectly, dependent upon or assisted by expenditures of public funds or donations of public property;
and if, after such investigation, it shall be of opinion that conditions exist, or are likely to be created, which are or will be inconsistent with sound public policy in the development and maintenance of the most effective, economic, and efficient system of transportation for the nation, it shall so report to the Commission with a full statement of its reasons for this conclusion and of the steps which in its opinion should be taken to correct such conditions, including in its report a draft of any legislation which it deems necessary and appropriate for such purpose; and the Commission shall promptly transmit such report, together with its comments thereon, to the President and to the Congress.

Section 13. The Authority is further authorized, in its discretion, to investigate or consider any other matter relating to rail carriers, motor carriers, or water carriers which it may deem important to investigate for the improvement of transportation conditions, for the purpose of encouraging and promoting voluntary action on the part of the carriers which will result in such improvement or for the purpose of reporting to the Commission the need for further legislation in the public interest to that end.

Section 14. The Authority and its assistants and agents shall at all times have access to all accounts, records, and memoranda of the carriers and to their properties, and it shall be the duty of the carriers to furnish the Authority, or its assistants and agents, such information and reports as it may
desire in investigating any matter within the scope of its 
duties under this act.

Section 15. Insofar as may be necessary for the purposes 
of this act, the Commission and the members and examiners thereof 
shall have the same power to administer oaths and require by 
subpoena the attendance and testimony of witnesses and the pro-
duction of books, papers, tariffs, contracts, agreements, and 
documents and to take testimony by deposition, relating to any 
matter under investigation, as though such matter arose under 
the Interstate Commerce Act, as amended and supplemented; and 
any persons subpoenaed or testifying in connection with any 
matter under investigation under this title shall have the same 
rights, privileges, and immunities and be subject to the same 
duties, liabilities, and penalties as are provided in the case 
of persons subpoenaed or testifying in connection with any 
matter under investigation under the Interstate Commerce Act, 
as amended.

Section 16. The willful failure or refusal of any carrier 
or of any officer or employee of any carrier to comply with the 
terms of any order of the Commission made pursuant to this act 
shall be a misdemeanor, and upon conviction thereof the carrier 
or person offending shall be subject to a fine of not less than 
$1,000 or more than $20,000 for each offense, and each day dur-
ing which such carrier or person shall willfully fail or refuse
to comply with the terms of such order shall constitute a separate offense. It shall be the duty of any district attorney of the United States to whom the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this title and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expense of the courts of the United States; Provided, That nothing in this act shall be construed to require any employee or officer of any carrier to render labor or service without his consent, or to authorize the issuance of any orders requiring such service, or to make illegal the failure or refusal of any employee individually, or any number of employees collectively, to render labor or services.

Section 17. Any final order made under this act shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under the Interstate Commerce Act, as amended. The provisions of the Urgent Deficiencies Appropriation Act of October 22, 1913 (38 Stat. L. 219) shall be applicable to any proceeding in court brought to suspend or set aside any order of the Commission entered pursuant to the provisions of this title.
Section 18. The carriers shall be permitted, anything in the Interstate Commerce Act, as amended, to the contrary notwithstanding, to provide free transportation and other carrier service to the Authority and its assistants and agents.

Section 19. This act shall cease to have effect at the end of two years after the effective date, unless extended by a proclamation of the President for a further period of not to exceed three years, but orders of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority.

TITLE II -- AMENDMENTS TO INTERSTATE COMMERCE ACT.

Section 201. Section 5 of the Interstate Commerce Act, as amended, is hereby further amended by changing paragraph (1) to read as follows:

"(1) That, except upon specific approval by order of the Commission as in this section provided, and except as provided in paragraph (16) of section 1 of this part, it shall be unlawful for any common carrier subject to this part to enter into any contract, agreement, or combination with any other common carrier or carriers for the pooling or division of freight traffic of different and competing railroads, or to divide between them the aggregate or net proceeds of the earnings of such railroads, or any portion thereof; and in any
case of an agreement for the pooling or division of
freights traffic or the division of earnings as afore-
said each day of its continuance shall be a separate
offense: Provided, That whenever the Commission is of
opinion, after hearing upon application of any carrier
or carriers engaged in the transportation of passengers
or property subject to this part, or upon its own init-
iative, that the pooling or division of their traffic
or earnings, to the extent indicated by the Commission,
will be in the interest of better service to the public,
or economy in operation, and will not unduly restrain
competition, the Commission shall have authority by
order to approve and authorize, or require, if asserted
to by all the carriers involved, such pooling or divi-
sion of traffic or earnings, under such rules and regu-
lations, and for such consideration as between such
carriers and upon such terms and conditions as shall
be found by the Commission to be just and reasonable
in the premises."

Section 202. Such section 5 is further amended by striking
out paragraphs (2) and (3), by renumbering the remaining para-
graphs accordingly, and by changing the renumbered paragraph
(3) (b) after the first sentence to read as follows:
"If after such hearing the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will promote the public interest, it may enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable. In determining the public interest, the Commission shall give due consideration to the promotion of the efficiency and economy of the carriers' service, the affording of better and cheaper service to the public, the securing of a simplified and more effective regulation of the carriers, the ultimate establishment of a number of strong and efficient systems, the due protection of the interests of the stockholders and creditors, the maintenance of such competition among the carriers as is necessary and reasonable in the protection of the public interest; and to all other relevant matters."
Revenues and Expenses of Transportation in the United States
Year 1936
Separated between Types of Transport

January, 1938
WASHINGTON, D. C.
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### Interstate Commerce Commission

**Bureau of Statistics**

**Revenues and Expenses of Transportation in the United States - Year 1936**

**Separated between Types of Transport**

<table>
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<tr>
<th>Line No.</th>
<th>Type of transport</th>
<th>Source references</th>
<th>Transportation revenues of common carriers and contract carriers (Millions)</th>
<th>Operating expenses, depreciation and taxes of all carriers (Millions)</th>
<th>Aggregate</th>
<th>Percent of grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rail Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Steam railroads including Class I, II, III line-haul and switching carriers and lessors</td>
<td>1</td>
<td>$4,103</td>
<td>$3,237</td>
<td>15.59</td>
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<tr>
<td>2</td>
<td>Electric railways including their bus operations</td>
<td>6, 16</td>
<td>690</td>
<td>586</td>
<td>2.82</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Parlor and sleeping car companies</td>
<td>1</td>
<td>56</td>
<td>50</td>
<td>.24</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Express companies</td>
<td>1</td>
<td>162</td>
<td>101</td>
<td>.49</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less duplications in revenue account payments by sleeping car and express companies to railroads for transportation privileges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sub-total for rail operations</td>
<td>1</td>
<td>Cr. 66</td>
<td>3,974</td>
<td>19.14</td>
<td></td>
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<tr>
<td></td>
<td>Highway Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Highway motor trucks, common and contract carriers</td>
<td>4, 13, 17</td>
<td>742</td>
<td>667</td>
<td>3.22</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Publicly owned motor trucks</td>
<td>9, 13</td>
<td>-</td>
<td>219</td>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Privately owned motor trucks - not for hire</td>
<td>9, 13, 17</td>
<td>-</td>
<td>3,600</td>
<td>17.35</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Highway motor buses, common and contract carriers</td>
<td>5</td>
<td>168</td>
<td>146</td>
<td>.70</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Sightseeing buses</td>
<td>5, 7, 16</td>
<td>8</td>
<td>6</td>
<td>.03</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>School buses (public and private)</td>
<td>16</td>
<td>-</td>
<td>55</td>
<td>.26</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Other publicly owned buses</td>
<td>9, 16</td>
<td>-</td>
<td>5</td>
<td>.02</td>
<td></td>
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</tbody>
</table>

Continued on next page
# Revenues and Expenses of TRANSPORTATION IN THE UNITED STATES - YEAR 1936

## Separated between Types of Transport - Continued

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Type of transport</th>
<th>Source references</th>
<th>Transportation revenues of common carriers and contract carriers (Millions)</th>
<th>Operating expenses, and taxes of all carriers Aggregate (Millions)</th>
<th>Percent of grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(See next sheet)</td>
<td>(Millions)</td>
<td>(Millions)</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Private buses</td>
<td>16</td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Taxi cabs</td>
<td>7, 18</td>
<td>220</td>
<td>220</td>
<td>1.06</td>
</tr>
<tr>
<td>16</td>
<td>Publicly owned automobiles 2/</td>
<td>3, 9</td>
<td>-</td>
<td>35</td>
<td>0.17</td>
</tr>
<tr>
<td>17</td>
<td>Privately owned automobiles</td>
<td>3, 7, 9, 16</td>
<td>-</td>
<td>10,727</td>
<td>51.56</td>
</tr>
<tr>
<td>18</td>
<td>Publicly owned motorcycles 2/</td>
<td>9, 18</td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Privately owned motorcycles</td>
<td>9, 12</td>
<td>-</td>
<td>20</td>
<td>0.10</td>
</tr>
<tr>
<td>20</td>
<td>Maintenance of highways (excl. construction) of new roads 2/</td>
<td>9</td>
<td>-</td>
<td>#592</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Sub-total for highway operations (See Note)</td>
<td></td>
<td>1,138</td>
<td>15,702</td>
<td>75.64</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waterway Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Waterway operations - common and contract carriers and private terminals</td>
<td>11</td>
<td>667</td>
<td>639</td>
<td>3.08</td>
</tr>
<tr>
<td>23</td>
<td>Waterway operations - private carriers</td>
<td>18</td>
<td>-</td>
<td>200</td>
<td>0.96</td>
</tr>
<tr>
<td>24</td>
<td>Maintenance of waterways and operation of public terminals 8/</td>
<td>12, 14, 15</td>
<td>82</td>
<td>78</td>
<td>3.38</td>
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<tr>
<td>25</td>
<td>Sub-total for waterway operations</td>
<td></td>
<td>749</td>
<td>917</td>
<td>4.42</td>
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<tr>
<td></td>
<td>Airway Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Airway operations - mail lines only</td>
<td>2</td>
<td>36</td>
<td>35</td>
<td>0.17</td>
</tr>
</tbody>
</table>

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### Lines 27-30: Airway Operations - Cont'd.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Type of transport</th>
<th>Source references</th>
<th>Transportation revenues of common carriers and contract carriers (Millions)</th>
<th>Operating expenses, depreciation and taxes of all carriers (Millions)</th>
<th>Aggregate</th>
<th>Percent of grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Airway Operations - Cont'd.</td>
<td>8, 10</td>
<td>-</td>
<td>7</td>
<td></td>
<td>.03</td>
</tr>
<tr>
<td>28</td>
<td>Maintenance and operation of airports and airways</td>
<td></td>
<td>36</td>
<td>42</td>
<td></td>
<td>.20</td>
</tr>
<tr>
<td>29</td>
<td>Sub-total for airway operations and maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Pipe Line Operations</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pipe line operations - fuel oil and gasoline only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GRAND TOTAL ALL TRANSPORTATION</td>
<td></td>
<td>$7,084</td>
<td>$20,760</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** To avoid duplications, highway maintenance costs are excluded from totals as they are generally covered by gasoline taxes which are included in the cost of operating highway vehicles.

1/ Local, intrastate and interstate operators.
2/ Federal, state, county, and municipal.
3/ Excludes buses operated by street railway companies, the revenues and expenses of which are not separable from those of the electric railways. See line 2.
4/ Covers only maintenance costs for navigation purposes.
5/ Excludes $2,000,000 rental for airports included in expenses of airway operations.

Continued on next page
INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

SOURCE REFERENCES

1. Interstate Commerce Commission, Bureau of Statistics
2. Interstate Commerce Commission, Bureau of Air Mail
3. Federal Coordinator of Transportation - "Passenger Traffic Report"
5. U. S. Department of Commerce, Bureau of Census, Census of Business 1935 - "Motor Bus Transportation"
7. U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce - "National Income 1929-1935"
8. U. S. Department of Commerce, Bureau of Air Commerce,
10. U. S. Department of Agriculture, Weather Bureau
11. U. S. Treasury Department, Bureau of Internal Revenue, "Statistics of Income for 1934"
12. U. S. War Department, Office of the Chief of Engineers - Annual Report, 1936
14. Governor of the Panama Canal - Annual Report, 1936
15. New York State Department of Public Works - Annual Report, 1935
17. N.R.A. Registrations - U. S. Senate Hearings, 74th Congress, 1st Session, S. 1529, S. 1632, and S. 1635, Part 1, page 327. Such registrations indicated that about 10 percent of all trucks were used in for-hire service.
18. Estimate by I.C.C. Bureau of Statistics based upon data from various sources.

NOTE: The sources above mentioned furnished actual revenues and expenses where available. In other cases they furnished only such basic data as the number of employees, number of vehicles, average operating costs per vehicle, tons carried, etc. Those basic data were used to estimate total costs where necessary.

ACKNOWLEDGMENTS: Assistance was given in locating source material by I.C.C. Bureau of Motor Carriers; U. S. Department of Labor; U. S. Department of Agriculture, Bureau of Public Roads; National Highway Users Conference and the National Highway Research Board.
# Interstate Commerce Commission

**Bureau of Statistics**

Steam Railroads Including Class I, II, III Line-haul and Switching Carriers and Lessors

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles owned and leased in service</th>
<th>Rail line transportation revenues</th>
<th>Rail line operating expenses, taxes and rents (excl. misc. oper.)</th>
</tr>
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<tbody>
<tr>
<td><strong>Year 1936</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class I - Line Haul Carriers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.C.C. Statistics of Railways</td>
<td>1,792,801</td>
<td>1/ $3,957,510,910</td>
<td>5/ $3,079,624,948</td>
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<tr>
<td>Class II - Line Haul Carriers</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>I.C.C. Statistics of Railways</td>
<td>17,313</td>
<td>2/ $2,934,607</td>
<td>6/ 38,096,037</td>
</tr>
<tr>
<td>Class III - Line Haul Carriers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.C.C. Statistics of Railways</td>
<td>3,204</td>
<td>3/ 9,825,428</td>
<td>7/ 8,305,099</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,115</td>
<td>4/ 85,393,373</td>
<td>8/ 111,157,173</td>
</tr>
</tbody>
</table>

(See following page for footnotes)
Notes for preceding page

1/ Includes lessors.

2/ Freight-train (excluding caboose cars) and passenger-train cars only. Does not include cars operated by private car lines, cars owned by the Pullman Company, and cars owned by express companies. Source: 1936 Statistics of Railways, Statement No. 13, p. S-22, line 9 plus line 19, minus line 7.


8/ Source: 1936 Statistics of Railways, Statement 55-A, p. S-146 (line 22 = line 18 - line 19 plus line 23) plus line 7 in Statement 55-B, p. S-152; plus the following in unpublished table located in annual reports section, Table II "Income and Profit and Loss", sheet 1, line 22, column 2 plus line 22 in column 5.


10/ Source: 1936 Statistics of Railways, Statement 55-C, p. S-153 (line 25 - line 21 - line 22 plus line 26); plus line 22 of column 7 of sheet 1 in unpublished table located in annual reports section, Table II, "Income and Profit and Loss."
INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

Electric Railways Including Their Motor Bus Operations

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Transportation revenues</th>
<th>Operating expenses and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Bus Facts for 1937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from cars</td>
<td>$551,800,000</td>
<td></td>
</tr>
<tr>
<td>Additional revenue from busses</td>
<td>138,020,000</td>
<td></td>
</tr>
<tr>
<td>(1) Total revenue</td>
<td>689,820,000</td>
<td></td>
</tr>
<tr>
<td>(2) 85 percent of (1)</td>
<td></td>
<td>$586,347,000</td>
</tr>
</tbody>
</table>

Note: The Census of Electrical Industries for 1932 in its summary for "Electric Railways and Motor-Bus Operations of Affiliates and Successors", on page 5, shows that in 1932 operating revenues were $572,633,726, and operating expenses (including taxes) were $490,248,937, giving an operating ratio of about 85 percent.
INTERSTATE COMMERCE COMMISSION  
Bureau of Statistics  

Sleeping Car Companies - Year 1936

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles owned</th>
<th>Transportation revenues plus net rents from transportation property</th>
<th>Operating expenses, taxes, and rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.C.C. Statistics of Rys., year 1936 Pullman Co. - Table B</td>
<td>7,998</td>
<td>$56,379,460</td>
<td>$50,101,959</td>
</tr>
<tr>
<td>Payments to the railroads included above</td>
<td></td>
<td>4,579,670</td>
<td></td>
</tr>
</tbody>
</table>
### Express Companies - Year 1936

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Transportation revenues</th>
<th>Operating expenses and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.C.C. Statistics of Rys., Year 1936</td>
<td>1/ $161,701,124</td>
<td>2/ $101,032,309</td>
</tr>
<tr>
<td>Express Co. - Table E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to the railroads included above</td>
<td>61,810,040</td>
<td></td>
</tr>
</tbody>
</table>

1/ Loss uncollectible revenue from transportation.

2/ Includes expenses other than for transportation, because such costs cannot be separated from the total. However, these expenses are probably negligible as the revenues obtained from these activities are but 1.6 percent of the total revenue.
INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

MOTOR TRUCKS
Common, contract and private, excluding Federal, State, County and Municipal

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Operating revenues</th>
<th>Operating expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Per vehicle</td>
<td>Total</td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common and contract carriers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. For-hire trucks reported by Census of Business, 1935- &quot;Motor Trucking for Hire&quot; (Bureau of the Census)</td>
<td>188,809</td>
<td>$2,812</td>
<td>$530,860,000</td>
</tr>
<tr>
<td>B. For-hire trucks not reported by the Census of Business</td>
<td>211,191</td>
<td>1,000</td>
<td>211,191,000</td>
</tr>
<tr>
<td>C. Total for-hire trucks</td>
<td>400,000</td>
<td>1,000</td>
<td>742,051,000</td>
</tr>
<tr>
<td>II Privately operated trucks</td>
<td>3,600,000</td>
<td>1,000</td>
<td>3,600,000,000</td>
</tr>
<tr>
<td>III Total - common, contract and private</td>
<td>4,000,000</td>
<td>1,000</td>
<td>4,267,032,000</td>
</tr>
</tbody>
</table>

1/ Item I-C minus I-A.
2/ Estimated on basis of average of 6,700 miles per year at 15 cents per mile from figures given in supplemental report of Washington State Highway Cost Commission, Jan. 1937, p. 132. Includes drivers' wages amounting to 6.6 cents per mile, gasoline taxes at 0.6 cents per mile and other costs at 7.9 cents per mile.
3/ Based on N.R.A. registrations for 1935 compared with total truck registrations (10%) U.S. Senate Hearings, 71st Congress, 1st Session, S-1629, S-1632, and S-1635, Part I, p. 327. Such registrations indicated that about 10 percent of all trucks were used in for-hire service.
4/ Item III minus Item I-C.
# Federal, state and municipal operations

<table>
<thead>
<tr>
<th>Item</th>
<th>Number of vehicles</th>
<th>Operating expenses depreciation and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>State and municipal</td>
</tr>
<tr>
<td>Year 1936</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motorcycles</td>
<td>839</td>
<td>2/ 5,732</td>
</tr>
<tr>
<td>Automobiles</td>
<td>14,668</td>
<td>3/ 60,720</td>
</tr>
<tr>
<td>Busses</td>
<td>453</td>
<td>1/ 6,788</td>
</tr>
<tr>
<td>Trucks</td>
<td>85,956</td>
<td>3/ 132,722</td>
</tr>
</tbody>
</table>

1/ Source: By telephone from Bureau of Public Roads, Department of Agriculture.
3/ Partially estimated from data supplied by telephone by Bureau of Public Roads, Department of Agriculture.
4/ Estimated to be equal to that of private motorcycles (which see).
5/ Estimated to be equal to that of private automobiles (which see).
6/ Estimated on the basis of school busses (which see).
7/ Estimated to be equal to that of privately operated trucks (which see).
# Motor Buses of Common and Contract Carriers (Other than sightseeing)

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Transportation revenues</th>
<th>Operating expenses and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1935</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Census of Business, 1935, &quot;Motor Bus Transportation&quot; - Department of Commerce, Bureau of the Census</td>
<td>19,132</td>
<td>$167,933,000</td>
<td>$146,438,000</td>
</tr>
</tbody>
</table>
Sight-seeing Buses
Detail sheet for line 11

INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus Facts, 1937 p. 4</td>
<td>2,250</td>
<td>$5,000,000</td>
<td>$6,444,000</td>
</tr>
<tr>
<td>See below</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Basis of estimate of expenses.
  Salaries and wages of sightseeing bus employees 1936 $3,222,000
  (Source: by telephone by Department of Commerce, Bureau of Foreign and Domestic
  Commerce) bringing up to date figures in "National Income in the U. S., 1929-35",
  Table 114, p. 147.
  Ratio of payroll to total expenses for 1935 local common carrier
  Motor busses: Source, Census of Business, 1935; "Motor Bus Transportation", P. 35 50% (approximately)

Estimated total expenses $6,444,000
School Busses

INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Expenses Per vehicle</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Bus Facts, 1937, p. 5 - Year 1936 ..</td>
<td>73,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) p. 10 - Year 1936 ..</td>
<td></td>
<td></td>
<td>$55,230,496</td>
</tr>
<tr>
<td>(3) (2) / (1) ...............</td>
<td></td>
<td>$748</td>
<td></td>
</tr>
</tbody>
</table>

Regraded Unclassified
### Private Buses (Other Than School Buses)

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item and Source</th>
<th>Number of Vehicles</th>
<th>Operating Expenses, Depreciation and Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Per Vehicle</td>
</tr>
<tr>
<td>1</td>
<td>&quot;Bus Facts for 1937&quot; p. 5</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Estimated</td>
<td>-</td>
<td>$1,000</td>
</tr>
<tr>
<td>3</td>
<td>Line 1 x 2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
INTERSTATE COMMERCE COMMISSION  
Bureau of Statistics

Taxicabs

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Revenue</th>
<th>Operating expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1936: for sources, see footnotes .....</td>
<td>1/ 100,351</td>
<td>2/ $220,250,000</td>
<td>3/ $220,250,000</td>
</tr>
</tbody>
</table>

1/ Sum of number of taxicab employees and entrepreneurs as reported by telephone by Department of Commerce, Bureau of Foreign and Domestic Commerce, to bring up to date figures in "National Income in the U. S., 1929-35", Table 113, page 146.

2/ Assumed to be equal to expenses, since taxicab companies are mainly cooperative enterprises.

3/ Based on estimate by I.C.C. Bureau of Statistics that employee salaries plus entrepreneurs withdrawals ($110,125,000 in 1936 as reported by telephone by the Department of Commerce, Bureau of Foreign and Domestic Commerce) amounted to 50% of the total expenses. This 50% is based upon the following data: First, the employees' salaries and entrepreneurs' withdrawals of $110,125,000 representing an average of $1,100 per taxicab per year. The other expenses are estimated as follows:

(a) Depreciation, repairs, insurance, etc., $2.50 per day for 300 working days a year .......... $750  
(The $2.50 is the rental now being charged currently by taxicab companies to the drivers in Washington, D.C.)

(b) Cost of gasoline based on average annual mileage of 25,000 miles, average consumption of 14 miles per gallon, and average cost of 20 cents per gallon ........................................ $350  
(These figures are from the U. S. Bureau of Public Roads' report on "Taxation of Motor Vehicles in 1932", page 267) except the price of gasoline, which has been estimated by I.C.C. Bureau of Statistics.
### Private Passenger Automobiles

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Miles operated</th>
<th>Operating expenses, depreciation and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Total registrations of private and commercial autos, busses, and taxis, year 1936 - &quot;Public Roads&quot;, June 1937, U. S. Department of Agriculture, Bureau of Public Roads</td>
<td>24,197,685</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Number of busses of fixed route operators in 1936: &quot;Bus Facts for 1937&quot;, p. 9</td>
<td>38,505</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sightseeing busses: &quot;Bus Facts for 1937&quot;, p. 4</td>
<td>2,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School busses: &quot;Bus Facts for 1937&quot;, p. 5</td>
<td>73,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other busses: &quot;Bus Facts for 1937&quot;, p. 5</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxicabs: based upon figures of Department of Commerce, Bureau of Foreign and Domestic Commerce</td>
<td>100,351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Balance: number of private automobiles</td>
<td>23,981,679</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Average annual mileage per automobile 7,000 from &quot;Taxation of Motor Vehicles in 1932&quot; - U. S. Bureau of Public Roads, Department of Agriculture, p. 267*</td>
<td>167,871,753,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) 7,000 miles x $0.0639 per mile</td>
<td>$47</td>
<td>6.39%</td>
<td></td>
</tr>
<tr>
<td>(6) Total cost (item 3 x 4)</td>
<td>$10,727,605,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This estimate was based upon data collected by the U. S. Bureau of Public Roads from various states; the known consumption of gasoline in the United States and the average consumption per automobile per mile. Other estimates of annual mileage per automobile obtained by questionnaires as follows:

(a) Federal Coordinator of Transportation's Passenger Traffic Report, Appendix L, p. 259, from 26,607 returns to questionnaire made in 1933 by all classes of persons in all parts of the United States .................................................. 11,175

(b) Robley Winfrey, Research Engineer, Iowa State College, in article "Do the Better Surfaces Reduce Driving Costs" published in the magazine "Better Roads", February 1936, page 21 .................................................. 8,000

(c) American Automobile Association Pamphlet, "Americans on the Highway" issued August, 1937, giving returns from questionnaire .................................................. 13,567

(d) State of Washington - Supplemental Report of Highway Cost Commission, January 1937, page 131, giving summary of answers to question on 1935 applications for motor vehicle licenses reading "About how many miles do you operate annually over streets and highways?" .................................................. 6,900

To be conservative for the purpose of computing total transportation costs we have used the U. S. Bureau of Public Roads' figure of 7,000 miles per automobile per year.
INTERSTATE COMMERCE COMMISSION  
Bureau of Statistics  
Private Motorcycles

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Number of vehicles</th>
<th>Operating expenses, depreciation and taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Estimated by I.C.O. Bureau of Statistics#</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Total (1) x (2)</td>
<td></td>
<td>$19,708,000</td>
</tr>
</tbody>
</table>

* Based on data received by telephone from Statistician of National Park Service which operates 22 motorcycles at average annual cost of about $80 a year for gasoline and repairs only. The machines cost $410 each and are renewed every two years; therefore, it is estimated that the annual depreciation is about $120 a year after deducting trade-in value.
## HIGHWAY MAINTENANCE EXPENDITURES

<table>
<thead>
<tr>
<th>Period, calendar years</th>
<th>State highway expenditures ($ million)</th>
<th>County and local highway expenditures ($ million)</th>
<th>Total ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921-1932</td>
<td>1,361</td>
<td>3,169</td>
<td>5,030</td>
</tr>
<tr>
<td>1936</td>
<td>219</td>
<td>373</td>
<td>592</td>
</tr>
</tbody>
</table>


\(1/\) County and local highway maintenance expenditures have not been compiled in recent years. The 1936 figure was estimated on the basis of the ratio between State highway and county-local highway maintenance expenditures of the years 1921-1932. Although this estimate is open to criticism, there seems to be no better way to obtain the 1936 figure.
# Interstate Commerce Commission

## Bureau of Statistics

### Cost of Waterway Transportation in the United States - Year 1936

Separated between Types of Transport

<table>
<thead>
<tr>
<th>Type of transport</th>
<th>Source references</th>
<th>Transportation revenue of common carriers and contract carriers</th>
<th>Operating expenses, depreciation and taxes of all carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterway Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waterway operations - common and contract carriers and private terminals 4/</td>
<td>10</td>
<td>$667,000,000</td>
<td>$639,000,000</td>
</tr>
<tr>
<td>Waterway operations - private carriers 5/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of waterways and operation of public terminals 6/</td>
<td>11</td>
<td>$82,000,000</td>
<td>78,000,000</td>
</tr>
<tr>
<td>Sub-total for waterway operations</td>
<td></td>
<td>$749,000,000</td>
<td>917,000,000</td>
</tr>
</tbody>
</table>

4/ The Bureau of Internal Revenue figures of 1934 revenues and expenses for the water carrier industry and related industries, such as wharfing and docking, were used as a basis for estimating the figures for 1936. Increases of 21 percent for revenues and 14 percent for operating costs, were applied, those being the increases from 1934 to 1936 of water carriers reporting to the I.C.C. These estimates reflect foreign trade as well as domestic trade, but the former is of relatively small importance. On the other hand, there are probably some small domestic carriers not included.

5/ Excludes carriers separately incorporated which for purposes of this statement are included with contract carriers above. No complete figures are available for private water carriers conducted as departments of other industries such as steel, coal, mining, petroleum, etc. One indication of private water transportation is found in data on "Transportation Lines on the Great Lakes, 1935", published by the War Department. This compilation includes all vessels operated on the Great Lakes in the transportation of freight and passengers with certain exceptions as fishing boats, yachts, and vessels with less than 5 tons registry. The data show that 30 percent of the American registered net tonnage consisted of
Notes continued

5/ private carriers. If the costs of private water transportation are about the same as commercial water transportation, and if 30 percent of the total water operations are private, the cost of private water transportation would have been about $200 million in 1936.

6/ Covers only maintenance costs for navigation purposes. The revenue figure consists of $60 million estimated for public terminals, $1 million for the New York Barge Canal facilities, and $21 million for the Panama Canal which was figured on the basis of domestic canal traffic.

The cost figure consists of the following: War Department expenditures for harbors, channels, etc., $33 million; New York Barge Canal Operation, $2 million; operations of public terminals, estimated, $35 million; expenditures of Mississippi River Commission as applied to transportation, $2 million; and operation of Panama Canal, apportioned on a tonnage basis of domestic traffic, $6 million.

Source References:
10. U. S. Treasury Department, Bureau of Internal Revenue, "Statistics of Income for 1934".

Note: The sources above mentioned furnished actual revenues and expenses where available. In other cases they furnished only such basic data as the number of employees, number of vehicles, average operating costs per vehicle, tons carried, etc. Those basic data were used to estimate total costs where necessary.
**INTERSTATE COMMERCE COMMISSION**  
**Bureau of Statistics**

**Air Transportation – Mail Lines Only**

<table>
<thead>
<tr>
<th>Year 1936</th>
<th>Revenue</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furnished by I.C.C. Bureau of Air Mail</td>
<td>$35,560,608</td>
<td>$34,933,958</td>
</tr>
</tbody>
</table>
### Maintenance of Airports and Airways

<table>
<thead>
<tr>
<th>1936</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditures for operation and maintenance of the Federal airways system, year ended June 30, 1936 ¹/</td>
<td>$2,839,011</td>
<td>$3,890,380</td>
</tr>
<tr>
<td>Operation and maintenance of airports which serve scheduled flying operations - 1936 ²/</td>
<td></td>
<td>4,101,100</td>
</tr>
<tr>
<td>Commercial airway meteorological service by the Weather Bureau, year ended June 30, 1936 ³/</td>
<td></td>
<td>972,032</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duplications due to rental payments by carriers to airports ⁴/</td>
<td></td>
<td>8,963,512</td>
</tr>
<tr>
<td>Total expenses less duplications</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,963,512</td>
</tr>
</tbody>
</table>

¹/ Source: Air Commerce Bulletin, No. 3, Volume 9, September 15, 1937 by U. S. Department of Commerce, Bureau of Air Commerce. Includes operation and maintenance of field, lighting and communications, and teletype circuit rentals. Excludes Weather Bureau expenses shown on line 3.

²/ Source: U. S. Department of Commerce, Bureau of Air Commerce.


⁴/ Estimated from total airport revenues.
Pipe Lines -
Oil and Gasoline

Detail sheet for line 29

INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

Pipe Line Companies Handling Oil and Gasoline - Year 1936

<table>
<thead>
<tr>
<th>Item and source</th>
<th>Transportation revenues plus net rents from transportation property</th>
<th>Operating expenses, taxes, and rents</th>
</tr>
</thead>
</table>


## Selected Financial Data, Class I Steam Railways
### Year 1937
(Based on monthly reports)

<table>
<thead>
<tr>
<th>Region and district</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Total fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>New England Region</td>
<td>$14,979,824</td>
<td>$6,905,573</td>
<td>$28,825,716</td>
<td>$7,893,421</td>
<td>$454,980</td>
</tr>
<tr>
<td>Great Lakes Region</td>
<td>$93,807,492</td>
<td>$33,718,995</td>
<td>$113,433,575</td>
<td>$9,275,521</td>
<td>10,525,487</td>
</tr>
<tr>
<td>Central Eastern Region</td>
<td>$138,406,335</td>
<td>$52,311,182</td>
<td>$144,118,102</td>
<td>$39,976,848</td>
<td>33,846,428</td>
</tr>
<tr>
<td>Eastern District</td>
<td>$247,193,951</td>
<td>$92,935,750</td>
<td>$286,377,493</td>
<td>$41,358,948</td>
<td>14,917,795</td>
</tr>
<tr>
<td>Pocahontas Region</td>
<td>$65,868,712</td>
<td>$5,097,103</td>
<td>$14,301,312</td>
<td>$14,554,667</td>
<td>58,260,124</td>
</tr>
<tr>
<td>Southern Region</td>
<td>$74,160,010</td>
<td>$16,285,019</td>
<td>$81,481,144</td>
<td>$6,601,134</td>
<td>13,727,985</td>
</tr>
<tr>
<td>Southern District</td>
<td>$160,026,722</td>
<td>$21,382,122</td>
<td>$95,783,026</td>
<td>$81,255,821</td>
<td>71,988,109</td>
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<tr>
<td>Northwestern Region</td>
<td>$63,309,605</td>
<td>$11,755,377</td>
<td>$84,086,015</td>
<td>$4,19,949,387</td>
<td>16,498,216</td>
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<tr>
<td>Central Western Region</td>
<td>$79,168,812</td>
<td>$14,616,967</td>
<td>$104,721,350</td>
<td>$14,552,545</td>
<td>32,750,784</td>
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<tr>
<td>Southwestern Region</td>
<td>$40,479,444</td>
<td>$4,617,761</td>
<td>$62,561,633</td>
<td>$18,950,340</td>
<td>1,619,063</td>
</tr>
<tr>
<td>Western District</td>
<td>$182,957,891</td>
<td>$64,990,105</td>
<td>$251,359,198</td>
<td>$50,868,065</td>
<td>167,773,969</td>
</tr>
<tr>
<td>United States</td>
<td>$590,180,564</td>
<td>$179,307,977</td>
<td>$633,529,717</td>
<td>$98,267,587</td>
<td>167,773,969</td>
</tr>
</tbody>
</table>

1/ Deficit.
1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
# Selected Financial Data, Class I Steam Railways

Year 1937

(Based on monthly reports)

<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
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<th>Net income 1/</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW ENGLAND REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangor &amp; Aroostook R.R.</td>
<td>$1,511,650</td>
<td>$70,028</td>
<td>$724,211</td>
<td>$845,224</td>
<td>$545,880</td>
</tr>
<tr>
<td>Boston &amp; Maine</td>
<td>6,548,269</td>
<td>1,207,205</td>
<td>7,481,247</td>
<td>202,220</td>
<td></td>
</tr>
<tr>
<td>Canadian National Lines in New England</td>
<td>d 562,890</td>
<td>1,216,760</td>
<td>638,712</td>
<td>15,354</td>
<td></td>
</tr>
<tr>
<td>Canadian Pacific Ry. in Vermont</td>
<td>4,360,441</td>
<td>700,447</td>
<td>264,000</td>
<td></td>
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<tr>
<td>Central Vermont Ry.</td>
<td>119,672</td>
<td>121,428</td>
<td>1,297,933</td>
<td>d 1,141,908</td>
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<tr>
<td>Int. Ry. Co. of Maine</td>
<td>49,911</td>
<td>68,269</td>
<td>117,280</td>
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<tr>
<td>Maine Central R.R.</td>
<td>2,085,103</td>
<td>1,099,087</td>
<td>2,084,536</td>
<td>473,547</td>
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<tr>
<td>New York Connecting R.R.</td>
<td>1,142,948</td>
<td>15,463</td>
<td>1,293,905</td>
<td>d 165,799</td>
<td></td>
</tr>
<tr>
<td>New York, New Haven &amp; Hartford R.R.**</td>
<td>4,591,390</td>
<td>3,058,650</td>
<td>14,555,786</td>
<td>d 7,713,451</td>
<td></td>
</tr>
<tr>
<td>Rutland R.R.</td>
<td>d 70,088</td>
<td>74,536</td>
<td>408,106</td>
<td>d 408,608</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,979,824</td>
<td>6,905,573</td>
<td>28,825,716</td>
<td>d 7,893,421</td>
<td>545,880</td>
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<tr>
<td><strong>GREAT LAKES REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ann Arbor P.R.*</td>
<td>294,065</td>
<td>21,540</td>
<td>456,646</td>
<td>d 151,142</td>
<td></td>
</tr>
<tr>
<td>Cambria &amp; Indias R.R.</td>
<td>919,598</td>
<td>18,576</td>
<td>63,561</td>
<td>844,043</td>
<td>600,000</td>
</tr>
</tbody>
</table>

---

d = Deficit or other reverse items.

* = In receivership.

** = In trusteeship.

é = Net income (or deficit) was absorbed by the controlling company.

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
# Selected Financial Data, Class I Steam Railways

Year 1937 - Continued

*Based on monthly reports*

<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
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<th>Net income</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GREAT LAKES REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware &amp; Hudson R.R.</td>
<td>$2,815,198</td>
<td>$204,864</td>
<td>$3,963,332</td>
<td>d $998,165</td>
<td></td>
</tr>
<tr>
<td>Delaware, Lackawanna &amp; Western R.R.</td>
<td>5,628,901</td>
<td>1,284,325</td>
<td>7,713,346</td>
<td>d 936,772</td>
<td></td>
</tr>
<tr>
<td>Detroit &amp; Mackinac Ry.</td>
<td>91,441</td>
<td>3,104</td>
<td>105,543</td>
<td>d 14,250</td>
<td></td>
</tr>
<tr>
<td>Detroit &amp; Toledo Shore Line R.R.</td>
<td>1,076,002</td>
<td>17,393</td>
<td>121,144</td>
<td>d 970,963</td>
<td>$990,000</td>
</tr>
<tr>
<td>Erie Railroad (incl. Chicago &amp; Erie)</td>
<td>13,614,008</td>
<td>1,186,046</td>
<td>14,546,875</td>
<td>d 143,393</td>
<td></td>
</tr>
<tr>
<td>Grand Trunk Western R.R.</td>
<td>2,423,752</td>
<td>962,816</td>
<td>4,385,875</td>
<td>d 863,852</td>
<td></td>
</tr>
<tr>
<td>Lehigh &amp; Hudson River Ry.</td>
<td>204,924</td>
<td>39,331</td>
<td>43</td>
<td>243,498</td>
<td>235,350</td>
</tr>
<tr>
<td>Lehigh &amp; New England R.R.</td>
<td>754,237</td>
<td>31,826</td>
<td>378,094</td>
<td>332,944</td>
<td>68,000</td>
</tr>
<tr>
<td>Lehigh Valley R.R.</td>
<td>6,245,454</td>
<td>1,059,314</td>
<td>7,212,361</td>
<td>d 898,553</td>
<td></td>
</tr>
<tr>
<td>Monongahela Ry.</td>
<td>1,197,132</td>
<td>17,507</td>
<td>643,996</td>
<td>568,173</td>
<td>624,500</td>
</tr>
<tr>
<td>Montour R.R.</td>
<td>1,036,774</td>
<td>8,593</td>
<td>90,071</td>
<td>947,923</td>
<td>918,000</td>
</tr>
<tr>
<td>New York Central R.R.</td>
<td>38,028,267</td>
<td>24,317,396</td>
<td>52,517,053</td>
<td>6,352,612</td>
<td></td>
</tr>
<tr>
<td>New York, Chicago &amp; St. Louis R.R.</td>
<td>7,660,564</td>
<td>2,436,020</td>
<td>7,291,357</td>
<td>2,655,561</td>
<td></td>
</tr>
<tr>
<td>New York, Ontario &amp; Western Ry.</td>
<td>d 374,817</td>
<td>45,587</td>
<td>1,547,271</td>
<td>d 1,675,286</td>
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</tr>
<tr>
<td>New York, Susquehanna &amp; Western R.R.</td>
<td>368,297</td>
<td>60,401</td>
<td>655,593</td>
<td>d 434,283</td>
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</tr>
<tr>
<td>Pere Marquette Ry.</td>
<td>4,461,045</td>
<td>608,634</td>
<td>3,332,679</td>
<td>1,669,858</td>
<td>1,260,000</td>
</tr>
<tr>
<td>Pittsburgh &amp; Lake Erie R.R.</td>
<td>4,137,830</td>
<td>489,899</td>
<td>54,248</td>
<td>4,039,730</td>
<td>5,829,637</td>
</tr>
<tr>
<td>Pittsburgh &amp; Shawmut R.R.</td>
<td>21,775</td>
<td>36,252</td>
<td>112,059</td>
<td>d 56,430</td>
<td></td>
</tr>
</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.

d Deficit or other reverse items.

d In trusteeship 1938.

** In trusteeship.
<table>
<thead>
<tr>
<th>Region and railway</th>
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</tr>
</thead>
<tbody>
<tr>
<td>GREAT LAKES REGION - Continued</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pittsburgh &amp; West Virginia Ry.</td>
<td>$1,110,999</td>
<td>$436,011</td>
<td>$882,857</td>
<td>$638,541</td>
<td></td>
</tr>
<tr>
<td>Pittsburg, Shamut &amp; Northern R.R.*</td>
<td>d 9,506</td>
<td>8,146</td>
<td>128,314</td>
<td>d 129,785</td>
<td></td>
</tr>
<tr>
<td>Wabash Ry.*</td>
<td>4,247,856</td>
<td>422,206</td>
<td>7,614,579</td>
<td>d 3,051,791</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>93,807,192</td>
<td>33,718,995</td>
<td>113,433,675</td>
<td>9,275,521</td>
<td>$10,525,487</td>
</tr>
<tr>
<td>CENTRAL EASTERN REGION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akron, Canton &amp; Youngstown Ry.**</td>
<td>306,585</td>
<td>101,552</td>
<td>309,870</td>
<td>89,466</td>
<td></td>
</tr>
<tr>
<td>Baltimore &amp; Ohio R.R.</td>
<td>24,908,625</td>
<td>8,517,814</td>
<td>32,184,031</td>
<td>d 720,695</td>
<td>5,200,000</td>
</tr>
<tr>
<td>Bessemer &amp; Lake Erie R.R.</td>
<td>7,680,668</td>
<td>182,252</td>
<td>1,502,073</td>
<td>5,361,585</td>
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</tr>
<tr>
<td>Central R.R. of New Jersey</td>
<td>2,147,769</td>
<td>970,694</td>
<td>4,904,478</td>
<td>d 2,082,486</td>
<td></td>
</tr>
<tr>
<td>Chicago &amp; Eastern Illinois Ry.**</td>
<td>1,336,582</td>
<td>251,892</td>
<td>2,571,314</td>
<td>d 715,324</td>
<td></td>
</tr>
<tr>
<td>Chicago &amp; Illinois Midland Ry.</td>
<td>870,043</td>
<td>16,517</td>
<td>263,704</td>
<td>529,908</td>
<td>360,000</td>
</tr>
<tr>
<td>Chicago, Indianapolis &amp; Louisville Ry.**</td>
<td>d 119,087</td>
<td>95,868</td>
<td>1,509,770</td>
<td>d 1,549,681</td>
<td></td>
</tr>
<tr>
<td>Detroit, Toledo &amp; Ironton R.R.</td>
<td>2,348,112</td>
<td>37,370</td>
<td>800,487</td>
<td>1,573,035</td>
<td>1,471,996</td>
</tr>
<tr>
<td>Elgin, Joliet &amp; Eastern Ry.</td>
<td>3,723,271</td>
<td>168,570</td>
<td>2,876,079</td>
<td>1,498,921</td>
<td>800,000</td>
</tr>
<tr>
<td>Illinois Terminal R.R.</td>
<td>1,388,457</td>
<td>27,692</td>
<td>1,368,034</td>
<td>44,079</td>
<td></td>
</tr>
<tr>
<td>Missouri-Illinois R.R.*</td>
<td>195,366</td>
<td>2,368</td>
<td>136,914</td>
<td>59,012</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania R.R.</td>
<td>73,000,926</td>
<td>37,559,228</td>
<td>80,679,441</td>
<td>27,278,638</td>
<td>16,459,692</td>
</tr>
</tbody>
</table>

- d Deficit or other reverse items.
- * In receivership.
- ** In trusteeship.
- 1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
# Selected Financial Data, Class I Steam Railways
## Year 1937 - Continued
### (Based on monthly reports)

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<tr>
<td><strong>CENTRAL EASTERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pennsylvania-Reading Seashore Lines</td>
<td>$1,733,363</td>
<td>$161,992</td>
<td>$1,053,540</td>
<td>$2,651,350</td>
<td>$5,598,038</td>
</tr>
<tr>
<td>Reading Co.</td>
<td>13,856,835</td>
<td>2,332,185</td>
<td>8,462,171</td>
<td>6,839,345</td>
<td>$1,241,947</td>
</tr>
<tr>
<td>Staten Island Rapid Transit Ry.</td>
<td>$400,881</td>
<td>980,502</td>
<td>561,371</td>
<td>1,803,137</td>
<td>2,714,755</td>
</tr>
<tr>
<td>Western Maryland Ry.</td>
<td>4,840,622</td>
<td>135,665</td>
<td>2,799,874</td>
<td>1,803,137</td>
<td></td>
</tr>
<tr>
<td>Wheeling &amp; Lake Erie Ry.</td>
<td>4,222,222</td>
<td>164,352</td>
<td>637,119</td>
<td>3,735,176</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>138,406,635</td>
<td>52,311,182</td>
<td>141,118,102</td>
<td>39,976,848</td>
<td>33,846,428</td>
</tr>
<tr>
<td><strong>FOCAHONTAS REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chesapeake &amp; Ohio Ry.</td>
<td>42,614,450</td>
<td>1,470,846</td>
<td>9,408,271</td>
<td>34,562,146</td>
<td>30,084,528</td>
</tr>
<tr>
<td>Richmond, Fredericksburg &amp; Potomac R.R.</td>
<td>1,102,567</td>
<td>205,727</td>
<td>347,271</td>
<td>980,273</td>
<td>573,376</td>
</tr>
<tr>
<td>Virginian Ry.</td>
<td>9,436,413</td>
<td>48,479</td>
<td>2,415,564</td>
<td>7,058,734</td>
<td>4,179,020</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85,868,712</td>
<td>5,097,103</td>
<td>13,301,312</td>
<td>74,654,667</td>
<td>58,260,124</td>
</tr>
<tr>
<td><strong>SOUTHERN REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alabama Great Southern R.R.</td>
<td>1,252,744</td>
<td>1,063,324</td>
<td>493,851</td>
<td>1,820,665</td>
<td>1,569,149</td>
</tr>
<tr>
<td>Atlanta &amp; West Point R.R.</td>
<td>$78,583</td>
<td>241,411</td>
<td>$246</td>
<td>58,257</td>
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<tr>
<td>Atlanta, Birmingham &amp; Coast R.R.</td>
<td>$122,575</td>
<td>42,755</td>
<td>14,534</td>
<td>87,635</td>
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<tr>
<td>Atlantic Coast Line R.R.</td>
<td>4,332,774</td>
<td>4,846,966</td>
<td>6,451,633</td>
<td>2,454,141</td>
<td>1,244,976</td>
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<tr>
<td>Central of Georgia Ry.</td>
<td>854,911</td>
<td>399,550</td>
<td>3,467,735</td>
<td>2,372,810</td>
<td></td>
</tr>
</tbody>
</table>

1. Deficit or other reverse items.
2. Net income (or deficit) was absorbed by the controlling company.
3. In receivership.
4. Net income after deducting not only fixed but also miscellaneous deductions.
### Selected Financial Data, Class I Steam Railways

Year 1937 - Continued
(Based on monthly reports)

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<tr>
<td><strong>SOUTHERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston &amp; Western Carolina Ry.</td>
<td>$496,719</td>
<td>$21,558</td>
<td>$296,057</td>
<td>$215,421</td>
<td></td>
</tr>
<tr>
<td>Cincinnati, New Orleans &amp; Texas Pacific Ry.</td>
<td>4,874,611</td>
<td>114,157</td>
<td>1,713,665</td>
<td>3,262,589</td>
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<tr>
<td>Clinchfield R.R.</td>
<td>3,207,138</td>
<td>20,658</td>
<td>2,670,646</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbus &amp; Greenville Ry.</td>
<td>11,811</td>
<td>18,927</td>
<td>16,546</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida East Coast Ry.*</td>
<td>741,578</td>
<td>94,525</td>
<td>2,974,961</td>
<td>2,181,193</td>
<td></td>
</tr>
<tr>
<td>Georgia R.R., Lessee Organization</td>
<td>522,003</td>
<td>42,055</td>
<td>657,091</td>
<td>128,256</td>
<td></td>
</tr>
<tr>
<td>Georgia &amp; Florida R.R.*</td>
<td>34,875</td>
<td>10,314</td>
<td>670,864</td>
<td>628,079</td>
<td></td>
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<tr>
<td>Georgia Southern &amp; Florida Ry.</td>
<td>241,741</td>
<td>10,198</td>
<td>302,826</td>
<td>53,381</td>
<td></td>
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<tr>
<td>Gulf &amp; Ship Island R.R.</td>
<td>67,095</td>
<td>30,601</td>
<td>72,396</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gulf, Mobile &amp; Northern R.R.</td>
<td>1,151,500</td>
<td>150,637</td>
<td>961,404</td>
<td>345,118</td>
<td></td>
</tr>
<tr>
<td>Illinois Central R.R.</td>
<td>14,635,913</td>
<td>4,497,503</td>
<td>17,132,860</td>
<td>1,960,316</td>
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<tr>
<td>Louisville &amp; Nashville R.R.</td>
<td>15,551,121</td>
<td>1,221,656</td>
<td>9,576,571</td>
<td>7,100,346</td>
<td></td>
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<tr>
<td>Mississippi Central R.R.</td>
<td>31,987</td>
<td>4,122</td>
<td>130,519</td>
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<tr>
<td>Mobile &amp; Ohio R.R.*</td>
<td>930,460</td>
<td>56,900</td>
<td>1,624,679</td>
<td>647,449</td>
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<tr>
<td>Nashville, Chattanooga &amp; St. Louis Ry.</td>
<td>840,290</td>
<td>243,456</td>
<td>1,499,557</td>
<td>471,523</td>
<td></td>
</tr>
<tr>
<td>New Orleans &amp; Northeastern R.R.</td>
<td>596,414</td>
<td>26,763</td>
<td>391,573</td>
<td>229,781</td>
<td></td>
</tr>
<tr>
<td>Norfolk Southern R.R.*</td>
<td>378,782</td>
<td>184,244</td>
<td>880,027</td>
<td>323,541</td>
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<tr>
<td>Northern Alabama Ry.</td>
<td>142,553</td>
<td>1,240</td>
<td>109,137</td>
<td>34,448</td>
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<tr>
<td>Seaboard Air Line Ry.*</td>
<td>4,348,988</td>
<td>380,355</td>
<td>9,319,256</td>
<td>4,630,279</td>
<td></td>
</tr>
</tbody>
</table>

* Deficit or other reverse items.

# Net income (or deficit) was absorbed by the controlling company.
* In receivership.
1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Total fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOUTHERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Southern Ry.</td>
<td>$15,112,246</td>
<td>$2,594,660</td>
<td>$16,514,037</td>
<td>$805,922</td>
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<tr>
<td>Tennessee Central Ry.</td>
<td>334,451</td>
<td>24,763</td>
<td>237,453</td>
<td>120,011</td>
<td>$70,000</td>
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<tr>
<td>Western Railway of Alabama</td>
<td>77,573</td>
<td>49,271</td>
<td>69,608</td>
<td>51,151</td>
<td>60,000</td>
</tr>
<tr>
<td>Yazoo &amp; Mississippi Valley R.R.</td>
<td>3,132,602</td>
<td>99,706</td>
<td>3,232,056</td>
<td>#</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>74,160,010</td>
<td>16,285,019</td>
<td>81,481,714</td>
<td>6,601,154</td>
<td>13,727,965</td>
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<tr>
<td><strong>NORTHEASTERN REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago &amp; North Western Ry.**</td>
<td>37,401</td>
<td>1,900,764</td>
<td>16,702,507</td>
<td>d 14,811,098</td>
<td></td>
</tr>
<tr>
<td>Chicago Great Western R.R.**</td>
<td>862,928</td>
<td>1,174,406</td>
<td>1,898,783</td>
<td>d 902,363</td>
<td></td>
</tr>
<tr>
<td>Chicago, Milwaukee, St. Paul &amp; Pacific R.R.**</td>
<td>8,790,661</td>
<td>1,134,841</td>
<td>14,902,320</td>
<td>d 14,221,271</td>
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<tr>
<td>Chicago, St. Paul, Minneapolis &amp; Omaha RY.</td>
<td>d 174,546</td>
<td>66,729</td>
<td>2,148,797</td>
<td>d 2,512,094</td>
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<tr>
<td>Duluth, Missabe &amp; Iron Range RY.</td>
<td>12,721,781</td>
<td>208,526</td>
<td>1,459,770</td>
<td>11,455,742</td>
<td>10,281,250</td>
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<tr>
<td>Duluth, South Shore &amp; Atlantic RY.**</td>
<td>463,510</td>
<td>21,905</td>
<td>945,085</td>
<td>d 462,942</td>
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<tr>
<td>Duluth, Winnipeg &amp; Pacific RY.</td>
<td>3,227</td>
<td>480,089</td>
<td>474,811</td>
<td>7,635</td>
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<tr>
<td>Great Northern RY.</td>
<td>23,769,408</td>
<td>3,210,382</td>
<td>16,022,964</td>
<td>10,089,920</td>
<td>4,997,788</td>
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<tr>
<td>Green Bay &amp; Western R.R.</td>
<td>263,462</td>
<td>44,964</td>
<td>155</td>
<td>173,111</td>
<td>62,500</td>
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<tr>
<td>Lake Superior &amp; Ishneming R.R.</td>
<td>1,383,488</td>
<td>3,552</td>
<td>104</td>
<td>1,386,666</td>
<td>1,156,580</td>
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</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
### Selected Financial Data, Class I Steam Railways
#### Year 1937 - Continued
(Based on monthly reports)

<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Total fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NORTHEASTERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis &amp; St. Louis R.R.*</td>
<td>$503,215</td>
<td>$85,055</td>
<td>$2,995,095</td>
<td>$2,426,069</td>
<td>-</td>
</tr>
<tr>
<td>Minneapolis, St. Paul &amp; S.S. Marie Ry.</td>
<td>2,387,239</td>
<td>490,530</td>
<td>14,025,872</td>
<td>5,735,097</td>
<td>-</td>
</tr>
<tr>
<td>Northern Pacific Ry.</td>
<td>10,651,602</td>
<td>4,119,058</td>
<td>14,025,872</td>
<td>117,740</td>
<td>-</td>
</tr>
<tr>
<td>Spokane International Ry.**</td>
<td>109,472</td>
<td>10,741</td>
<td>273,155</td>
<td>154,594</td>
<td>-</td>
</tr>
<tr>
<td>Spokane, Portland &amp; Seattle Ry.</td>
<td>1,537,357</td>
<td>101,105</td>
<td>3,462,065</td>
<td>1,862,673</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$63,309,605</td>
<td>11,755,377</td>
<td>$84,086,015</td>
<td>$19,949,387</td>
<td>$16,498,218</td>
</tr>
<tr>
<td><strong>CENTRAL WESTERN REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alton R.R.</td>
<td>712,057</td>
<td>115,197</td>
<td>1,789,187</td>
<td>1,010,514</td>
<td>11,067,760</td>
</tr>
<tr>
<td>Atchison, Topeka &amp; Santa Fe Ry. (incl.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,416,774</td>
</tr>
<tr>
<td>G.&amp;O. &amp; S.F. &amp; P. &amp; S.F.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago, Burlington &amp; Quincy R.R.</td>
<td>16,991,973</td>
<td>4,121,665</td>
<td>11,106,643</td>
<td>7,576,497</td>
<td>11,067,760</td>
</tr>
<tr>
<td>Chicago, Rock Island &amp; Gulf Ry.**</td>
<td>13,326,469</td>
<td>4,121,665</td>
<td>9,583,501</td>
<td>4,987,524</td>
<td>3,416,774</td>
</tr>
<tr>
<td>Chicago, Rock Island &amp; Pacific Ry.**</td>
<td>3,327,126</td>
<td>620,753</td>
<td>14,971,101</td>
<td>10,054,466</td>
<td>251,552</td>
</tr>
<tr>
<td>Colorado &amp; Southern Ry.</td>
<td>675,972</td>
<td>1,689,009</td>
<td>924,143</td>
<td>5,990,544</td>
<td>251,552</td>
</tr>
<tr>
<td>Denver &amp; Rio Grande Western R.R.**</td>
<td>283,337</td>
<td>346,596</td>
<td>6,007,722</td>
<td>5,990,544</td>
<td>251,552</td>
</tr>
<tr>
<td>Denver &amp; Salt Lake Ry.</td>
<td>930,161</td>
<td>14,748</td>
<td>533,483</td>
<td>8,691</td>
<td>547,066</td>
</tr>
<tr>
<td>Fort Worth &amp; Denver City Ry.</td>
<td>1,820,879</td>
<td>45,034</td>
<td>1,058,362</td>
<td>748,161</td>
<td>230,000</td>
</tr>
<tr>
<td>Nevada Northern Ry.</td>
<td>256,655</td>
<td>14,049</td>
<td>1,912</td>
<td>268,792</td>
<td>230,000</td>
</tr>
</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.

- Deficit or other reverse items.
- In receivership.
- In trusteeship 1936.
- In trusteeship.

Regraded Unclassified
## Selected Financial Data, Class I Steam Railways
### Year 1937 - Continued
(Based on monthly reports)

### TABLE

<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Total fixed charges</th>
<th>Net income 1</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CENTRAL WESTERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwestern Pacific R.R.</td>
<td>$185,017</td>
<td>$19,347</td>
<td>$1,434,472</td>
<td>$1,654,098</td>
<td>-</td>
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<tr>
<td>Southern Pacific Co.</td>
<td>17,876,124</td>
<td>21,492,422</td>
<td>31,888,840</td>
<td>6,207,971</td>
<td>-</td>
</tr>
<tr>
<td>Toledo, Peoria &amp; Western R.R.</td>
<td>368,564</td>
<td>21,491</td>
<td>90,709</td>
<td>229,269</td>
<td>$75,000</td>
</tr>
<tr>
<td>Union Pacific R.R.</td>
<td>22,886,260</td>
<td>17,593,328</td>
<td>19,372,113</td>
<td>17,275,357</td>
<td>17,319,184</td>
</tr>
<tr>
<td>Utah Ry.</td>
<td>140,423</td>
<td>1,050</td>
<td>225,009</td>
<td>81,489</td>
<td>-</td>
</tr>
<tr>
<td>Western Pacific R.R.**</td>
<td>805,084</td>
<td>1,121,833</td>
<td>3,634,750</td>
<td>3,450,965</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>79,168,842</td>
<td>48,616,967</td>
<td>104,721,550</td>
<td>14,552,545</td>
<td>32,750,784</td>
</tr>
<tr>
<td><strong>SOUTHWESTERN REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beaumont, Sour Lake &amp; Western Ry.**</td>
<td>316,225</td>
<td>2,586</td>
<td>174,955</td>
<td>143,781</td>
<td>-</td>
</tr>
<tr>
<td>Burlington-Rock Island R.R.</td>
<td>104,693</td>
<td>4,981</td>
<td>766,983</td>
<td>868,876</td>
<td>-</td>
</tr>
<tr>
<td>International-Great Northern R.R.**</td>
<td>197,568</td>
<td>56,684</td>
<td>2,825,524</td>
<td>2,579,407</td>
<td>315,000</td>
</tr>
<tr>
<td>Kansas City Southern Ry.</td>
<td>3,371,629</td>
<td>292,060</td>
<td>2,774,714</td>
<td>842,128</td>
<td>531,488</td>
</tr>
<tr>
<td>Kansas, Oklahoma &amp; Gulf Ry.</td>
<td>832,040</td>
<td>69,643</td>
<td>261,361</td>
<td>637,792</td>
<td>180,000</td>
</tr>
<tr>
<td>Louisiana &amp; Arkansas Ry.</td>
<td>1,216,265</td>
<td>86,728</td>
<td>870,636</td>
<td>409,825</td>
<td>-</td>
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<tr>
<td>Louisiana, Arkansas &amp; Texas Ry.</td>
<td>59,599</td>
<td>6,824</td>
<td>45,343</td>
<td>19,356</td>
<td>-</td>
</tr>
<tr>
<td>Midland Valley R.R.</td>
<td>494,576</td>
<td>92,873</td>
<td>335,277</td>
<td>124,111</td>
<td>-</td>
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<tr>
<td>Missouri &amp; Arkansas Ry.</td>
<td>12,857</td>
<td>9,320</td>
<td>683</td>
<td>21,135</td>
<td>-</td>
</tr>
<tr>
<td>Missouri-Kansas-Texas R.R. (incl. M.K.T. of Texas)</td>
<td>2,962,698</td>
<td>381,858</td>
<td>4,220,211</td>
<td>1,625,477</td>
<td>-</td>
</tr>
</tbody>
</table>

---

1. Deficit or other reverse items.
2. In trusteeship.
3. Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
<table>
<thead>
<tr>
<th>Region and railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Total fixed charges</th>
<th>Net income</th>
<th>Dividend appropriations, common and preferred stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOUTHWESTERN REGION - Continued</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri Pacific R.R.,**</td>
<td>11,003,379</td>
<td>1,470,250</td>
<td>21,119,649</td>
<td>8,776,864</td>
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<tr>
<td>New Orleans, Texas &amp; Mexico Ry.,**</td>
<td>363,587</td>
<td>430,838</td>
<td>2,782,791</td>
<td>1,455,222</td>
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<tr>
<td>Oklahoma City-Ada-Atoka Ry.</td>
<td>86,693</td>
<td>3,263</td>
<td>a  17,517</td>
<td>43,281</td>
<td></td>
</tr>
<tr>
<td>St. Louis, Brownsville &amp; Mexico Ry.,**</td>
<td>2,028,041</td>
<td>63,403</td>
<td>818,000</td>
<td>1,272,487</td>
<td></td>
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<tr>
<td>St. Louis-San Francisco Ry.,**</td>
<td>4,967,011</td>
<td>171,553</td>
<td>12,805,098</td>
<td>7,756,656</td>
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</tr>
<tr>
<td>St. Louis-San Francisco &amp; Texas Ry.</td>
<td>a  201,072</td>
<td>14,149</td>
<td>136,237</td>
<td>323,983</td>
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<tr>
<td>St. Louis Southwestern Ry. (incl. St. L. 5,7 of T.)**,</td>
<td>2,227,179</td>
<td>93,921</td>
<td>3,248,668</td>
<td>a  914,163</td>
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<tr>
<td>San Antonio, Uvalde &amp; Gulf P.R.,**</td>
<td>a  317,857</td>
<td>10,663</td>
<td>241,647</td>
<td>a  548,858</td>
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<tr>
<td>Texas &amp; New Orleans R.R.</td>
<td>4,740,156</td>
<td>341,719</td>
<td>4,735,425</td>
<td>208,431</td>
<td>$592,575</td>
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<tr>
<td>Texas &amp; Pacific Ry.</td>
<td>5,512,247</td>
<td>1,001,149</td>
<td>3,947,408</td>
<td>2,440,627</td>
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<tr>
<td>Texas Mexican Ry.</td>
<td>206,328</td>
<td>13,296</td>
<td>417,820</td>
<td>198,758</td>
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<tr>
<td>Total</td>
<td>40,479,444</td>
<td>4,617,761</td>
<td>62,561,633</td>
<td>18,950,340</td>
<td>1,619,063</td>
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<tr>
<td>Total U. S.</td>
<td>590,180,564</td>
<td>179,307,977</td>
<td>633,529,717</td>
<td>98,267,587</td>
<td>167,773,969</td>
</tr>
</tbody>
</table>

† Deficit or other reverse items.
** In trusteeship.
1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
## INTERTOLL COMMERCE COMMISSION

Bureau of Statistics

Selected Financial Data, Steam Railways in the United States,
Year Ended Dec. 31, 1936

### RECAPITULATION

<table>
<thead>
<tr>
<th>Region and district</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of $</th>
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</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Capital stock actually outstanding</td>
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<tr>
<td>CLASS I CARRIERS</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>New England region</td>
<td>$15,689,795</td>
<td>$6,435,871</td>
<td>$29,558,812</td>
<td>$6,181,587</td>
<td>$598,800</td>
<td>$361,694,050</td>
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<tr>
<td>Great Lakes region</td>
<td>116,599,663</td>
<td>34,940,932</td>
<td>119,789,695</td>
<td>27,169,085</td>
<td>8,626,870</td>
<td>1,441,198,048</td>
</tr>
<tr>
<td>Central Eastern region</td>
<td>156,778,815</td>
<td>51,595,898</td>
<td>1,080,411</td>
<td>57,714,356</td>
<td></td>
<td></td>
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<tr>
<td>Eastern district</td>
<td>289,068,273</td>
<td>94,972,701</td>
<td>233,425,948</td>
<td>73,700,754</td>
<td>43,827,176</td>
<td>3,240,314,125</td>
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<tr>
<td>Pocahontas region</td>
<td>97,155,628</td>
<td>4,704,086</td>
<td>16,013,085</td>
<td>33,932,250</td>
<td>67,343,898</td>
<td>429,143,042</td>
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<tr>
<td>Southern region</td>
<td>80,146,408</td>
<td>3,777,458</td>
<td>10,714,369</td>
<td>12,425,317</td>
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<td></td>
</tr>
<tr>
<td>Southern district</td>
<td>177,302,036</td>
<td>16,631,574</td>
<td>97,612,499</td>
<td>94,726,215</td>
<td>80,274,215</td>
<td>1,235,051,001</td>
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<tr>
<td>Central Western region</td>
<td>92,715,823</td>
<td>43,807,851</td>
<td>113,116,133</td>
<td>23,587,262</td>
<td>36,168,957</td>
<td>1,648,752,140</td>
</tr>
<tr>
<td>Northwestern region</td>
<td>41,521,807</td>
<td>5,525,982</td>
<td>63,204,740</td>
<td>17,584,237</td>
<td>2,141,165</td>
<td>680,973,678</td>
</tr>
<tr>
<td>Western district</td>
<td>200,976,206</td>
<td>70,809,024</td>
<td>262,290,688</td>
<td>8,797,532</td>
<td>45,727,897</td>
<td>3,504,599,572</td>
</tr>
<tr>
<td>Total, Class I Carriers</td>
<td>667,347,115</td>
<td>184,463,299</td>
<td>653,329,126</td>
<td>164,630,041</td>
<td>169,829,290</td>
<td>8,029,394,698</td>
</tr>
<tr>
<td>Class II</td>
<td>7,427,537</td>
<td>902,911</td>
<td>7,363,911</td>
<td>7,363,911</td>
<td>7,589,856</td>
<td>4,598,564</td>
</tr>
<tr>
<td>Class III</td>
<td>859,298</td>
<td>3,519,974</td>
<td>1,436,448</td>
<td>361,109</td>
<td>903,980</td>
<td>36,143,200</td>
</tr>
<tr>
<td>Grand total</td>
<td>675,599,950</td>
<td>185,717,557</td>
<td>662,129,515</td>
<td>164,941,375</td>
<td>175,332,126</td>
<td>8,256,423,545</td>
</tr>
</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.

4/ Deficit or other reverse item.

4/ Represents securities issued by the operating companies, and not the net system capitalization.
## INTERSTATE COMMERCE COMMISSION
### Bureau of Statistics

**Selected Financial Data, Steam Railways in the United States, Year Ended Dec. 31, 1936 — Continued**

### NEW ENGLAND REGION

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1</th>
<th>Dividend appropriations</th>
<th>Par value of 1</th>
<th>Cost of reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangor &amp; Aroostook R.R. Co.</td>
<td>$1,433,309</td>
<td>$43,420</td>
<td>$722,671</td>
<td>$747,251</td>
<td>$598,080</td>
<td>$10,917,600</td>
<td>$16,421,000</td>
</tr>
<tr>
<td>Boston &amp; Maine R.R.</td>
<td>4,853,187</td>
<td>1,128,931</td>
<td>7,552,600</td>
<td>644,909</td>
<td>705</td>
<td>104,314,300</td>
<td>120,215,093</td>
</tr>
<tr>
<td>Canadian Nat'l. Lines in N.E.</td>
<td>d 662,070</td>
<td>1,306,540</td>
<td>1,293,416</td>
<td>1,460,272</td>
<td>10,000,000</td>
<td>17,618,000</td>
<td>20,846,130</td>
</tr>
<tr>
<td>Central Vermont Ry., Inc.</td>
<td>d 194,268</td>
<td>33,597</td>
<td>1,293,416</td>
<td>1,460,272</td>
<td>1243</td>
<td>10,473,416</td>
<td>15,685,369</td>
</tr>
<tr>
<td>Canadian Pacific Lines in Vermont</td>
<td>d 574,287</td>
<td>838,290</td>
<td>264,000</td>
<td></td>
<td>2,238,950</td>
<td>2,890,000</td>
<td>28,465,130</td>
</tr>
<tr>
<td>International Railway Company of Maine</td>
<td>1,529,982</td>
<td>306,169</td>
<td>146,180</td>
<td></td>
<td>15,908,000</td>
<td>28,465,130</td>
<td>23,070,663</td>
</tr>
<tr>
<td>Maine Central R.R. Co.</td>
<td>1,467,937</td>
<td>486,699</td>
<td>2,033,202</td>
<td>82,615</td>
<td>15,908,000</td>
<td>28,465,130</td>
<td>23,070,663</td>
</tr>
<tr>
<td>New York, New Haven &amp; Hartford R.R. Co.</td>
<td>8,058,300</td>
<td>4,191,167</td>
<td>15,213,803</td>
<td>3,580,044</td>
<td>15,908,000</td>
<td>28,465,130</td>
<td>23,070,663</td>
</tr>
<tr>
<td>New York Connecting R.R. Co.</td>
<td>1,387,772</td>
<td>24,912</td>
<td>1,283,916</td>
<td>90,256</td>
<td>3,000,000</td>
<td>9,361,000</td>
<td>24,399,312</td>
</tr>
<tr>
<td>Rutland R.R. Co.</td>
<td>99,504</td>
<td>76,180</td>
<td>410,945</td>
<td>241,375</td>
<td>9,000,000</td>
<td>9,361,000</td>
<td>24,399,312</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,689,795</td>
<td>8,435,871</td>
<td>29,555,842</td>
<td>6,181,687</td>
<td>598,080</td>
<td>361,644,090</td>
<td>481,611,597</td>
</tr>
</tbody>
</table>

1 Deficit or other reverse item.
2 Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
3 Includes International Ry. Co. of Maine.

**Trusteeship.**

1 Includes present value of land and rights and working capital.
2 Represents securities issued by the operating companies, and not the net system capitalization.
### GREAT LAKES REGION

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt unamortized actually outstanding</th>
<th>Cost or reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambria &amp; Indiana R.R. Co.</td>
<td>$838,090</td>
<td>$16,994</td>
<td>$61,197</td>
<td>$768,890</td>
<td>$750,000</td>
<td>$1,500,000</td>
<td>$1,828,000</td>
<td>$4,740,945</td>
</tr>
<tr>
<td>Delaware &amp; Hudson Corp.</td>
<td>3,163,365</td>
<td>197,254</td>
<td>4,228,274</td>
<td>4,926,595</td>
<td>4/ 44,911,200</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>Delaware, Lackawanna &amp; Western R.R. Co.</td>
<td>5,362,518</td>
<td>1,277,568</td>
<td>7,711,281</td>
<td>13,282,847</td>
<td>6/ 28,473,019</td>
<td>57,500,000</td>
<td>105,032,670</td>
<td></td>
</tr>
<tr>
<td>Detroit &amp; Mackinac Ry. Co.</td>
<td>1,304,734</td>
<td>2,642</td>
<td>119,437</td>
<td>12,012</td>
<td>3/ 28,473,019</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>Detroit, Toledo &amp; Shore Line R.R. Co.</td>
<td>1,131,572</td>
<td>14,113</td>
<td>123,444</td>
<td>1,021,118</td>
<td>3/ 28,473,019</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>Erie R.R. Co. x (incl. Chicago &amp; Erie)</td>
<td>16,338,734</td>
<td>1,208,099</td>
<td>14,710,901</td>
<td>2,195,014</td>
<td>4/ 44,911,200</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>New Jersey &amp; New York R.R. Co.</td>
<td>346,184</td>
<td>3,956</td>
<td>52,475</td>
<td>43,951,482</td>
<td>4/ 44,911,200</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>New York, Susquehanna &amp; Western R.R. Co. x (incl. Wilkes-Barre &amp; Eastern)</td>
<td>333,216</td>
<td>63,890</td>
<td>789,753</td>
<td>4,400,733</td>
<td>4/ 44,911,200</td>
<td>4,457,000</td>
<td>74,122,579</td>
<td></td>
</tr>
<tr>
<td>Lehigh &amp; Hudson River Ry. Co.</td>
<td>187,533</td>
<td>36,577</td>
<td>184</td>
<td>233,492</td>
<td>235,350</td>
<td>4,707,000</td>
<td>14,193,064</td>
<td></td>
</tr>
<tr>
<td>Lehigh &amp; New England R.R. Co.</td>
<td>807,313</td>
<td>26,843</td>
<td>397,462</td>
<td>397,860</td>
<td>235,350</td>
<td>4,707,000</td>
<td>14,193,064</td>
<td></td>
</tr>
<tr>
<td>Lehigh Valley R.R. Co.</td>
<td>8,700,958</td>
<td>963,989</td>
<td>7,332,058</td>
<td>1,323,285</td>
<td>235,350</td>
<td>4,707,000</td>
<td>14,193,064</td>
<td></td>
</tr>
</tbody>
</table>

1. Deficit or other reverse item.
2. Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
3. Includes $20,000,000 consideration received for 800,000 shares of common stock without par value.
4. Represents consideration received for 515,740 shares of common stock without par value.
5. Includes present value of land and rights and working capital.
7. Represents securities issued by the operating companies, and not the net system capitalization.
<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of 5</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt actually outstanding</th>
<th>Cost of reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monongahela Ry. Co.</td>
<td>41,170,138</td>
<td>622,765</td>
<td>564,603</td>
<td>832,745</td>
<td>811,850</td>
<td>161,645,000</td>
<td>84,845,000</td>
<td>64,845,000</td>
<td>184,385,100</td>
</tr>
<tr>
<td>Loretto R.R. Co.</td>
<td>944,000</td>
<td>11,508</td>
<td>77,101</td>
<td>866,218</td>
<td>692,000</td>
<td>5,100,000</td>
<td>1,480,000</td>
<td>4,600,000</td>
<td>9,977,760</td>
</tr>
<tr>
<td>New York, Ontario &amp; Western Ry. Co.</td>
<td>2,040,637</td>
<td>210,357</td>
<td>1,571,247</td>
<td>3,590,843</td>
<td>132</td>
<td>58,116,995</td>
<td>29,563,529</td>
<td>29,563,529</td>
<td>43,900,703</td>
</tr>
<tr>
<td>New York Central R.R. Co.</td>
<td>45,278,627</td>
<td>22,465,461</td>
<td>57,141,150</td>
<td>8,933,175</td>
<td>2,975,038</td>
<td>43,189,500</td>
<td>223,000</td>
<td>223,000</td>
<td>314,943,177</td>
</tr>
<tr>
<td>Pittsburgh &amp; Lake Erie R.R. Co.</td>
<td>4,895,227</td>
<td>534,527</td>
<td>143,160</td>
<td>4,591,249</td>
<td>2,375,038</td>
<td>43,189,500</td>
<td>223,000</td>
<td>223,000</td>
<td>314,943,177</td>
</tr>
<tr>
<td>New York, Chicago &amp; St. Louis R.R. Co.</td>
<td>9,137,723</td>
<td>5,818,516</td>
<td>7,502,723</td>
<td>7,380,482</td>
<td>-</td>
<td>69,796,760</td>
<td>59,768,849</td>
<td>59,768,849</td>
<td>130,210,967</td>
</tr>
<tr>
<td>Peoria Marquette Ry. Co.</td>
<td>5,578,314</td>
<td>587,485</td>
<td>3,340,400</td>
<td>2,758,004</td>
<td>2,240,000</td>
<td>66,678,500</td>
<td>66,678,500</td>
<td>66,678,500</td>
<td>110,297,498</td>
</tr>
<tr>
<td>Pittsburgh &amp; Shawmut R.R. Co.</td>
<td>17,701</td>
<td>27,856</td>
<td>56,706</td>
<td>4,262,95</td>
<td>-</td>
<td>15,000,000</td>
<td>1,147,000</td>
<td>1,147,000</td>
<td>3,516,629</td>
</tr>
<tr>
<td>Pittsburgh, West Virginia Ry. Co.</td>
<td>1,265,311</td>
<td>37,498</td>
<td>911,258</td>
<td>376,957</td>
<td>-</td>
<td>30,000,000</td>
<td>20,870,707</td>
<td>20,870,707</td>
<td>48,392,386</td>
</tr>
<tr>
<td>Pittsburgh, Shawmut &amp; Northern R.R. Co.*</td>
<td>68,203</td>
<td>7,512</td>
<td>716,073</td>
<td>640,463</td>
<td>-</td>
<td>15,000,000</td>
<td>1,147,000</td>
<td>1,147,000</td>
<td>3,516,629</td>
</tr>
<tr>
<td>Ann Arbor R.R. Co.*</td>
<td>428,221</td>
<td>16,018</td>
<td>465,734</td>
<td>25,493</td>
<td>-</td>
<td>7,250,000</td>
<td>9,164,341</td>
<td>9,164,341</td>
<td>16,550,081</td>
</tr>
<tr>
<td>Wabash Ry. Co.*</td>
<td>6,177,522</td>
<td>367,690</td>
<td>7,721,395</td>
<td>1,280,789</td>
<td>-</td>
<td>138,120,767</td>
<td>131,945,126</td>
<td>131,945,126</td>
<td>158,202,508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116,690,663</strong></td>
<td><strong>34,940,932</strong></td>
<td><strong>119,789,695</strong></td>
<td><strong>27,164,085</strong></td>
<td><strong>8,626,870</strong></td>
<td><strong>1,441,198,048</strong></td>
<td><strong>1,637,742,130</strong></td>
<td><strong>1,637,742,130</strong></td>
<td><strong>3,702,837,739</strong></td>
</tr>
</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
2/ Represents consideration received for 4,993,783 shares of common stock without par value.
3/ Does not include Michigan Central in Canada.
4/ Receivership
5/ Net income after deducting all fixed charges.
6/ Represents present value of land and rights and working capital.
7/ Represents securities issued by the operating companies, and not the net system capitalization.
### Selected Financial Data, Steam Railways in the United States, Year Ended Dec. 31, 1936 - Continued

#### CENTRAL EASTERN REGION

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income</th>
<th>Dividend appropriations</th>
<th>Par value of Capital stock actually outstanding</th>
<th>Par value of Funded debt actually outstanding</th>
<th>Cost of reproduction loss depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akron, Canton &amp; Youngstown Ry. Co.</td>
<td>$483,150</td>
<td>92,966</td>
<td>363,197</td>
<td>$202,859</td>
<td>-</td>
<td>$1,500,000</td>
<td>$3,617,000</td>
<td>$7,663,630</td>
</tr>
<tr>
<td>Baltimore &amp; Ohio R.R. Co.</td>
<td>30,185,395</td>
<td>9,121,704</td>
<td>32,833,024</td>
<td>4,538,975</td>
<td>-</td>
<td>315,152,455</td>
<td>656,163,475</td>
<td>1,841,944</td>
</tr>
<tr>
<td>Staten Island Rapid Transit Ry. Co.</td>
<td>15,363,261</td>
<td>933,463</td>
<td>561,177</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
<td>7,160,000</td>
<td>15,841,944</td>
</tr>
<tr>
<td>Beesmer &amp; Lake Erie R.R. Co.</td>
<td>6,838,320</td>
<td>208,273</td>
<td>1,309,589</td>
<td>5,507,161</td>
<td>-</td>
<td>500,000</td>
<td>7,180,000</td>
<td>60,610,473</td>
</tr>
<tr>
<td>Chicago &amp; Eastern Illinois Ry. Co.</td>
<td>1,658,301</td>
<td>259,595</td>
<td>2,248,738</td>
<td>445,530</td>
<td>280,000</td>
<td>45,891,400</td>
<td>32,947,036</td>
<td>54,222,396</td>
</tr>
<tr>
<td>Chicago &amp; Illinois Midland Ry. Co.</td>
<td>1,168,008</td>
<td>10,141</td>
<td>485,107</td>
<td>657,792</td>
<td>280,000</td>
<td>10,000,000</td>
<td>6,852,091</td>
<td>8,666,091</td>
</tr>
<tr>
<td>Chicago, Indianapolis &amp; Louisville Ry. Co.</td>
<td>500,000</td>
<td>106,549</td>
<td>1,533,228</td>
<td>432,194</td>
<td>-</td>
<td>15,488,300</td>
<td>26,689,262</td>
<td>33,979,314</td>
</tr>
<tr>
<td>Detroit, Toledo &amp; Ironton R.R. Co.</td>
<td>2,791,759</td>
<td>36,281</td>
<td>763,623</td>
<td>2,053,599</td>
<td>1,717,320</td>
<td>24,533,600</td>
<td>14,895,595</td>
<td>37,429,195</td>
</tr>
<tr>
<td>Elgin, Joliet &amp; Eastern Ry. Co.</td>
<td>4,080,304</td>
<td>121,853</td>
<td>2,434,268</td>
<td>1,649,512</td>
<td>1,750,000</td>
<td>10,000,000</td>
<td>10,865,000</td>
<td>20,865,000</td>
</tr>
<tr>
<td>Illinois Terminal Co.</td>
<td>1,531,948</td>
<td>55,930</td>
<td>1,577,834</td>
<td>7,386</td>
<td>-</td>
<td>500,000</td>
<td>7,680,966</td>
<td>33,348,627</td>
</tr>
<tr>
<td>Missouri-Illinois R.R. Co.</td>
<td>103,365</td>
<td>2,749</td>
<td>136,925</td>
<td>34,168</td>
<td>-</td>
<td>2,500,000</td>
<td>2,737,500</td>
<td>5,237,000</td>
</tr>
<tr>
<td>Long Island R.R. Co.</td>
<td>797,450</td>
<td>372,699</td>
<td>2,086,340</td>
<td>4,118,031</td>
<td>100,000</td>
<td>54,991,386</td>
<td>44,196,966</td>
<td>146,137,221</td>
</tr>
<tr>
<td>Pennsylvania R.R. Co.</td>
<td>84,180,893</td>
<td>36,119,594</td>
<td>79,574,457</td>
<td>38,742,092</td>
<td>13,167,696</td>
<td>654,384,800</td>
<td>653,179,994</td>
<td>2,310,617</td>
</tr>
<tr>
<td>Pennsylvania-Roading Seashore Lines</td>
<td>4,132,479</td>
<td>171,815</td>
<td>1,067,568</td>
<td>2,152,685</td>
<td>6,362,600</td>
<td>8,498,800</td>
<td>4,080,365</td>
<td>4,080,365</td>
</tr>
<tr>
<td>Central R.R. Co. of New Jersey</td>
<td>1,564,004</td>
<td>1,021,655</td>
<td>4,903,202</td>
<td>2,987,340</td>
<td>27,438,600</td>
<td>50,731,000</td>
<td>164,077,313</td>
<td>348,407,343</td>
</tr>
<tr>
<td>Reading Co.</td>
<td>13,394,785</td>
<td>2,167,083</td>
<td>8,691,115</td>
<td>6,515,071</td>
<td>139,950,950</td>
<td>132,687,351</td>
<td>328,407,343</td>
<td>348,407,343</td>
</tr>
<tr>
<td>Western Maryland Ry. Co.</td>
<td>4,784,216</td>
<td>140,031</td>
<td>2,812,413</td>
<td>1,710,113</td>
<td>1,241,957</td>
<td>77,167,148</td>
<td>62,119,865</td>
<td>92,297,209</td>
</tr>
<tr>
<td>Wheeling &amp; Lake Erie Ry. Co.</td>
<td>3,751,632</td>
<td>643,907</td>
<td>638,809</td>
<td>3,744,273</td>
<td>5,247,227</td>
<td>55,595,558</td>
<td>16,892,000</td>
<td>54,192,688</td>
</tr>
</tbody>
</table>

| Total                                               | 156,778,815                  | 51,595,896   | 144,080,411   | 57,718,356 | 34,602,228              | 1,437,472,027                                 | 1,732,882,251                           | 4,287,555,121                       |

1. Deficit or other reverse item.
2. Trusteehip.
3. Includes present value of land and rights and working capital.
4. Represents securities issued by the operating companies, and not the net system capitalization.
5. Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income (^1)</th>
<th>Dividend appropriations</th>
<th>Par value of Capital stock actually outstanding</th>
<th>Funded debt unmatured actually outstanding</th>
<th>Cost of reproduction less depreciations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesapeake &amp; Ohio Ry. Co.</td>
<td>$52,734,862</td>
<td>$1,477,727</td>
<td>$10,262,870</td>
<td>$43,790,002</td>
<td>$44,411,351</td>
<td>$191,146,914</td>
<td>$239,602,000</td>
<td>$73,414,910</td>
</tr>
<tr>
<td>Norfolk &amp; Western Ry. Co.</td>
<td>34,505,424</td>
<td>2,508,733</td>
<td>2,233,273</td>
<td>33,106,660</td>
<td>19,203,971</td>
<td>163,640,600</td>
<td>52,139,532</td>
<td>360,920,071</td>
</tr>
<tr>
<td>Richmond, Fredericksburg &amp; Potomac R.R. Co.</td>
<td>846,383</td>
<td>182,314</td>
<td>331,746</td>
<td>704,160</td>
<td>573,376</td>
<td>14,834,800</td>
<td>7,180,000</td>
<td>29,093,961</td>
</tr>
<tr>
<td>Virginian Ry. Co.</td>
<td>9,068,959</td>
<td>535,312</td>
<td>3,203,166</td>
<td>6,382,028</td>
<td>3,660,200</td>
<td>59,226,500</td>
<td>65,364,000</td>
<td>88,884,441</td>
</tr>
<tr>
<td>Total</td>
<td>97,155,628</td>
<td>4,704,086</td>
<td>16,013,055</td>
<td>83,962,850</td>
<td>67,848,898</td>
<td>429,148,842</td>
<td>364,285,532</td>
<td>952,313,383</td>
</tr>
</tbody>
</table>

\(^1\) Includes present value of land and rights and working capital.

\(^1\) Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.

\(^1\) Represents securities issued by the operating companies, and not the net system capitalization.
# Interstate Commerce Commission

**Bureau of Statistics**

Selected Financial Data, Steam Railways in the United States, Year Ended Dec. 31, 1936 - Continued

## Southern Region

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income ¹⁾</th>
<th>Dividend appropriations</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt actually outstanding</th>
<th>Cost of reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta &amp; West Point R.R. Co.</td>
<td>a $4,946</td>
<td>$23,205</td>
<td>$130</td>
<td>$13,964</td>
<td>-</td>
<td>$2,463,600</td>
<td>$2,456</td>
<td>$8,122,022</td>
</tr>
<tr>
<td>Atlanta, Birmingham &amp; Coast R.R. Co.</td>
<td>a $14,605</td>
<td>27,517</td>
<td>18,271</td>
<td>2,265</td>
<td>-</td>
<td>2/9,428,714</td>
<td>2/217,500</td>
<td>25,012,810</td>
</tr>
<tr>
<td>Atlantic Coast Line R.R. Co.</td>
<td>4,415,794</td>
<td>4,822,409</td>
<td>6,484,506</td>
<td>1,915,155</td>
<td>583,262</td>
<td>144,000</td>
<td>12,000,000</td>
<td>12,318,896</td>
</tr>
<tr>
<td>Charleston &amp; Western Carolina RY. Co.</td>
<td>445,787</td>
<td>14,542</td>
<td>295,597</td>
<td>167,427</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Clinchfield R.R. Co.</td>
<td>2,575,949</td>
<td>40,691</td>
<td>2,616,320</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Georgia R.R. Lessee Organization</td>
<td>676,172</td>
<td>34,932</td>
<td>69,155</td>
<td>13,093</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Louisville &amp; Nashville R.R. Co.</td>
<td>19,257,394</td>
<td>915,065</td>
<td>10,423,763</td>
<td>9,628,472</td>
<td>7,020,000</td>
<td>117,000,000</td>
<td>3/227,556,030</td>
<td>47,623,964</td>
</tr>
<tr>
<td>Nashville, Chattanooga &amp; St. Louis RY.</td>
<td>1,382,842</td>
<td>227,465</td>
<td>1,501,134</td>
<td>51,399</td>
<td>-</td>
<td>25,600,000</td>
<td>16,920,000</td>
<td>69,333,212</td>
</tr>
<tr>
<td>Western Ry. of Alabama</td>
<td>60,732</td>
<td>43,403</td>
<td>69,520</td>
<td>19,139</td>
<td>-</td>
<td>3,000,000</td>
<td>1,543,000</td>
<td>9,403,696</td>
</tr>
<tr>
<td>Columbus &amp; Greenville RY. Co.</td>
<td>109,659</td>
<td>18,179</td>
<td>18,481</td>
<td>109,259</td>
<td>-</td>
<td>98,500</td>
<td>333,000</td>
<td>5,353,573</td>
</tr>
<tr>
<td>Florida East Coast Ry. Co.</td>
<td>877,796</td>
<td>107,158</td>
<td>3,030,534</td>
<td>4,207,131</td>
<td>-</td>
<td>37,500,000</td>
<td>60,639,075</td>
<td>62,015,161</td>
</tr>
<tr>
<td>Georgia &amp; Florida R.R. (including Statesboro Northern RY.)*</td>
<td>13,459</td>
<td>9,793</td>
<td>659,281</td>
<td>658,406</td>
<td>-</td>
<td>1/33,012,414</td>
<td>2,455,000</td>
<td>12,071,106</td>
</tr>
<tr>
<td>Gulf, Mobile &amp; Northern R.R. Co.</td>
<td>1,412,804</td>
<td>130,804</td>
<td>831,912</td>
<td>706,953</td>
<td>-</td>
<td>24,955,000</td>
<td>12,269,637</td>
<td>23,210,226</td>
</tr>
<tr>
<td>Central of Georgia RY.</td>
<td>1,239,804</td>
<td>357,926</td>
<td>3,508,000</td>
<td>4,207,023</td>
<td>-</td>
<td>20,000,000</td>
<td>55,510,000</td>
<td>99,949,000</td>
</tr>
</tbody>
</table>

¹⁾ Deficit or other reverse item.
²⁾ Includes present value of land and rights and working capital.
³⁾ Receivability.
⁴⁾ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
²⁾ Includes $4,246,414, consideration received for 150,000 shares of common stock without par value.
³⁾ Includes Southern RY's share of $2,463,894, consideration received for 100,000 shares of common stock without par value.
⁴⁾ Represents securities issued by the operating companies, and not the net system capitalization.
### INTERSTATE COMMERCE COMMISSION

Bureau of Statistics

Selected Financial Data, Steam Railways in the United States,
Year Ended Dec. 31, 1936 - Continued

### SOUTHERN REGION - Continued

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income ¹/</th>
<th>Dividend appropriations</th>
<th>Par value of $</th>
<th>Cost of reproduction loss depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gulf &amp; Ship Island R.R. Co.</td>
<td>$146,384</td>
<td>$21,245</td>
<td>$77,606</td>
<td>$204,214</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illinois Central R.R. Co.</td>
<td>14,087,852</td>
<td>2,967,615</td>
<td>16,304,022</td>
<td>714,745</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yazoo &amp; Mississippi Valley R.R. Co.</td>
<td>2,911,194</td>
<td>41,510</td>
<td>2,942,394</td>
<td>49,993</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mississippi Central R.R. Co.</td>
<td>108,402</td>
<td>1,646</td>
<td>133,037</td>
<td>28,152</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norfolk Southern R.R. Co.*</td>
<td>302,535</td>
<td>121,405</td>
<td>308,910</td>
<td>421,852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seaboard Air Line Ry. Co.*</td>
<td>2,920,583</td>
<td>355,168</td>
<td>9,330,206</td>
<td>6,571,462</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alabama Great Southern R.R. Co.</td>
<td>905,801</td>
<td>1,068,837</td>
<td>483,765</td>
<td>1,489,122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cincinnati, New Orleans &amp; Texas Pacific Ry. Co.</td>
<td>4,936,368</td>
<td>144,165</td>
<td>1,734,781</td>
<td>3,331,340</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia, Southern &amp; Florida Ry. Co.</td>
<td>157,524</td>
<td>28,048</td>
<td>303,731</td>
<td>3,403,324</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile &amp; Ohio R.R. Co.*</td>
<td>1,262,706</td>
<td>54,521</td>
<td>1,663,165</td>
<td>177,495</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Alabama Ry. Co.</td>
<td>132,359</td>
<td>268</td>
<td>109,411</td>
<td>23,186</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Ry. Co.</td>
<td>19,298,273</td>
<td>2,225,304</td>
<td>16,832,306</td>
<td>4,304,926</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tennessee Central Ry. Co.</td>
<td>471,851</td>
<td>8,312</td>
<td>301,755</td>
<td>176,785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80,114,408</strong></td>
<td><strong>13,977,488</strong></td>
<td><strong>10,773,108</strong></td>
<td><strong>12,425,317</strong></td>
<td></td>
<td></td>
<td><strong>2,496,695,343</strong></td>
</tr>
</tbody>
</table>

¹/ includes present value of land and rights and working capital.
²/ Receivables.
³/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
⁴/ Includes $61,179,256, consideration received for 2,600,000 shares of common stock without par value.
⁵/ Does not include Louisville & Nashville R.R.'s proportion of Louisville & Nashville-Southern, Monon collateral joint mortgage bonds.
⁶/ "o" shares of common stock without par value are outstanding; no book value reported.
⁷/ Represents securities issued by the operating companies. Not the net system capitalization.
<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of &amp;</th>
<th>Cost of reproduction less depreciation w</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duluth, Winnipeg &amp; Pacific Ry. Co. (Including</td>
<td>$4,811</td>
<td>$466,871</td>
<td>$477,356</td>
<td>$12,529</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duluth, Rainy Lake &amp; Winnipeg Ry. Co.</td>
<td>637,194</td>
<td>31,844</td>
<td>949,105</td>
<td>4,256,184</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duluth, South Shore &amp; Atlantic Ry. Co. x</td>
<td>2,095,932</td>
<td>341,927</td>
<td>7,874,443</td>
<td>6,561,852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis, St. Paul &amp; Sault Ste, Marie Ry. Co.</td>
<td>103,870</td>
<td>6,265</td>
<td>273,070</td>
<td>164,237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spokane International Ry. Co. **</td>
<td>5,260,641</td>
<td>1,809,455</td>
<td>16,702,496</td>
<td>9,674,005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago &amp; North Western Ry. Co. **</td>
<td>1,427,646</td>
<td>69,440</td>
<td>2,512,890</td>
<td>2,023,111</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago, St. Paul, Minneapolis &amp; St. Paul Ry. Co.</td>
<td>2,197,924</td>
<td>124,955</td>
<td>1,191,746</td>
<td>717,573</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago Great Western R. R. Co. **</td>
<td>9,461,358</td>
<td>1,459,586</td>
<td>14,903,754</td>
<td>11,196,108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago, Milwaukee, St. Paul &amp; Pacific R. R. Co. **</td>
<td>8,384,101</td>
<td>162,024</td>
<td>1,591,569</td>
<td>6,937,650</td>
<td>8,374,375</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Deficit or other reverse item.

Includes present value of land and rights and working capital.

x Trusteeship after Dec. 31, 1936.

** Trusteeship.

1 Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.

Includes $105,133,461, consideration received for 1,174,063 shares of common stock without par value.

w Represents securities issued by the operating company, and not the net system capitalization.
### INTERSTATE COMMERCE COMMISSION
Bureau of Statistics

Selected Financial Data, Steam Railways in the United States,
Year Ended Dec. 31, 1936 - Continued

**NORTHWESTERN REGION - Continued**

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of $</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt unmatured actually outstanding</th>
<th>Cost of re-production less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Northern Ry. Co.</td>
<td>$23,559,571</td>
<td>$5,049,169</td>
<td>$17,767,536</td>
<td>$9,903,986</td>
<td></td>
<td>2,184,510,550</td>
<td>2,184,510,550</td>
<td>2,184,510,550</td>
<td>2,184,510,550</td>
</tr>
<tr>
<td>Green Bay &amp; Western R. E. Co.</td>
<td>176,879</td>
<td>36,102</td>
<td>15,080</td>
<td>227,764</td>
<td>1,198,161</td>
<td>246,574,515</td>
<td>2,184,510,550</td>
<td>2,184,510,550</td>
<td>2,184,510,550</td>
</tr>
<tr>
<td>Lake Superior &amp; Ishpeming R. H. Co.</td>
<td>1,195,755</td>
<td>2,975</td>
<td>237</td>
<td>1,198,161</td>
<td>856,800</td>
<td>1,010,000</td>
<td>1,010,000</td>
<td>1,010,000</td>
<td>1,010,000</td>
</tr>
<tr>
<td>Northern Pacific Ry. Co.</td>
<td>10,788,187</td>
<td>5,597,111</td>
<td>14,320,079</td>
<td>1,189,784</td>
<td></td>
<td>467,405,540</td>
<td>467,405,540</td>
<td>467,405,540</td>
<td>467,405,540</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66,709,176</td>
<td>15,475,571</td>
<td>85,967,815</td>
<td>14,836,457</td>
<td>1,174,873,456</td>
<td>1,174,873,456</td>
<td>1,174,873,456</td>
<td>1,174,873,456</td>
<td>1,174,873,456</td>
</tr>
</tbody>
</table>

1/ Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
2/ Represents consideration received for 2,485,587.5 shares of preferred stock without par value.

Regraded Unclassified
## Central Western Region

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of Capital stock actually outstanding</th>
<th>Funded debt unamortized actually outstanding</th>
<th>Cost of reproduction less depreciation 1/2/3/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atchison, Topeka &amp; Santa Fe Ry. Co. and Affiliated Companies</td>
<td>18,501,904</td>
<td>4,144,392</td>
<td>10,954,000</td>
<td>9,398,126</td>
<td>11,062,760</td>
<td>366,878,800</td>
<td>309,642,556</td>
<td>1,042,208,911</td>
</tr>
<tr>
<td>Alton R.R. Co.</td>
<td>777,709</td>
<td>104,666</td>
<td>1,782,659</td>
<td>544,392</td>
<td>6,833,548</td>
<td>170,639,100</td>
<td>223,622,900</td>
<td>615,734,259</td>
</tr>
<tr>
<td>Chicago, Burlington &amp; Quincy R.R. Co.</td>
<td>13,444,427</td>
<td>1,294,350</td>
<td>9,495,392</td>
<td>5,157,104</td>
<td>6,833,548</td>
<td>170,639,100</td>
<td>223,622,900</td>
<td>615,734,259</td>
</tr>
<tr>
<td>Colorado &amp; Southern Ry. Co.</td>
<td>598,559</td>
<td>1,502,945</td>
<td>2,069,003</td>
<td>22,589</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Fort Worth &amp; Denver City Ry. Co.</td>
<td>1,211,572</td>
<td>61,304</td>
<td>1,178,535</td>
<td>25,851</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Denver &amp; Rio Grande Western R.R. Co.</td>
<td>1,609,214</td>
<td>339,909</td>
<td>5,995,067</td>
<td>4,015,410</td>
<td>6,833,548</td>
<td>170,639,100</td>
<td>223,622,900</td>
<td>615,734,259</td>
</tr>
<tr>
<td>Denver &amp; Salt Lake Ry. Co.</td>
<td>1,090,810</td>
<td>24,141</td>
<td>4,366,083</td>
<td>2,455</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Nevada Northern Ry. Co.</td>
<td>169,168</td>
<td>14,020</td>
<td>182,842</td>
<td>2,455</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Chicago, Rock Island &amp; Gulf Ry. Co.</td>
<td>367,649</td>
<td>17,870</td>
<td>4,140,405</td>
<td>1,292,100</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Chicago, Rock Island &amp; Pacific Ry. Co.</td>
<td>249,796</td>
<td>17,870</td>
<td>4,140,405</td>
<td>1,292,100</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Northwestern Pacific R.R. Co.</td>
<td>28,399,694</td>
<td>22,419,183</td>
<td>40,082,080</td>
<td>9,101,288</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Southern Pacific Co.</td>
<td>358,130</td>
<td>36,092</td>
<td>93,494</td>
<td>273,510</td>
<td>677,565</td>
<td>8,226,800</td>
<td>6,833,159</td>
<td>522,690</td>
</tr>
<tr>
<td>Toledo, Peoria &amp; Western R.R.</td>
<td>25,070,627</td>
<td>17,329,027</td>
<td>19,782,753</td>
<td>21,828,912</td>
<td>17,319,134</td>
<td>321,894,100</td>
<td>235,812,900</td>
<td>722,812,739</td>
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<tr>
<td>Union Pacific R.R. Co.</td>
<td>191,221</td>
<td>9,767</td>
<td>225,078</td>
<td>28,050</td>
<td>3,059,200</td>
<td>4,500,000</td>
<td>580,000</td>
<td>6,621,954</td>
</tr>
<tr>
<td>In Ry. Co.</td>
<td>111,928</td>
<td>1,121,772</td>
<td>3,593,595</td>
<td>1,821,114</td>
<td>3,059,200</td>
<td>4,500,000</td>
<td>580,000</td>
<td>6,621,954</td>
</tr>
<tr>
<td>Total</td>
<td>92,746,823</td>
<td>49,807,692</td>
<td>113,118,133</td>
<td>23,597,282</td>
<td>36,168,057</td>
<td>1,648,752,140</td>
<td>1,537,619</td>
<td>4,104,834,249</td>
</tr>
</tbody>
</table>

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1/ Deficit or other reverse item.
2/ Includes present value of land and rights and working capital.
3/ Represents securities issued by the operating companies, and not the net system capitalization.
4/ Includes net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
5/ Includes consideration received for 300,000 shares of common stock without par value.
6/ Represents consideration received for 50,000 shares of common stock without par value.
<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1/</th>
<th>Dividend appropriations</th>
<th>Par value of $</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt actually outstanding</th>
<th>Cost of reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burlington-Rock Island R.R. Co.</td>
<td>5,276,424</td>
<td>5,383</td>
<td>750,595</td>
<td>61,021,849</td>
<td>-</td>
<td>530,000</td>
<td>85,244,000</td>
<td>236,406,597</td>
<td>6,460,034</td>
</tr>
<tr>
<td>Fort Smith &amp; Western Ry. Co.*</td>
<td>53,422</td>
<td>649</td>
<td>293,394</td>
<td>239,523</td>
<td>-</td>
<td>2,124,000</td>
<td>51,216,000</td>
<td>339,000</td>
<td>5,399,842</td>
</tr>
<tr>
<td>Fort Worth &amp; Rio Grande Ry. Co.</td>
<td>290,177</td>
<td>5,817</td>
<td>321</td>
<td>285,401</td>
<td>-</td>
<td>2,928,300</td>
<td>331,999</td>
<td>797,000</td>
<td>5,333,307</td>
</tr>
<tr>
<td>St. Louis-Sec. Francisco Ry. Co.**</td>
<td>5,880,915</td>
<td>434,233</td>
<td>12,931,815</td>
<td>6,665,499</td>
<td>-</td>
<td>114,701,562</td>
<td>236,406,597</td>
<td>238,185,325</td>
<td>6,460,034</td>
</tr>
<tr>
<td>St. Louis-San Francisco &amp; Texas Ry. Co.</td>
<td>4,438,277</td>
<td>10,905</td>
<td>116,916</td>
<td>594,177</td>
<td>-</td>
<td>50,899,900</td>
<td>51,216,000</td>
<td>339,000</td>
<td>5,399,842</td>
</tr>
<tr>
<td>Kansas City Southern Ry. Co.</td>
<td>3,133,292</td>
<td>365,061</td>
<td>2,886,762</td>
<td>530,375</td>
<td>$210,000</td>
<td>11,459,900</td>
<td>6,637,000</td>
<td>10,984,330</td>
<td>60,385,252</td>
</tr>
<tr>
<td>Kansas, Oklahoma &amp; Gulf Ry. Co.</td>
<td>809,019</td>
<td>68,205</td>
<td>241,940</td>
<td>632,966</td>
<td>531,015</td>
<td>4,637,000</td>
<td>790,000</td>
<td>10,984,330</td>
<td>60,385,252</td>
</tr>
<tr>
<td>Louisiana &amp; Arkansas Ry. Co.</td>
<td>1,090,601</td>
<td>93,936</td>
<td>875,237</td>
<td>334,362</td>
<td>-</td>
<td>1/9,000,000</td>
<td>16,859,000</td>
<td>25,815,236</td>
<td>10,984,330</td>
</tr>
<tr>
<td>Louisiana, Arkansas &amp; Texas Ry. Co.</td>
<td>71,486</td>
<td>1,807</td>
<td>45,063</td>
<td>114,929</td>
<td>-</td>
<td>750,000</td>
<td>9,146,300</td>
<td>12,589,336</td>
<td>3,889,026</td>
</tr>
<tr>
<td>Midland Valley R.R. Co.</td>
<td>485,187</td>
<td>121,421</td>
<td>339,533</td>
<td>140,802</td>
<td>35,000</td>
<td>8,005,750</td>
<td>9,146,500</td>
<td>12,589,336</td>
<td>3,889,026</td>
</tr>
<tr>
<td>Missouri &amp; Arkansas Ry. Co.</td>
<td>34,251</td>
<td>14,511</td>
<td>333</td>
<td>47,961</td>
<td>-</td>
<td>350,000</td>
<td>350,000</td>
<td>8,872,608</td>
<td>3,889,026</td>
</tr>
<tr>
<td>Missouri-Kansas-Texas R.R. Co. and</td>
<td>4,033,240</td>
<td>510,749</td>
<td>4,232,243</td>
<td>118,206</td>
<td>500,000</td>
<td>106,671,746</td>
<td>1,133,345,700</td>
<td>173,835,309</td>
<td>4,982,121</td>
</tr>
<tr>
<td>Controllers Companies</td>
<td>18,932</td>
<td>2,506</td>
<td>177,862</td>
<td>115,004</td>
<td>2,057,825</td>
<td>675,000</td>
<td>205,764</td>
<td>57,769,057</td>
<td>112,412</td>
</tr>
<tr>
<td>Great Northern R.R. Co.</td>
<td>145,032</td>
<td>42,987</td>
<td>2,639,196</td>
<td>2,639,196</td>
<td>-</td>
<td>7,500,000</td>
<td>46,964,000</td>
<td>57,769,057</td>
<td>112,412</td>
</tr>
<tr>
<td>Missouri Pacific R.R. Co.</td>
<td>11,047,320</td>
<td>2,066,959</td>
<td>21,106,512</td>
<td>2,995,236</td>
<td>-</td>
<td>1,945,390</td>
<td>361,639,900</td>
<td>381,596,101</td>
<td>381,596,101</td>
</tr>
</tbody>
</table>

1/ Represents securities issued by the operating companies, and not the net system capitalization.

#4 Deficit or other reverse item.
#4 Includes present value of land and rights and working capital.
** Receivables.
#4 Trustee.
#4 Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
#4 Represents consideration received for 52,400 shares of common stock without par value.
#4 Includes $2,000,000 consideration received for 100,000 shares of common stock without par value.
#4 Includes $66,678,747, consideration received for 500,000 shares of common stock without par value.

Regraded Unclassified
### SOUTHWESTERN REGION - Continued

<table>
<thead>
<tr>
<th>Name of railway</th>
<th>Net railway operating income</th>
<th>Other income</th>
<th>Fixed charges</th>
<th>Net income 1</th>
<th>Dividend appropriations</th>
<th>Capital stock actually outstanding</th>
<th>Funded debt actually outstanding</th>
<th>Cost of reproduction less depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Orleans, Texas &amp; Mexico Ry. Co.**</td>
<td>$347,007</td>
<td>$109,009</td>
<td>$2,694,786</td>
<td>$2,242,912</td>
<td>$14,852,900</td>
<td>$40,615,900</td>
<td>$10,635,602</td>
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<tr>
<td>St. Louis, Brownsville &amp; Mexico Ry. Co.**</td>
<td>635,377</td>
<td>56,244</td>
<td>286,057</td>
<td>24,622</td>
<td>500,000</td>
<td>13,533,342</td>
<td>27,093,919</td>
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<tr>
<td>San Antonio, Uvalde &amp; Gulf R.R. Co.**</td>
<td>4,212</td>
<td>10,561</td>
<td>241,392</td>
<td>233,650</td>
<td>280,000</td>
<td>4,413,000</td>
<td>5,801,628</td>
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<tr>
<td>Texas &amp; Pacific Ry. Co.</td>
<td>5,276,459</td>
<td>1,109,879</td>
<td>4,027,922</td>
<td>1,263,973</td>
<td>62,458,000</td>
<td>80,062,000</td>
<td>124,939,533</td>
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<tr>
<td>Texas Mexican Ry. Co.</td>
<td>157,461</td>
<td>12,722</td>
<td>107,046</td>
<td>17,470</td>
<td>2,500,000</td>
<td>-</td>
<td>4,495,327</td>
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<tr>
<td>Oklahoma City-Arksa-Atoke Ry. Co.</td>
<td>147,693</td>
<td>2,540</td>
<td>12,967</td>
<td>65,020</td>
<td>1,600,000</td>
<td>1,101,000</td>
<td>3,139,676</td>
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</tr>
<tr>
<td>St. Louis Southwestern Ry. Co. and Affiliated Companies**</td>
<td>3,271,248</td>
<td>72,658</td>
<td>3,322,105</td>
<td>46,942</td>
<td>37,797,777</td>
<td>53,576,500</td>
<td>66,269,734</td>
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<tr>
<td>Texas &amp; New Orleans R.R. Co.</td>
<td>5,691,986</td>
<td>293,755</td>
<td>4,796,332</td>
<td>1,049,085</td>
<td>64,646,400</td>
<td>74,616,000</td>
<td>214,002,331</td>
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<tr>
<td>Wichita Falls &amp; Southern R.R. Co.</td>
<td>74,948</td>
<td>113,339</td>
<td>240,703</td>
<td>55,100</td>
<td>1,174,000</td>
<td>635,146</td>
<td>3,221,066</td>
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</tr>
<tr>
<td>**</td>
<td>**</td>
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<td>**</td>
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<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,152,807</td>
<td>5,325,562</td>
<td>63,204,740</td>
<td>17,548,237</td>
<td>2,141,165</td>
<td>680,973,676</td>
<td>1,110,979,396</td>
<td>1,463,227,740</td>
</tr>
</tbody>
</table>

* Deficit or other reverse item.
* Includes present value of land and rights and working capital.
** Trusteeship.
1 Net income after deducting not only fixed and contingent charges but also miscellaneous deductions.
* Represents securities issued by the operating companies, and not the net system capitalization.