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**Franklin D. Roosevelt — “The Great Communicator”**  
**The Master Speech Files, 1898, 1910-1945**

**Series 1: Franklin D. Roosevelt’s Political Ascension**

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**File No. 508**

**1932 September 17**

**Salt Lake City - Speech at Mormon Temple**

ADDRESS OF GOVERNOR ROOSEVELT  
Mormon Temple, Salt Lake City, Utah  
September 17, 1932, 7.15 P.M.

I am having, as I have repeated many times these past few days, a glorious time -- a delightful time. Never have I met people more cordial, more interested, more enthusiastic in their hospitality than you people of Salt Lake City. (To my mind it is no mere personal tribute to me.) (It) I think this enthusiasm, this interest, is an expression of the hope that people have that a new deal will mean better and happier days for all of us. (Applause) This, it seems to me, is what I have learned as I have passed over the westward trail of the pioneer. My visit here in Salt Lake City is, I assure you, one of the brightest spots of a happy trip. As I have viewed the scene in this Valley, it is easy to see how a distinguished citizen of your State, arriving in this place eighty-five years ago, exclaimed: This is the place! (Applause) And every time I come back to it I want to pay a new tribute to those splendid American pioneers who made it possible in the early days. (Applause)

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This is a transcript made by the White House stenographer from his shorthand notes taken at the time the speech was made. Underlining indicates words extemporaneously added to the previously prepared reading copy text. Words in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.

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President Roosevelt tell me that for some of the great problems of American life, such as the prices the farmer

gets for his products and the prices the miner gets for his toil, nothing can be done because these things are locked in the jaws of an unchangeable economic law. But when I see, as I have seen here, what human beings have done in the work of reclamation and in other attempts to change through the efforts of man and for the benefit of man, the face of nature itself, the complaint of these pessimists seems just a bit absurd. It is clear to me that if we can change the conditions of nature that made a place a desert, we ought to have faith in the possibility of changing the economic conditions sufficiently to bring the producer and the consumer more closely together (to the benefits) for the benefit of each.

(The) These tasks that we face in the reordering of economic life are great, they call for courage, for determination and what you have abundantly out here -- the hardihood of the pioneer. We still have before us, as had those who settled this great West, battles with hunger, battles with human selfishness and, what is more important, the battle with our own spirits, seeking, (in the face of discouragement) as a means for encouragement, (the means of) restoration and relief.

As the life of the pioneer came to be more widely



extended with the coming of the railroads, the development of commerce, things that were local came to be national, (and) things that were national came to be international. Interdependence is the watchword of this age. For example, when due to unwise tariff legislation, tariff schedules of our national government in Washington, some far away nation is driven to retaliation, we know now that the farmers in Iowa, in Kansas, in Colorado, (or) and in Utah suffer(s). I need not tell you of the importance of these far-flung relationships. For example, the independence of the Philippines, (for example) five thousand miles away, which, by the way, our Party in its platform heartily advocates, (applause) is not without significance to you in your daily (life) lives and in your future happiness. (Applause)

And also one of the greatest of these questions of international relationship, let us say it frankly, is that of money, of gold and of silver! I am glad to (note) take official notice of the fact that the administration in Washington apparently has at last come to recognize the existence of silver. (Applause) To move in the direction of consideration of (this) that question is (thoroughly in) in thorough accord with the Democratic platform, which says: "We favor a sound currency to be preserved at all hazards

and an international monetary conference called on the invitation of our government to consider the rehabilitation of silver and related questions." (Applause)

The elements of this question, of course, have changed profoundly in the past generation. The economists of the whole world have come to recognize that the problem of money is largely one of international concern. I propose to speak of this, of course, in more detail very shortly, outlining the difference between the platforms and policies of the two major parties.

I have spoken tonight of the building of the West, and I want to take up one of the essential things in that building and to carry it down to modern days. In (this) that great development the railroad, of course, was the dominant factor. For ninety years railroads have been the means of tying us all together in national unity. I need not tell you that in this development we have seen great heroism, great faith and unfortunately also, great injustice. When the railroads first stretched (out) across the plains and into these mountains and valleys, it was regarded as a miracle, challenging the imagination of the people. Later there came an age when the railroads, controlled by men who unfortunately did not recognize the

large public interest at stake, were regarded by these same people as an octopus, crushing out their life and sapping their substance. But that day has passed. The railroad is becoming more and more a servant of the people, largely owned by the people themselves. It is this new relationship of the railroad that should and must guide our consideration of (its) that problem(s). The railroad that was first a miracle, (next) and then a sinister threat, has now become a part of our national economic life. We are (now) concerned (about their) with the preservation of the railroad of the Nation.

My friends, the problem of the railroads is the problem of each and every one of us. No single economic activity enters into the life of every individual as much as do these great carriers. It is well to pause a moment and examine the extent of (that) this interest. As I have done before in other matters, I want to think the issue through in terms of individual men and women. Directly a "railroad" (indirectly) affects three great groups. In-directly it affects everyone within its vast territory. (Directly, it affects three great groups.)

First, its owners. These are not, as too many suppose, great railway magnates sitting in luxurious

offices and clubs. They are the people throughout the country who have a savings bank account, or an insurance policy, or, in some measure, an ordinary checking account. Figures, though they may be dull, nevertheless do talk. There are more than eleven billions -- and today we have begun to appreciate the difference between millions and billions -- there are more than eleven billions of railroad bonds outstanding -- about half (as many, in fact) as great an amount as there are United States Government obligations outstanding. Of these eleven billions nearly five billions are owned by savings banks and insurance companies -- (which) that means that they are owned, not just by the banks and insurance companies, but by the millions of policy holders and savings bank depositors. When you put money in the bank or pay that insurance premium you are buying an interest in the railroads. Some two billions more are held by churches, hospitals, charitable (organizations) institutions, colleges and (similar) other institutions (as) of endowment. The remaining bonds are scattered far and wide among a host of people whose life savings have been invested in (this) what has come to be a standard American industry. Even railroad stocks are held in small units of a few shares here and there, by school

teachers, doctors, salesmen, thrifty workmen in every state. Experts in railroad finance know that perhaps thirty million people out of our population have a stake, a direct stake, in these great American enterprises.

Next, the people who work in the railway systems. They are the next group directly affected. They are the people who work on the systems (either) or directly on the lines, or in the industries which furnish railroad supplies. There are over 1,700,000 railroad employees required to handle normal traffic; and to these must be added, in direct interest, hundreds of thousands of other men and women who supply coal, forge rails, cut ties, manufacture rolling stock and contribute labor to maintain the systems. And then, most numerous of all, are the people who (ride) travel or ship goods over (the) our steel highways, and that includes just about all (of us)

Now there is no reason to disguise the fact that the (railways) railroads as a whole in this Nation are in serious difficulty. They are not making both ends meet.

(And when so large a part of the American people

have a direct cash stake in the situation, I take it that our job is neither to howl about a calamity nor to gloss over the trouble, but patiently and carefully to get to the bottom of the situation, find out why the trouble exists, and try to plan for a removal of the basic causes of that trouble.)

I do not share the opinion which has been aired recently that the railroads have served their purpose and are about to disappear. Capable students of American transportation do not support that view. As Professor Ripley of Harvard pointed out, if you tried to carry all railroad freight by motor truck you would have to have a fleet of trucks which would make a solid line, bumper to bumper, all the way from New York to San Francisco; or, to put it differently, you would have a ten-ton truck moving every thirty seconds over every mile of improved (road) highway in (the United States) every state of the Union. That brings it home!

Let (us) me put (this) it another way. In a normal year, our railroads are called upon to transport over thirty million people one thousand miles each, and to transport 440 million tons of freight one thousand miles. No other machine in existence today is available to carry that load. And that is why I say that the day of the railroads isn't over yet.

No, there is no danger of the railroads going out of business. They have a great economic place in the scheme of things for a good long time to come.

Why, then -- and it is a fair question -- why, then, the difficulty? In the first place -- let's be frank with ourselves -- we did unbalance the system of things, as we have had a habit of doing, badly. We built -- properly -- hundreds of thousands of miles of (first-rate) first-class, hard surfaced highways directly parallelling the railway tracks. These we paid for out of our taxes, (or) in some cases out of bond issues, and today many hundreds of thousands of buses and trucks engaged in interstate commerce use these rights of way, (for which they have made no investment) built by the people, use them and have paid nothing for the investment. (Applause) You and I, in our annual tax bills, of course, pay for most of the maintenance of the highways and interest charges on their construction. The motor vehicles pay only a small part. Naturally, that being so, they can often haul passengers and freight at a lower rate than the railroads. They can operate with a relatively smaller overhead and capital, lower taxes and lower maintenance costs for the use of their right-of-way. Also we, the National Government,

allow them to operate free from many of the restrictions (which) that would insure a greater safety to the public and fairer working conditions for labor. We must, therefore, not give (them) to these buses and trucks any unfair competitive advantages over the (rails) railroads themselves. (Applause)

We do not desire, my friends, to put motor vehicle transportation out of its legitimate field of business, (for) because it is a necessary and important part of our transportation systems; but motor transportation (should) ought to be placed very definitely under the same Federal supervision as railroad transportation itself. (Applause)

And secondly, while thus forcing the railroads to meet unfair competition we have not only permitted but frequently required them to compete unreasonably with each other. In regulating the railroads, we (have) preserved the policy that at all times, between principal points, there must be competing railroad systems, and there is a (great deal) lot to be said for (this) that policy, so long as -- let us make this clear -- so long as there is traffic enough to support the competing lines. As long as you have that traffic, the competition helps to insure



efficiency. But as the railroads have been allowed to increase their capacity far beyond traffic needs, the wastes of competition have become more and more insupportable. Now we have to face the issues: Shall we permit them -- in fact, force them -- to bankrupt each other? Or shall we permit them to consolidate and so to economize through reducing unprofitable services? In other words, shall we permit them to divide traffic and so eliminate some of the present wastes? No solution is (entirely) wholly attractive, because we have the problem of an overbuilt plant, of partially unemployed capital, a problem similar in its difficulty to that of unemployed labor. But a definite sound public policy actually carried out will hasten improvement. We cannot, my friends, as the present Republican leadership has done, rest upon a feather bed of false hopes.

Third, we can cut out some expensive deadwood in the shape of unnecessary or duplicated facilities. The public generally does not realize that thirty percent of railroad mileage in this Nation carries only two percent of the freight and passenger traffic. That is worth thinking about! Now, this does not mean that all (this) that mileage can be or ought to be immediately scrapped.

But it does suggest that a considerable amount of -- what shall I say -- judicious pruning gradually can be done in this unpaying mileage without public detriment.

Finally, there has been entirely too much maneuvering for position among the railroads themselves in the past ten years. Why, we have had an epidemic of railroad holding companies whose financial operations were, to say the least, not generally beneficial to the orderly development of transportation. What were they? (They were) Financial comets, free to rove through the highway system, spending other people's money in financial gambles and in acquiring side enterprises outside of the direct sphere of railroading itself. A great deal of money throughout the Nation has been lost, and a good deal of damage has been done, by these companies. This policy, I can assure you, will have no sympathy from the National Administration that takes charge in Washington next March. (Applause)

Now, all that I have said should indicate that one chief cause of the great present railroad problem has been, the same as many of our other problems, (that) typical cause of many of our problems, the entire absence of any national planning for the continuance and operation of this absolutely vital national utility. The individual

railroads (should) must be regarded as parts of a national transportation (service) system. (This) That does not mean all should be under one management. Why indeed, the principal doubt of the efficiency of consolidations has been caused by the repeated demonstration in our history that a great railroad is made by good executives; and experience has shown that the mileage over which one manager can be effective is limited to a small fraction of our national mileage as a whole. In other words, like most things, the human equation enters in.

But it is necessary that a single railroad should have a recognized field of operation, (and) a definite part to play in the entire national scheme of transportation, and it is necessary that each rail service should fit into and be coordinated with other rail services, (and) with other forms of transportation. Let it be noted, for instance, that our postal service uses every variety of transport: rail, automobile, steamship, (and) airplane; but it controls few of these vehicles. We might well approach the railroad problems from a similar point of view -- survey all of our national transportation needs -- determine the most efficient, the most economical means of distribution and substitute a national policy for national lack of

planning and encourage that growth and expansion which is most healthful to the general welfare. In common counsel and in common purposes we shall find the corrective of (a) the present unhappy tendency to look for dictators. The wisdom of many men (may) will save us from the errors of supposed supermen. (Applause)

(To those who may shrink from any suggestion of a more vigorous and coherent public program, I venture to point out that it has not been the existence but the lack of a public policy which has caused just criticism of railroad regulation. The definite programs of the past -- to stop rate wars, to prevent rebates and discriminations, to improve safety -- these have all produced great public benefits and have saved the railroads from themselves. But in the post-war era of political drift and private mastery, we have too often fumbled rather than grappled with railroad problems.)

I do not share the view that government regulation per se is responsible for any great amount of the present difficulties. Had this been true, we should have known it long before the depression came. Why, in the words of one of (the) our own railway presidents, "there

is no question whatever that the regulation of the railroads of the (country) Nation has been in the public interest." -- Regulation, in fact, has protected investors as well as patrons, and I think no enlightened railroad man would care to go back to the old days when unregulated railroad operation landed one-third of the railroad mileage in receivership.

When the depression came, with its great loss of tonnage, the combined effect of uneconomic competition, unproductive, (and) overextended mileage, imprudent financial adventures, and frequently ill-advised management resulted in a situation where many railroads literally were unable, are still unable, to earn their interest charges on their own debt. The Government then (, through the Reconstruction Finance Corporation,) undertook to tide over the emergency by freely lending money to the railroads, with a view to keeping them afloat. I am glad to approve this policy -- as an emergency measure -- though I do not go along with many of the details of the methods. As far as it goes, (the) this policy -- and I speak in the broader sense of the word policy -- is good. We had far too great a stake in the situation to allow a general smash-up. If

elected, of course I shall continue the policy of trying to prevent receiverships. But I do not believe that that is more than a stop-gap, just to lend money and more money. (Applause) Lending money is all right if -- (and) but only if -- you put your borrower (in) into a position so that he can pay you back. (Applause)

(The criticism is, I think, well-founded that the Government did not follow through with a well-considered program of putting the railroads back on their feet. And certainly when the railroads applied to the Government for cash, the Government was entitled to make at least the kind of requirement which a private banker would make under similar circumstances to protect his interest. The Government in lending public money is entitled and should make sure to protect the public interest. Further, where mere loans cannot clean up the situation, the necessary readjustments ought to be provided as a part of the plan of lending. In its railroad relief, as elsewhere, the Republican administration has lent money not in accordance with a plan for relieving fundamental difficulties, but only with the hope that within a year or so the

depression would end -- a policy I have criticized elsewhere, and shall continue to criticize.)

(Facing) Let's face the facts squarely. We may as well realize first, rather than last, the fundamental issues.

Railroad securities in general must not be allowed to drift into default. The damage done to savings banks, insurance companies and fiduciary institutions generally would be too great.

But, let me make it clear that the extension of government credit will be largely wasted unless with it there are adopted the constructive measures required to clean house. In individual railroads these turn on the financial conditions peculiar to each case. In certain situations, where fixed charges impose an unsound overstrain on the road, they must be reduced. In general, corrective measures must be adopted making for a sounder financial structure along the lines I am now (propose) going to set out. Unless the underlying conditions are recognized, (we) you and I are wasting our time and our money.

Concretely -- and I have to be fairly concrete in this campaign -- I advocate:--

First, that the Government announce its intention to stand back of the railroads for a specified period (applause), (its) help of the Government being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures, through appropriate scaling down of fixed charges, that are strangled half to death today. I propose the preliminary development of a national transportation policy with the aid of legislative and administrative officials and representatives of all interests most deeply concerned with the welfare and with the service of the railroads, including investors, labor, shippers and passengers. I propose that in the application of this policy to the railroads the Reconstruction Finance Corporation, working, of course, with the Interstate Commerce Commission, shall share the work of planning the reorganization or readjustment, for the protection of public investments and those of innocent security holders.

And I also propose, my friends, that when such plans have been worked out, the same agencies shall indicate a specified period of support to see the railroads through, in the carrying out of these plans.



Secondly: To aid in the rehabilitation of roads unable to meet the present unprecedented strain or that may succumb to past or future mismanagement, I propose a thorough overhauling of the Federal laws (affecting) respecting railroad receiverships and indeed of all kinds of public utility receiverships. (Applause) As (they) the usual procedure in bankruptcy now stands, (they) it suggests Mr. Dooley's famous dictum that (they are) it is arranged so that every member of the Bar may get his fair share of the assets. (Laughter and applause) Yes, and I speak as a lawyer myself. (Laughter) There is urgent need, my friends, to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense account allowed to lawyers, receivers, committees, bankers and so forth, world without end. Included in (this) that revised procedure there should also be a provision by which the interests of security holders and creditors shall be more thoroughly protected at all points -- against irresponsible or self-interested reorganization managers. (Applause)

Third: I advocate the regulation by the Interstate Commerce Commission of competing motor carriers. (Applause) Where rail service should be supplemented

with motor service to (promote) protect the public interest, the railroads should be permitted in this manner to extend their transportation facilities, and indeed, they should be encouraged to modernize and adapt their plant to the new needs of a changing world.

Fourth: I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission (should) may well be relieved of requiring competition where the traffic within the competitive area is insufficient to support competing lines, recognizing, of course, the clear and absolute responsibility for protecting the public against any abuses of monopolistic power. (Applause) (Likewise, I believe the elimination of non-paying mileage should be encouraged, wherever the transportation needs of the community affected can be otherwise adequately met.)

Fifth: After many long years of getting nowhere, the proposed consolidations of railroads, which are lawful and in the public interest, should be pressed to a conclusion. At the same time the provisions of the law should be revised in line with the policies here proposed and with repeated suggestions of the Interstate

Commerce Commission and of representatives of the shippers, the carriers and their employees, to insure further protections of public and private interests involved.

(There should be clearer definitions of the objects, powers and duties of the Commission in promoting and safeguarding all the interrelated particular interests comprehended within the public interest. Those who have invested their money or their lives in the service of a railroad; those who are dependent on its service to buy or to sell goods; those who rely upon it for the preservation of communities into which they have built their lives -- all have vital interests which must be further safeguarded.)

All the appropriate agencies of the Federal and state governments should have a part in a national effort to improve the health of these great arteries of commerce.

Sixth: So-called "Railroad Holding Companies" (should) must be definitely put under the regulation and control of the Interstate Commerce Commission in like manner as railroads themselves, because we cannot let our fundamental policies be blocked by screens of what we call corporate complexities. (Applause)

(Finally) Last of all, we must realize that

government encouragement and cooperation, more than mere restriction and repression, will produce lasting improvement in transportation conditions. The economy, (and) the efficiency of railroad operations will depend upon the capacity of railroad management and its freedom from undue burdens and restraints when this is balanced by acceptance of public responsibilities. It will (also) depend also in large measure upon the competence and morale of railroad employees -- perhaps the largest body of skilled workers functioning as a unit in all of our industrial life. Transportation is not a mechanized service. It is a service of human beings whose lives are worthy of even more intelligent care than that necessary to preserve the physical mechanisms (which) that they operate. (Applause) And it is very clear to me that all the men and women who are employed on our great transportation systems are entitled to the highest possible wages that the industry can afford to pay. (Applause)

You and I know in the last analysis that every great economic interest in the Nation requires the continuous, efficient operation of the railroads. The products of our farms, our mines and our forests flow into the markets. The fabricated products of our manufactures

flow back to these primary producers along the (steel) highways of steel. We must pay the fair cost of this transportation, which is in truth a tiny fraction of the selling price of commodities themselves. But we cannot burden our producers or restrict their markets by excessive costs of transportation. So the constant improvement in the economy and efficiency of transportation is a matter of ever present national concern. Under stimulus of good times and under pressure of hard times also much has been done in the way of this improvement. More can be done still, and I assure you it is going to be done. (Applause)

(As a soundly devised public policy reaches its fruition, railway security owners may expect greater certainty of fair but not excessive return; the public may reasonably expect lower rates; labor may reasonably anticipate security in properly compensated work. I do not favor any government action which will relieve railway managements from performing their responsibilities. After all, it is well to observe that the actual railway operators are not the owners of the railroads, nor the major users of railway services,

and today they only command access to capital on the basis of their ability to protect capital. Their position now depends, as it ought to, on their being able to do their job well. We are entitled to demand, and I think they would be the first to concede, that they give a management which is sound, economic and skillful; that they do not use their position as financial stewards to further personal desires for gain or power. They are, in reality, public servants; entitled to every assistance from the government -- but held to high standards of accountability.)

I will sum up: The net situation today is that most of our railroads throughout the Nation, railroads owned by us, are failing month by month to earn the fixed charges on their existing debts. The continuance of this failure spells only one thing -- bankruptcy.

And here is the difference in a few words between the policies of the President of the United States and policies which I propose.

(He) The President suggests only this as one of his nine points relating to the economics of the Nation, only this -- the extension of further credits to the railroads, thus obviously increasing their debt and increasing

their fixed charges. Most youngsters in the third grade would get that. (Applause and laughter) (His) That policy, my friends, may put off the evil day for a short period but, standing alone and by itself, it makes the day of reckoning more tragic for the Nation when it comes.

My policy does not stop there. It goes to the root of the difficulty. While I would do everything possible to avert receiverships (which) that now threaten us, I seek to bring the operating balance sheets of the railroads out of the red and put them into the black. (Applause) In other words, I want the railroads to stand on their own feet, ultimately to reduce their debts instead of increasing them and thereby save not only a great national investment, but also the safety of employment of nearly two million American railway workers. (Applause) And I make the point clear that the maintenance of their standard of living is a vital concern, not only to us, their fellow citizens, but to (of) the National Government itself.

In (the) this great task of reordering the dislocated American economics, we must constantly strive for three ends: efficiency of service, safety of financial structure, and permanence of employment. Why, the railroad

mesh is the warp on which our economic web is largely fashioned. It has made a continent into a nation. It has saved us from splitting, like Europe, into small, clashing, warring units. It has made possible the rise of the West. It is our service of supply. These are not matters of private concern; they have no place in the excesses of speculation, nor can they be allowed to become springboards of financial ambition. Such readjustments (as) must be made, should be (so) made so that they will not have to be done again; and the system must become, as it should, (be) secure, serviceable, national in the best sense of that word.

(This) That, my friends, is the transportation policy of the Democratic Party.

The problem today (is) may be new in form, but it is old, very old in (content) principle, and principles have not changed.

Avoid financial excesses; adjust plant to traffic; protect the workers; coordinate all carrier service in a great national transport policy, and above all, serve the public, serve them reasonably, serve them swiftly, (and) serve them well.

That is the road to economic safety, and I ask you to choose that road. (Applause, long continued)



It is clear to me that if we can change the conditions of nature that made a place a desert, we ought to have faith in the possibility of changing the economic conditions sufficiently to bring the producer and the consumer more closely together for the benefit of each.

These tasks that we face in the reordering of economic life are great, they call for courage, for determination and what you have abundantly out here - the hardihood of the pioneer. We still have before us, as had those who settled this great west, battles with hunger, battles with human selfishness and what is more important, the battle with our own spirits, seeking, as a means for encouragement, restoration and relief.

As the life of the pioneer came to be more widely extended with the coming of the railroads, the development of commerce, things that were local came to be national, things that were national came to be international. Interdependence is the watchword of this age. For example, when due to unwise tariff legislation, tariff schedules of our national government in Washington, some far away nation is driven to retaliation, we know now that the farmers in Iowa, in Kansas, in Colorado, and in Utah suffer. I need not tell you of the importance of these far-flung relationships. For example, the independence of the Philippines, five thousand miles away, which, by the way, our Party in its platform heartily advocates (applause), is not without significance to you in your daily lives and in your future happiness. (Applause)

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relationship, let us say it frankly, is that of money, of gold and of silver. I am glad to take official notice of the fact that the administration in Washington apparently has at last come to recognize the existence of silver. (Applause) To move in the direction of consideration of that question is in thorough accord with the Democratic platform, which says, "We favor a sound currency to be preserved at all hazards and an international monetary conference called on the invitation of our government to consider the rehabilitation of silver and related questions." (Applause)

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My friends, the problem of the railroads is the problem of each and every one of us. No single economic activity enters into the life of every individual as much as do these great carriers. It is well to pause a moment and examine the extent of this interest. As I have done before in other matters, I want to think the issue through in terms of individual men and women. Directly a "railroad" affects three great groups. Indirectly it affects everyone within its vast territory.

First, its owners. These are not, as too many suppose, great railway magnates sitting in luxurious offices and clubs. They are the people throughout the country who have a savings bank account, or an insurance policy, or, in some measure, an ordinary checking account. Figures, though they may be dull, nevertheless do talk. There are more than eleven billions - and today we have begun to appreciate the difference

between millions and billions - there are more than eleven billions of railroad bonds outstanding - about half as great an amount as there are United States Government obligations outstanding. Of these eleven billions nearly five billions are owned by savings banks and insurance companies. That means that they are owned, not just by the banks and insurance companies, but by the millions of policy holders and savings bank depositors. When you put money in the bank or pay that insurance premium you are buying an interest in the railroads. Some two billions more are held by churches, hospitals, charitable institutions, colleges and other institutions of endowment. The remaining bonds are scattered far and wide among a host of people whose life savings have been invested in what has come to be a standard American industry. Even railroad stocks are held in small units of a few shares here and there, by school teachers, doctors, salesmen, thrifty workmen in every state. Experts in railroad finance know that perhaps thirty million people out of our population have a stake, a direct stake, in these great American enterprises.

Next, the people who work in the railway systems. They are the next group directly affected. They are the people who work on the systems or directly on the lines or in the industries which furnish railroad supplies. There are over 1,700,000 railroad employees required to handle normal traffic; and to these must be added, in direct interest, hundreds of thousands of other men and women who supply coal, forge rails, cut ties, manufacture rolling stock and contribute labor to maintain the systems. And then, most numerous of all, are the people who travel or ship goods

over our steel highways, and that includes just about all.

Now there is no reason to disguise the fact that the railroads as a whole in this Nation are in serious difficulty. They are not making both ends meet. I do not share the opinion which has been aired recently that the railroads have served their purpose and are about to disappear. Capable students of American transportation do not support that view. As Professor Ripley, of Harvard, pointed out, if you tried to carry all railroad freight by motor truck, you would have to have a fleet of trucks which would make a solid line, bumper to bumper, all the way from New York to San Francisco; or, to put it differently, you would have a ten-ton truck moving every thirty seconds over every mile of improved highway in every state of the Union. That brings it home.

Let me put it another way. In a normal year, our railroads are called upon to transport over thirty million people one thousand miles each, and to transport 440 million tons of freight one thousand miles. No other machine in existence today is available to carry that load. And that is why I say that the day of the railroads isn't over yet.

No, there is no danger of the railroads going out of business. They have a great economic place in the scheme of things for a good long time to come.

Why, then, - and it is a fair question - why, then, the difficulty? In the first place, - let's be frank with ourselves - we did unbalance the system of things, as we have had a habit of doing, badly.

We built - properly - hundreds of thousands of miles of first-class, hard surfaced highways, directly paralleling the railway tracks. These we paid for out of our taxes, in some cases out of bond issues, and today many hundred of thousands of buses and trucks engaged in interstate commerce use these rights of way, built by the people, use them and have paid nothing for the investment. (Applause) You and I, in our annual tax bills, of course, pay for most of the maintenance of the highways and interest charges on their construction. The motor vehicles pay only a small part. Naturally, that being so, they can often haul passengers and freight at a lower rate than the railroads. They can operate with a relatively smaller overhead and capital, lower taxes and lower maintenance costs for the use of their right-of-way. Also we, the National Government, allow them to operate free from many of the restrictions that would insure a greater safety to the public and fairer working conditions for labor. We must, therefore, not give to these any unfair competitive advantages over the railroads themselves.

We do not desire, my friends, to put motor vehicle transportation out of its legitimate field of business, because it is a necessary and important part of our transportation systems; but motor transportation ought to be placed very definitely under the same Federal supervision as railroad transportation itself. (Applause)

And secondly, while thus forcing the railroads to meet unfair competition we have not only permitted but frequently required them to compete unreasonably with each other. In regulating the railroads, we

preserved the policy that at all times, between principal points, there must be competing railroad systems, and there is a lot to be said for that policy so long as the so long as there is traffic enough to support the competing lines. As long as you have that traffic, the competition helps to insure efficiency. But as the railroads have been allowed to increase their capacity far beyond traffic needs, the wastes of competition have become more and more insupportable. Now we have to face the issues: Shall we permit them - in fact, force them - to bankrupt each other? Or shall we permit them to consolidate and so to economize through reducing unprofitable services? In other words, shall we permit them to divide traffic and so eliminate some of the present wastes? No solution is wholly attractive, because we have the problem of an overbuilt plant, of partially unemployed capital, a problem similar in its difficulty to that of unemployed labor. But a definite sound public policy actually carried out will hasten improvement.

Third, we can cut out some expensive deadwood in the shape of unnecessary or duplicated facilities. The public generally does not realize that thirty per cent of railroad mileage in this Nation carries only two per cent of the freight and passenger traffic. That is worth thinking about! Now, this does not mean that all that mileage can be or ought to be immediately scrapped. But it does suggest that a considerable amount of - what shall I say - judicious pruning gradually can be done without public detriment.

Finally, there has been entirely too much maneuvering for position among the railroads themselves in the past ten years. Why, we have had an epidemic of railroad holding companies whose financial operations were, to say the least, not generally beneficial to the orderly development of transportation. What were they? Financial comets, free to rove through the highway system, spending other people's money in financial gambles and in acquiring side enterprises outside of the direct sphere of rail-roading itself. A great deal of money throughout the Nation has been lost, and a good deal of damage has been done, by these companies. This policy, I can assure you, will have no sympathy from the National Administration that takes charge in Washington next March.

Now, all that I have said should indicate that one chief cause of the great present railroad problem has been, the same as other problems, typical cause of many of our problems, the entire absence of any national planning for the continuance and operation of this absolutely vital national utility. The individual railroads must be regarded as parts of a national transportation system. That does not mean all should be under one management. Why indeed, the principal doubt of the efficiency of consolidations has been caused by the repeated demonstration in our history that a great railroad is made by good executives; and experience has shown that the mileage over which one manager can be effective is limited to a small fraction of our national mileage as a whole.



But it is necessary that a single railroad should have a recognized field of operation, a definite part to play in the entire national scheme of transportation, and it is necessary that each rail service should fit into and be coordinated with other rail services, with other forms of transportation. Let it be noted, for instance, that our postal service uses every variety of transport: rail, automobile, steamship, airplane; but it controls few of these vehicles. We might well approach the railroad problem from a similar point of view - survey all of our national transportation needs - determine the most efficient, the most economical means of distribution and substitute a national policy for national lack of planning and encourage that growth and expansion which is most healthful to the general welfare. In common counsel and in common purposes we shall find the corrective of the present unhappy tendency to look for dictators. The wisdom of many men will save us from the errors of supposed supermen. (Applause)

I do not share the view that government regulation per se is responsible for any great amount of the present difficulties. Had this been true, we should have known it long before the depression came. Why, in the words of one of our own railway presidents, "There is no question whatever that the regulation of the railroads of the Nation has been in the public interest." -- Regulation, in fact, has protected investors as well as patrons and I think no enlightened railroad man would care to go back to the old days when unregulated railroad operation landed one-third of the railroad mileage in receivership.

When the depression came, with its great loss of tonnage, the combined effect of uneconomic competition, unproductive, overextended mileage, imprudent financial adventures, and frequently ill-advised management resulted in a situation where many railroads literally were unable, are still unable, to earn their interest charges on their own debt.

The Government then undertook to tide over the emergency by freely lending money to the railroads, with a view to keeping them afloat. I am glad to approve this policy - as an emergency measure - though I do not go along with many of the

As far as it goes, this policy - and I speak in the broader sense of the word policy - is good. We had far too great a stake in the situation to allow a general smash-up. If elected, of course I shall continue the policy of trying to prevent receiverships. But I do not believe that that is more than a stop-gap, just

to lend money and more money. (Applause)  
Lending money is all right if - but only if - you put your borrower into a position so that he can pay you back. (Applause)

Let's face the facts squarely. We may as well realize, first rather than last, the fundamental issues.

Railroad securities in general must not be allowed to drift into default. The damage done to savings banks, insurance companies and fiduciary institutions generally would be too great.

But, let me make it clear that the extension of government credit will be largely wasted unless with it there are adopted the con-

structive measures required to clean house. In individual railroads these turn on the financial conditions peculiar to each case. In certain situations, where fixed charges impose an unsound over-strain on the road, they must be reduced. In general, corrective measures must be adopted making for a sounder financial structure along the lines I am now going to set out. Unless the underlying conditions are recognized, you and I are wasting our time and our money.

Concretely, - and I have to be fairly concrete in this I advocate:--

First, that the Government announce its intention to stand back of the railroads for a specified period (applause), help of the Government being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures, through appropriate scaling down of fixed charges, that are strangled half to death today. I propose the preliminary development of a national transportation policy, with the aid of legislative and administrative officials and representatives of all interests most deeply concerned with the welfare and with the service of the railroads, including investors, labor, shippers and passengers. I propose that in the application of this policy to the railroads the Reconstruction Finance Corporation, working, of course, with the Interstate Commerce Commission, shall share the work of planning the reorganization or readjustment for the protection of public investments and those of innocent security holders.

And I also propose, my friends, that when such plans have been worked out, the same agencies shall indicate a specified period of support to see the railroads through, in the carrying out of these plans.

Secondly: To aid in the rehabilitation of roads unable to meet the present unprecedented strain or that may succumb to past or future mismanagement, I propose a thorough overhauling of the federal laws respecting railroad receiverships and indeed of all kinds of public utility receiverships. (Applause) As the procedure in bankruptcy now stands, it suggests Mr. Dooley's famous dictum that it is arranged so that every member of the Bar may get his fair share of the assets. (Loud applause)

There is urgent need, my friends, to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense account allowed to lawyers, receivers, committees, bankers and so forth, world without end. Included in that revised procedure there should also be a provision by which the interests of security holders and creditors shall be more thoroughly protected at all points - against irresponsible or self-interested reorganization managers. (Applause)

Third:

I advocate the regulation by the Interstate Commerce Commission of competing motor carriers. (Applause) Where rail service should be supplemented with motor service to protect the public interest, the railroads should be

permitted in this manner to extend their transportation facilities, and indeed, they should be encouraged to modernize and adapt their plant to the new needs of a changing world.

Fourth: I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission may well be relieved of requiring competition where the traffic is insufficient to support competing lines, recognizing, of course, the clear and absolute responsibility for protecting the public against any abuses of monopolistic power. (Applause)

Fifth: the proposed consolidations of railroads, which are lawful and in the public interest, should be pressed to a conclusion. At the same time the provisions of the law should be revised in line with the policies here proposed and with repeated suggestions of the Interstate Commerce Commission and of representatives of the shippers, the carriers and their employees, to insure further protections of public and private interests involved.

All the appropriate agencies of the federal and state governments should have a part in a national effort to improve the health of these great arteries of commerce.

Sixth: So-called "Railroad Holding Companies" must be definitely put under the regulation and control of the Interstate Commerce Commission in like manner as railroads themselves, because we cannot let our fundamental policies be blocked by screens of what we call corporate complex-

ities. (Applause)

Last of all, we must realize that government encouragement and cooperation more than mere restriction and repression will produce lasting improvement in transportation conditions. The economy, the efficiency of railroad operations will depend upon the capacity of railroad management and its freedom from undue burdens and restraints when this is balanced by acceptance of public responsibilities. It will depend also in large measure upon the competence and morale of railroad employees - perhaps the largest body of skilled workers functioning as a unit in all of our industrial life. Transportation is not a mechanized service. It is a service of human beings whose lives are worthy of even more intelligent care than that necessary to preserve the physical mechanisms that they operate. (Applause) And it is very clear to me that all the men and women who are employed on our great transportation systems are entitled to the highest possible wages that the industry can afford to pay. (Applause)

You and I know in the last analysis that every great economic interest in the nation requires the continuous, efficient operation of the railroads. The products of our farms, our mines and our forests flow into the markets. The fabricated products of our manufactures flow back to these primary producers along the highways of steel. We must pay the fair cost of this transportation, which is in truth a tiny fraction of the selling price of commodities themselves. But we cannot burden our producers or restrict their markets by excessive costs of transportation.

So the constant improvement in the economy and efficiency of transportation is a matter of ever present national concern. Under stimulus of good times and under pressure of hard times also much has been done in the way of this improvement. More can be done still, and I assure you it is going to be done. (Applause)

I will sum up: The net situation today is that most of our railroads throughout the nation, railroads owned by us, are failing month by month to earn the fixed charges on their existing debts. The continuance of this failure spells only one thing - bankruptcy.

And here is the difference in a few words between the policies of the President of the United States and policies which I propose.

The President suggests only this as one of his nine points relating to the commerce of the Nation, only this - the extension of further credits to the railroads, thus obviously increasing their debt and increasing their fixed charges.

That policy, my friends, may put off the evil day for a short period but, standing alone and by itself, it makes the day of reckoning more tragic for the Nation when it comes.

My policy does not stop there. It goes to the root of the difficulty. While I would do everything possible to avert receiverships that now threaten us, I seek to bring the operating balance sheets of the railroads out of the red and put them into the black. (Applause) In other words, I want the railroads to stand on their own feet, ultimately to reduce their debts instead of increasing them and thereby save, not only

a great national investment, but also the safety of employment of nearly two million American railway workers. (Applause) And I make the point clear that the maintenance of their standard of living is a vital concern, not only to us, their fellow citizens, but to the National Government itself.

In this great task of reordering the dislocated American economics, we must constantly strive for three ends: efficiency of service, safety of financial structure, and permanence of employment. Why, the railroad mesh is the warp on which our economic web is largely fashioned. It has made a continent into a nation. It has saved us from splitting, like Europe, into small, clashing, warring units. It has made possible the rise of the West. It is our service of supply. These are not matters of private concern; they have no place in the excesses of speculation, nor can they be allowed to become springboards of financial ambition. Such readjustments must be made, should be made so that they will not have to be done again; and the system must become, as it should, secure, serviceable, national in the best sense of that word.

That, my friends, is the transportation policy of the Democratic Party.

The problem today may be new in form but it is old in  
and principles have not changed.

Avoid financial excesses; adjust plant to traffic; protect the  
workers; coordinate all carrier service in a great national transport



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policy, and above all, serve the public, serve them reasonably, serve them swiftly, serve them well.

That is the road to economic safety, and I ask you to choose that road. (Applause, long continued

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*The*  
**RAILROADS**

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*Republican Mistakes  
and  
Democratic Remedies*

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Governor  
Franklin D. Roosevelt's Speech  
Delivered at  
Salt Lake City, Utah  
Sept. 17, 1932

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*Issued by*  
THE DEMOCRATIC NATIONAL COMMITTEE  
Hotel Biltmore, New York City

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I AM having, as I have repeated many times these past few days, a glorious time. Never have I met people more cordial, more interested, more enthusiastic in their hospitality. To my mind it is no mere personal tribute to me. It is an expression of the hope that people have that a new deal will mean better and happier days for all of us.

This, it seems to me, is what I have learned as I have passed over the westward trail of the pioneer. My visit here in Salt Lake City is, I assure you, one of the brightest spots of a happy trip. As I have viewed the scene in this valley, it is easy to see how a distinguished citizen of your State, arriving in this place eighty-five years ago, exclaimed: "This is the place."

**P**ESSIMISTS tell me that for some of the great problems of American life, such as the prices the farmer gets for his products, nothing can be done because these things are locked in the jaws of an unchangeable economic law. But when

**Opposed** I see, as I have seen here, what  
**Pessimism** human beings have done in the work of reclamation and in other attempts to change through the efforts of man and for the benefit of man, the face of nature itself, the complaint of these pessimists seems a bit absurd.

It is clear to me that if we can change the conditions of nature that made a place a desert, we ought to have faith in the possibility of changing the economic conditions sufficiently to bring the producer and the consumer more closely together to the benefit of each.

**T**HE tasks we face in the reordering of economic life are great. They call for courage, for determination and what you have abundantly out here—the hardihood of the pioneer. We still have before us,

**Praises** as had those who settled this great  
**Pioneers** West, battles with hunger, battles with human selfishness and what is more important, the battle with our own spirits, seeking in the face of discouragement the means of restoration and relief.

As the life of the pioneer came to be more widely extended with the coming of the railroads, the development of commerce, things that were local came to be national, and things that were national came to be international. Interdependence is the watchword of this age.

For example, when, due to unwise tariff schedules of our national government in Washington, some far-away nation is driven to retaliation, the farmer in Iowa, Kansas, Colorado or Utah suffers.

I need not tell you of the importance of these far-flung relationships. The independence of the Philippines, for example, 5,000 miles away, which our party in its platform heartily advocates, is not without significance to you in your daily life and your future happiness.

**A**ND one of the greatest of these questions of international relationship is that of money, of gold and silver. I am glad to note that the administration in Washington has at last come to recognize the existence of silver.

**Silver and Sound Money** To move in the direction of consideration of this question is thoroughly in accord with the Democratic platform: "We favor a sound currency to be preserved at all hazards and an international monetary conference called on the invitation of our government to consider the rehabilitation of silver and related questions."

The elements of this question have changed profoundly in the past generation. The economists of the world have come to recognize that the problem of money is largely one of international concern. I propose to speak of this in more detail very shortly, outlining the difference between the platforms and policies of the two major parties.

**I** HAVE spoken tonight of the building of the West. In this development the railroad, of course, was the dominant factor. For ninety years railroads have been the means of tying us all together in national unity.

**Railroads Vital** I need not tell you that in this development we have seen great heroism, great faith and, unfortunately, also great injustice. When the railroad first stretched out across the plains and into those mountains and valleys, it was regarded as a miracle, challenging the imagination of the people. Later there came an age when the railroads, controlled by men who unfortunately did not recognize the large public interest at stake, were regarded by those same people as an octopus, crushing out their life and sapping their substance.

But that day has passed. The railroad is becoming a servant of the people, largely owned by the people themselves. It is this new relationship of the railroad that should guide our consideration of its problems. The railroad that was first a miracle, next a sinister threat, has now become a part of our national economic life. We are now concerned about their preservation.

**T**HE problem of the railroads is the problem of each and every one of us. No single economic activity enters into the life of every individual as much as do these great carriers. It is well to pause a moment and examine the extent of that interest.

**All People Affected** As I have done before in other matters, I want to think the issue through in terms of individual men and women. A railroad indirectly affects every one within its vast territory. Directly, it affects three great groups:

First, its owners. These are not, as too many suppose, great railway magnates sitting in luxurious offices and clubs. They are the people throughout the country who have a savings bank account or an insurance policy or, in some measure, an ordinary checking account. Figures, though they may be dull, nevertheless do talk.

**T**HERE are more than \$11,000,000,000 of railroad bonds outstanding—about half as many, in fact, as there are United States Government obligations. Nearly \$5,000,000,000 are owned by savings banks and insurance companies—which means that they are owned by the millions of policy holders and savings bank depositors.

**Huge Investment** When you put money in the bank or pay that insurance premium, you are buying an interest in the railroads. Some \$2,000,000,000 more are held by churches, hospitals, charitable organizations, colleges and similar institutions as endowment. The remaining bonds are scattered far and wide among a host of people whose life savings have been invested in this standard American industry.

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**N**EXT, the people who work in the railway systems, either directly on the lines or in the industries which furnish railroad supplies. There are over 1,700,000 railroad employees required to handle normal traffic, and to these must be added, in direct interest, hundreds of thousands of men who supply coal, forge rails, cut ties, manufacture rolling stock and contribute labor to maintain the systems.

**Railroad Labor** Most numerous of all are the people who ride or ship goods over the steel highways. That includes about all of us.

Now there is no reason to disguise the fact that the railways as a whole are in serious difficulty. And when so large a part of the American people have a direct cash stake in the situation, I take it that our job is neither to howl about a calamity nor to gloss over the trouble, but patiently and carefully to get to the bottom of the situation, find out why the trouble exists and try to plan for a removal of the basic causes of that trouble.

**I** DO not share the opinion which has been aired recently that the railroads have served their purpose and are about to disappear. Capable students of American transportation do not support that view.

As Professor Ripley of Harvard **Railroads pointed out, if you tried to carry all Will Continue** railroad freight by motor truck, you would have to have a fleet of trucks which would make a solid line, bumper to bumper, all the way from New York to San Francisco; or, to put it differently, you would have a ten-ton truck moving every thirty seconds over every mile of improved road in the United States.

Let us put it another way. In a normal year our railroads are called upon to transport over 30,000,000 people 1,000 miles and to transport 440,000,000 tons of freight 1,000 miles. No other machine is available to carry that load.

There is no danger of the railroads going out of business. They have a great economic place in the scheme of things for a good long time to come.

Why, then, the difficulty?

**I**N the first place, we did unbalance the system of things. We built—properly—hundreds of thousands of miles of first-rate highways directly paralleling the railway tracks. These we paid for out of taxes or bond issues. Today many

**System** hundred buses and trucks engaged in **"Unbalanced"** interstate commerce use these rights of way for which they have made no investment.

You and I, in our annual tax bills, pay for most of the maintenance of the highways and interest charges on their construction. The motor vehicles pay only a small part. Naturally they can often haul passengers and freight at a lower rate than the railroads. They can operate with a relatively smaller overhead and capital, lower taxes and lower maintenance costs for their right of way.

Also, we, the National Government, allow them to operate free from many restrictions which would insure safety to the public and fair working conditions for labor. We must not give them any unfair competitive advantages over the rails.

**WE** do not desire to put motor vehicle transportation out of its legitimate field of business, for it is a necessary and important part of our transportation systems; but motor transportation should be

**Trucks** placed under the same Federal supervision as railroad transportation.

**Have Field** Second, while thus forcing the railroads to meet unfair competition we have not only permitted but frequently required them to compete unreasonably with each other. In regulating the railroads, we have preserved the policy that at all times, between principal points, there must be competing railroad systems.

There is a great deal to be said for this policy, so long as there is traffic enough to support the competing lines. As long as you have that traffic, the competition helps to insure efficiency.

**B**UT as the railroads have been allowed to increase their capacity far beyond traffic needs, the wastes of competition have become more and more insupportable. Now we face the issue: Shall we permit

**Present Waste**

them—in fact, force them—to bankrupt each other? Or shall we permit them to consolidate and so to economize through reducing unprofitable services? In other words, shall we permit them to divide traffic and so eliminate some of the present waste?

No solution is entirely attractive, because we have the problem of an overbuilt plant, or partially unemployed capital, a problem similar in its difficulty to that of unemployed labor. But a definite sound public policy actually carried out will hasten improvement.

Third, we can cut out some expensive deadwood in the shape of unnecessary or duplicated facilities. The public generally does not realize that 30 per cent of railroad mileage carries only 2 per cent of the freight and passenger traffic. This does not mean that all this mileage can be or ought to be scrapped. But it does suggest that a considerable amount of judicious pruning gradually can be done without public detriment.

Finally, there has been entirely too much maneuvering for position among the railroads themselves in the past ten years. We have had an epidemic of railroad holding companies whose financial operations were, to say the least, not generally beneficial to the orderly development of transportation. They were financial comets, free to rove through the system, spending other people's money in financial gambles and in acquiring side enterprises outside of the direct

sphere of railroading. A great deal of money has been lost, and a good deal of damage done, by these companies.

ALL that I have said should indicate that one chief cause of the present railroad problem has been that typical cause of many of our problems, the entire absence of any national planning for the continuance and operation of this absolutely vital national utility.

#### National Planning Needed

The individual railroads should be regarded as parts of a national transportation service. This does not mean all should be under one management. Indeed, the principal doubt of the efficiency of consolidations has been caused by the repeated demonstration that a great railroad is made by good executives; and experience has shown that the mileage over which one manager can be effective is limited to a small fraction of our national mileage.

BUT it is necessary that a single railroad should have a recognized field of operation and a definite part to play in the entire national scheme of transportation. It is necessary that each rail service should

#### Want No Dictators

fit into and be co-ordinated with other rail services and with other forms of transportation. Let it be noted that our postal service uses every variety of transport: rail, automobile, steamship and airplane; but it controls few of these vehicles. We might well approach the railroad problem from a similar point of view—survey all our national transportation needs—determine the most efficient, economical means of distribution, and substitute a national policy for national lack of planning, and encourage that growth and expansion most healthful to the general welfare.

In common counsel and common purposes we shall find the corrective of a present unhappy tendency to look for dictators. The wisdom of many men may save us from the errors of supposed supermen.

TO those who may shrink from any suggestion of a more vigorous and coherent public program, I venture to point out that it has not been the existence but the lack of a public policy which has caused just criticism of railroad regulation.

#### Favors

#### Wise

#### Regulation

The definite programs of the past—to stop rate wars, to prevent rebates and discriminations, to improve safety—these have all produced great public benefits and have saved the railroads from themselves. But in the post-war era of political drift and private mastery, we have too

often fumbled rather than grappled with railroad problems.

I do not share the view that government regulation *per se* is responsible for any great amount of the present difficulties. Had this been true, we should have known it long before the depression came.

In the words of one of the railway presidents, "there is no question whatever that the regulation of the railroads of the country has been in the public interest." Regulation, in fact, has protected investors as well as patrons and I think no enlightened man would care to go back to the old days when unregulated railroad operation landed one-third of the railroad mileage in receivership.

When the depression came, with its great loss of tonnage, the combined effect of uneconomic competition, unproductive and overextended mileage, imprudent financial adventures and frequently ill-advised management resulted in a situation where many railroads literally were unable to earn their interest charges.

THE government then, through the Reconstruction Finance Corporation, undertook to tide over the emergency by freely lending money to the railroads, with a view to keeping them afloat.

I am glad to approve this policy—as an emergency measure—though Loans to Railroads I do not go along with many of the methods. As far as it goes, the policy—and I speak in the broader sense—is good. We have far too great a stake in the situation to allow a general smash-up.

If elected, I shall continue the policy of trying to prevent receiverships. But I do not believe that is more than a stop-gap. Lending money is all right if—and only if—you put your borrower in a position so that he can pay you back.

The criticism is, I think, well founded that the government did not follow through with a well-considered program of putting the railroads back on their feet. And certainly when the railroads applied for cash, the government was entitled to make at least the kind of requirement which a private banker would make under similar circumstances to protect his interest. The government in lending public money is entitled and should make sure to protect the public interest.

FURTHER, when mere loans cannot clean up the situation, the necessary readjustments ought to be provided as a part of the plan of lending. In its

railroad relief, as elsewhere, the Republican Administration has lent money, not in accordance with a plan for relieving fundamental difficulties, but only

**Republicans**  
**Have Only**  
**Hope**

with the hope that within a year or so the depression would end—a policy I have criticised elsewhere, and shall continue to criticize.

Facing the facts squarely, we may as well realize, first rather than last, the fundamental issues.

Railroad securities in general must not be allowed to drift into default. The damage done to savings banks, insurance companies and fiduciary institutions generally would be too great.

But, let me make it clear that the extension of government credit will be largely wasted unless with it there are adopted the constructive measures required to clean house. In individual railroads these turn on the financial conditions peculiar to each case. In certain situations, where fixed charges impose an unusual overstrain, they must be reduced.

In general, corrective measures must be adopted making for a sounder financial structure along the lines I now propose to set out. Unless the underlying conditions are recognized, we are wasting our time and our money.

Concretely, I advocate:

**FIRST**—that the government announce its intention to stand back of the railroads for a specified period; its help being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found

**Definite**  
**Program**  
**Proposed**

necessary to readjust top-heavy financial structures through appropriate scaling down of fixed charges. I propose the preliminary develop-

ment of a national transportation policy with the aid of legislative and administrative officials and representatives of all interests most deeply concerned with the welfare and service of the railroads, including investors, labor, shippers and passengers. I propose that in the application of this policy to the railroads the Reconstruction Finance Corporation, working with the Interstate Commerce Commission, share the work of planning the reorganization or readjustment for the protection of public investments and those of innocent security holders.

And I also propose that, when such plans have been worked out, the same agencies shall indicate a specified period of support to see the railroads through in the carrying out of these plans.

**SECOND**—To aid in the rehabilitation of roads unable to meet the present unprecedented strain or that may succumb to past or future mismanagement, I propose a thorough overhauling of the Federal laws affecting railroad receiver-

**Receiverships**  
**Need Reform**

ships, and indeed of all kinds of public utility receiverships. As they now stand, they suggest Mr. Dooley's famous dictum that they are arranged so that every member of the bar may get his fair share of the assets. There is urgent need to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense allowed to lawyers, receivers, committees, etc. Included in this revised procedure should be a provision by which the interests of security holders and creditors shall be more thoroughly protected at all points against irresponsible or self-interested reorganization managers.

**THIRD**—I advocate the regulation by the Interstate Commerce Commission of competing motor carriers. Where rail service should be supplemented with motor service to promote the public interest, the

**Proposes**  
**Truck**  
**Regulation**

railroads should be permitted in this manner to extend their transportation facilities. Indeed, they should be encouraged to modernize and adapt their plant to the new needs of a changing world.

Fourth—I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission should be relieved of requiring competition where traffic is insufficient to support competing lines, recognizing, of course, the clear and absolute responsibility for protecting the public against any abuses of monopolistic power. Likewise, I believe the elimination of non-paying mileage should be encouraged wherever the transportation needs of the community affected can be otherwise adequately met.

**FIFTH**—Proposed consolidations of railroads, which are lawful and in the public interest, should be pressed to a conclusion. At the same time the provisions of the law should be revised in line with the

**Would**  
**Press Con-**  
**solidations**

policies here proposed and with repeated suggestions of the Interstate Commerce Commission and of representatives of shippers, carriers and their employees, to insure further protection of public and private interests involved. There should be clearer definitions of the objects, powers and duties of the commission in promoting

and safeguarding all the inter-related particular interests comprehended within the public interest. Those who have invested their money or their lives in the service of railroad; those who are dependent on its service to buy or to sell goods; those who rely upon it for the preservation of communities into which they have built their lives—all have vital interests which must be further safeguarded.

All the appropriate agencies of the Federal and State governments should have a part in a national effort to improve the health of these great arteries of commerce.

Sixth: So-called "railroad holding companies" should be definitely put under the regulation and control of the Interstate Commerce Commission in like manner as railroads themselves. We cannot let our fundamental policies be blocked by screens of corporate complexities.

**F**INALLY we must realize that government encouragement and cooperation more than mere restriction and repression will produce lasting improvement in transportation conditions. The economy and efficiency of railroad operations will depend upon the capacity of railroad management and its freedom from undue burdens and restraints when it is balanced by acceptance of public responsibilities. It will also depend in large measure upon the competence and morale of railroad employees—perhaps the largest body of skilled workers functioning as a unit in our industrial life.

Transportation is not a mechanized service. It is a service of human beings whose lives are worthy of even more intelligent care than that necessary to preserve the physical mechanisms which they operate. And it is clear to me that all the men and women who are employed in our great transportation systems are entitled to the highest possible wages that the industry can afford to pay.

Every great economic interest in the nation requires the continuous, efficient operation of the railroads. The products of our farms, mines and forests flow into the markets. The fabricated products of our manufactures flow back to these primary producers along the steel highways.

We must pay the fair cost of this transportation, which is in truth a tiny fraction of the selling price of commodities. But we cannot burden our producers or restrict their markets by excessive costs of transportation.

So the constant improvement in the economy and efficiency of transportation is a matter of ever present national concern. Under stimulus of good times and under pressure of hard times much has been done in the way of this improvement. More can be done.

**A**S a soundly devised public policy reaches its fruition, railway security owners may expect greater certainty of fair but not excessive return; the public may reasonably expect lower rates; labor may reasonably anticipate security in properly compensated work.

#### **Fair Return Needed**

I do not favor any government action which will relieve railway managements from performing their responsibilities. After all, it is well to observe that the actual railway operators are not the owners of the railroads, nor the major users of railway services, and today they only command access to capital on the basis of their ability to protect capital.

Their position now depends, as it ought to, on their being able to do their job well. We are entitled to demand, and I think they would be the first to concede, that they give a management which is sound, economic and skillful; that they do not use their positions as financial stewards to further personal desires for gain or power.

They are, in reality, public servants; entitled to every assistance from the government, but held to high standards of accountability.

The new situation today is that most of our railroads throughout the nation are failing month by month to earn the fixed charges on their existing debts. Continuance of this failure spells only one thing—bankruptcy.

Here is the difference in a few words between the policies of the President of the United States and the policies which I propose:

**H**E suggests only the extension of further credits to the railroads—thus obviously increasing their debt and increasing their fixed charges. His policy may put off the evil day for a short period but, standing alone, it makes the day of reckoning more tragic for the nation.

#### **President's Policy Criticized**

My policy goes to the root of the difficulty. While I would do everything possible to avert receiverships which now threaten us, I seek to bring the operating balance sheets of the railroads out of the red and put them into the black.



**I**N other words, I want the railroads to stand on their own feet, ultimately to reduce their debts instead of increasing them and thereby save not only a great national investment, but also the safety of employment of nearly 2,000,000 American railway workers.

**Urges Protection for Labor**

I make the point clear that the maintenance of their standard of living is a vital concern of the national government.

In the great task of reordering the dislocated American economics, we must constantly strive for three ends: Efficiency of service, safety of financial structure, and permanence of employment.

The railroad mesh is the warp on which our economic web is largely fashioned. It has made a continent into a nation. It has saved us from splitting, like Europe, into small, clashing units. It made possible the rise of the West. It is our service of supply. These are not matters of private concern; they have no place in the excesses of speculation, nor can they be allowed to become springboards of financial ambition. Such readjustments as must be made should be so made that they will not have to be done again; and the system must become, as it should be, secure, serviceable, national.

This is the transportation policy of the Democratic party.

The problem today is new in form, but old in content; and principles have not changed.

Avoid financial excesses; adjust plant to traffic; coordinate all carrier service; above all, serve the public reasonably, swiftly and well.

This is the road to economic safety.



~~CONFIDENTIAL~~

FOR RELEASE

SPEE

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I am having, as I have repeated many times these past few days, a glorious time. <sup>- a delightful time</sup> Never have I met people more cordial, more interested, more enthusiastic in their hospitality. ~~A <sup>no</sup> a b c d e f g h i j k l m n o p q r s t u v w x y z~~ To my mind it is no more personal tribute to me. ~~A~~ It is an expression of the hope that people have that a

no.) It is an expression of the hope that people have that a new deal will mean better and happier days for all of us. (Type)

This, it seems to me, is what I have learned as I have passed over the westward trail of the pioneer. My visit here in Salt Lake City is I assure you, one of the brightest spots of a happy trip. As I have viewed the scene in this Valley, it is easy to see how a distinguished citizen of your State, arriving in this place eighty-five years ago, exclaimed: this is the place! (B) ~~CONFIDENTIAL~~

~~SECRET~~

18 A

It is clear to me that if we can change the conditions of nature that made a place a desert, we ought to have faith in the possibility of changing the economic conditions sufficiently to bring the producer and the consumer more closely together ~~to the benefit~~ <sup>for the benefit</sup> to the benefit of each.

~~Those~~ <sup>that</sup> tasks we face in the reordering of economic life are great, they call for courage, for determination and what you have abundantly out here - the hardihood of the pioneer. We still have before us, as had those who settled this great west, battles with hunger, battles with human selfishness and what is more important, the battle with our own spirits, ~~seeking in the face of discouragement~~ <sup>as a means for an-</sup> the means of restoration and relief.

As the life of the pioneer came to be more widely extended with the coming of the railroads, the development of commerce, things that were local came to be national, ~~and~~ things that were national came to be international. Interdependence is the watch word of this age. For example, when due to unwise <sup>tariff legislation</sup> tariff schedules of our national government in

Washington, some far away nation is driven to retaliation, the farmer in Iowa, Kansas, Colorado, <sup>and in</sup> Utah suffers. I need not tell you of the importance of these far-flung relationships. ~~For example~~ <sup>For example</sup> the independence of the Philippines, ~~for~~ <sup>by the way</sup> ~~example~~ five thousand miles away, which our party in its platform heartily advocates, <sup>is not</sup> ~~is~~ not without significance to you in your daily <sup>lives</sup> ~~life~~ and your future happiness. <sup>What</sup> ~~What~~

And, one of the greatest of these questions of

*let us say it  
frankly*  
international relationship, ~~is~~ that of money, of gold and  
of silver! I am glad to ~~note~~ *to take official notice*  
~~apparently~~ that the administration in Washington has at last come to recognize the existence of  
silver ~~to~~ *of the fact* move in the direction of consideration of this  
question is ~~thoroughly~~ *in* accord with the Democratic platform, *which*

*days*  
"We favor a sound currency to be preserved at all hazards  
and an international monetary conference called on the  
invitation of our government to consider the rehabilitation  
of silver and related questions." *(Pp. 1)*

The elements of this question *of course* have changed  
profoundly in the past generation. The economists of  
the ~~world~~ *whose* have come to recognize that the problem of money  
is largely one of international concern. I propose to  
speak of this *of course* in more detail very shortly, outlining the  
difference between the platforms and policies of the two  
major parties.

*that great*  
I have spoken tonight of the building of the  
west. ~~In the development~~ *that great* the railroad of course, was  
the dominant factor. For ninety years railroads have  
been the means of tying us all together in national  
unity. I need not tell you that in this development we  
have seen great heroism, great faith and unfortunately also,  
great injustices. When the railroad ~~first stretched out~~

*and I want to take up one of the essential things  
in that building and to carry it down to modern days.*

across the plains and into those mountains and valleys,  
it was regarded as a miracle, challenging the imagination  
of the people. Later there came an age when the railroads,  
controlled by men who unfortunately did not recognize the  
large public interest at stake, were regarded by these  
same people as an Octopus, crushing out their life and  
sapping their substance. But that day has passed.  
The railroad is becoming ~~a~~ <sup>more and more</sup> a servant of the people, largely  
owned by the people themselves. It is this new  
relationship of the railroad that should ~~and must~~ guide our  
consideration of ~~the~~ <sup>to that</sup> problems. The railroad that was  
first a miracle, ~~not~~ <sup>and then</sup> a sinister threat, has now become a  
part of our national economic life. We are ~~now~~ concerned  
~~about their~~ <sup>With the</sup> preservation ~~of the~~ <sup>26304</sup> of the railroad of  
the Nation.

(Continued on next page)

*My friends,*  
The problem of the railroads is the problem of each and every one of us. No single economic activity enters into the life of every individual as much as do these great carriers. It is well to pause a moment and examine the extent of <sup>this</sup> interest. As I have done before in other matters, I want to think the issue through in terms of individual men and women. <sup>Directly &</sup> "railroad" <sup>3 great groups</sup> indirectly affects everyone within its vast territory. <sup>Indirectly they affect</sup> ~~Directly, it affects~~ three great groups.

First, its owners. These are not, as too many suppose, great railway magnates sitting in luxurious offices and clubs. They are the people throughout the country who have a savings bank account, or an insurance policy, or, in some measure, an ordinary checking account. Figures, though they may be dull, nevertheless do talk. There are more than

*- and today we have begun to appreciate the difference between millions and billions - there are more than 11 billions*  
eleven billions of railroad bonds outstanding - about half <sup>as great an amount</sup> as there are United States Government obligations. <sup>of these 11 billions</sup> nearly five billions are owned by savings banks and insurance companies - <sup>that</sup> means that they are <sup>not just by the banks & insurance companies, but</sup> owned by the millions of policy holders and savings bank depositors. When you put money in the bank or pay that insurance premium you are buying an interest in the railroads. Some two billions more are held by churches, hospitals, charitable <sup>institutions</sup> ~~southern~~ colleges and <sup>other</sup> ~~various~~ institutions of endowment. The remaining bonds are scattered far

and wide among a host of people whose life savings have been invested ~~in this standard~~ <sup>in what has become the standard</sup> American industry. Even railroad stocks are held in small units of a few shares here and there, by school teachers, doctors, salesmen, thrifty workmen <sup>in every state.</sup> Experts in railroad finance know that perhaps thirty million people <sup>out of our population</sup> have a direct stake, in these great American enterprises.

Next, the people who work in the railway systems, <sup>They</sup> are the next group directly affected. ~~They are the people who work on the systems or directly on the lines or in the industries which furnish railroad supplies.~~ They are the people who work on the systems or directly on the lines or in the industries which furnish railroad supplies. There are over 1,700,000 railroad employees required to handle normal traffic; and to these must be added, in direct interest, hundreds of thousands of other men <sup>and women</sup> who supply coal, forge rails, cut ties, manufacture rolling stock and contribute labor to maintain the systems. And then, <sup>travel</sup> Most numerous of all, are the people who ~~ride~~ <sup>travel</sup> ship goods over <sup>our</sup> ~~the~~ steel highways. That includes <sup>just</sup> about all of us.

Now there is no reason to disguise the fact that ~~railroads~~ <sup>railroads</sup> in this Nation ~~They are not making both ends meet.~~ <sup>They are not making both ends meet.</sup> ~~And when so many a part of the American people have a direct cash stake in the situation, I take it that our job is neither to howl about a calamity nor to gloss over the trouble, but patiently and carefully to get to the bottom of the situation, find out why the trouble exists, and try to plan for a removal of the basic causes of that trouble.~~



I do not share the opinion which has been aired recently that the railroads have served their purpose and are about to disappear. Capable students of American transportation do not support that view. As Professor Ripley of Harvard pointed out, if you tried to carry all railroad freight by motor truck, you would have to have a fleet of trucks which would make a solid line, bumper to bumper, all the way from New York to San Francisco; or, to put it differently, you would have a ten ton truck moving every thirty seconds over every mile of improved ~~highway~~ <sup>interstate</sup> highway in every state of the Union. That brings it home!

Let ~~us~~ put it ~~the~~ another way. In a normal year, our railroads are called upon to transport over thirty million people one thousand miles/and to transport 440 million tons of freight one thousand miles. No other machine in existence today is available to carry that load. <sup>but I believe</sup> And that is why I say that the day of the railroads isn't over yet.

No, There is no danger of the railroads going out of business. They have a great economic place in the scheme of things for a good long time to come.

and it is a fair question -- why, then, why, then, the difficulty?

- let's be frank with ourselves -- In the first place, we did unbalance the system - as we have had a habit of doing, badly. of things. We built -- properly -- hundreds of thousands of miles of first <sup>class</sup> ~~rate~~ highways directly paralleling the railway tracks. These we paid for out of taxes, ~~or~~ bond issues.

Today many hundred buses and trucks engaged in interstate commerce use these rights of way <sup>for which they have made</sup> ~~no investment.~~

You and I, in our annual tax bills, <sup>✓</sup> pay for most of the maintenance of the highways and interest charges on their construction. The motor vehicles pay only a small part. Naturally, <sup>✓</sup> they can often haul passengers and freight at a lower rate than the railroads. They can operate with a relatively smaller overhead and capital, lower taxes and lower maintenance costs for <sup>✓</sup> their right-of-way. Also we, the National Government, allow them to operate free from many restrictions <sup>✓</sup> which would insure safety to the public and fair working conditions for labor. We must <sup>✓</sup> not give <sup>262</sup> ~~them~~ any unfair competitive advantages over the railroads <sup>be</sup> <sup>Q</sup>

We do not desire <sup>✓</sup> to put motor vehicle transportation out of its legitimate field of business, <sup>✓</sup> for it is a necessary and important part of our transportation systems; but motor transportation <sup>✓</sup> ~~should be placed~~ <sup>967</sup> under the same Federal supervision as railroad transportation. <sup>be</sup> <sup>Q</sup>

Secondly, while thus forcing the railroads to meet unfair competition we have not only permitted but frequently required them to compete unreasonably with each other. In regulating the railroads, we ~~have~~ preserved the policy that at all times, between principal points, there must be competing railroad systems. <sup>✓</sup> There is a great deal to be <sup>✓</sup> said for this policy, so long as there is traffic enough to support the competing lines. As long as you have that traffic, the competition helps to insure efficiency.

But as the railroads have been allowed to increase their capacity far beyond traffic needs, the wastes of competition have become more and more insupportable. Now we face the issues: shall we permit them -- in fact force them -- to bankrupt each other? Or shall we permit them to consolidate and so to economize through reducing unprofitable services? In other words shall we permit them to divide traffic and so eliminate some of the present wastes? No solution is entirely attractive, because we have the problem of an overbuilt plant, of partially unemployed capital, a problem similar in its difficulty to that of unemployed labor. But a definite sound public policy actually carried out will hasten improvement.

Third, we can cut out some expensive deadwood in the shape of unnecessary or duplicated facilities. The public generally does not realize that thirty percent of railroad mileage carries only two percent of the freight and passenger traffic. This does not mean that all this mileage can be or ought to be scrapped. But it does suggest that a considerable amount of judicious pruning gradually can be done without public detriment.

Finally, there has been entirely too much maneuvering for position among the railroads themselves in the past ten years. We have had an epidemic of railroad holding companies whose financial operations were, to say the least, not

generally beneficial to the orderly development of transportation. <sup>✓</sup> ~~They were~~ <sup>F</sup> financial comets, free to rove through the <sup>↓</sup> system, spending other people's money in financial gambles and in acquiring side enterprises outside of the direct sphere of railroading. <sup>6</sup> A great deal of money <sup>?</sup> has been lost, and a good deal of damage <sup>8</sup> done, by these companies. <sup>611-2.2.16</sup>

All that I have said should indicate that one chief cause of the present railroad problem has been ~~that~~ <sup>one of the</sup> typical cause of many of our problems, the entire absence of any national planning for the continuance and operation of this absolutely vital national utility. The individual railroads ~~should~~ be regarded as parts of a national transportation ~~service.~~ <sup>system.</sup> This does not mean all should be under one management. Indeed, the principal doubt of the efficiency of consolidations has been caused by the repeated demonstration that a great railroad is made by good executives; and experience has shown that the mileage over which one manager can be effective is limited to a small fraction of our national mileage.

But it is necessary that a single railroad should have a recognized field of operation ~~and~~ a definite part to play in the entire national scheme of transportation. It is necessary that each rail service should fit into and be co-ordinated with other rail services, ~~and~~ with other forms of transportation. Let it be noted that our postal service uses

every variety of transport: rail, automobile, steamship ~~and~~ airplane; but it controls few of these vehicles. We might well approach the railroad problem from a similar point of view - survey all our national transportation needs - determine the ~~most~~ efficient, economical means of distribution and substitute a national policy for national lack of planning and encourage that growth and expansion most healthful to the general welfare. In common counsel and common purposes we shall find the corrective of a present unhappy tendency to look for dictators. The wisdom of many men ~~may~~ save us from the errors of supposed supermen. (2)

To those who may shrink from any suggestion of a more vigorous and coherent public program, I venture to point out that it has not been the existence but the lack of a public policy which has caused just criticism of railroad regulation. The definite programs of the past -- to stop rate wars, to prevent rebates and discriminations, to improve safety -- these have all produced great public benefits and have saved the railroads from themselves. But in the post-war era of political drift and private mastery, we have too often fumbled rather than grappled with railroad problems.

I do not share the view that government regulation per se is responsible for any great amount of the present difficulties. Had this been true, we should have known it long before the depression came. In the words of one of ~~the~~ railway presidents, "there is no question whatever that the regulation of the railroads of the ~~country~~ has been in the public interest." -- Regulation, in fact, has protected investors as well as patrons and I think no enlightened railroad man would care to go back to the old days when unregulated railroad operation landed one-third of the railroad mileage in receivership.

When the depression came, with its great loss of tonnage, the combined effect of uneconomic competition, unproductive ~~and~~ overextended mileage, imprudent financial adventures, and frequently ill-advised management resulted in a situation where many railroads literally were unable <sup>to</sup> earn their interest charges. <sup>24/2</sup> The Government then, ~~through the Reconstruction Finance Corporation~~, undertook to tide over the

emergency by freely lending money to the railroads, with a view to keeping them afloat. I am glad to approve this policy -- as an emergency measure -- though I do not go along with many of the ~~methods~~.

As far as it goes, <sup>the</sup> policy -- and I speak in the broader sense -- is good. We had far too great a stake in the situation to allow a general smash-up. If

elected, I shall continue the policy of trying to prevent receiverships. But I do not believe that is more than a stop-gap. <sup>lending money</sup> Lending money is all right if --

~~and~~ only if -- you put your borrower in a position so that he can pay you back. ~~The criticism is, however,~~

well-founded that the Government did not follow through with a well-considered program of putting the railroads back on their feet. And certainly when the railroads applied to the Government for cash, the Government was entitled to make at least the ~~same~~ ~~kind of~~ ~~arrangement~~ ~~that~~

a private banker would make under similar circumstances to protect his interest. The Government in lending public money is entitled and should make sure to protect the public interest. Further, where mere loans cannot clean up the situation, the necessary readjustments ought to be provided as a part of the plan of lending. In its railroad relief, as elsewhere, the Republican administration has lent money not in accordance with a plan for relieving fundamental difficulties, but only with the hope that within a year or so the depression would end -- a policy I have criticized elsewhere, and shall continue to criticize.

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Let's Face the facts squarely, we may as well realize first rather than last, the fundamental issues.

Railroad securities in general must not be allowed to drift into default. The damage done to savings banks, insurance companies and fiduciary institutions generally would be too great.

But, let me make it clear that the extension of government credit will be largely wasted unless with it there are adopted the constructive measures required to clean house. In individual railroads these turn on



the financial conditions peculiar to each case. In certain situations, where fixed charges impose an unsound over-strain, <sup>v</sup> they must be reduced. In general, corrective measures must be adopted making for a sounder financial structure along the lines I now ~~propose~~ to set out. Unless the underlying conditions are recognized, <sup>v</sup> we are wasting our time and our money.

Concretely, <sup>1415725</sup> I advocate:--3

First, that the Government announce its intention to stand back of the railroads for a specified period. <sup>27</sup> ~~its~~ help being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures through appropriate scaling down of fixed charges. <sup>5/22/27</sup> I propose the preliminary development of a national transportation policy with the aid of legislative and administrative officials and representatives of all interests most deeply concerned with the welfare and service of the railroads, including investors, labor, shippers and passengers. I propose that in the application of this policy to the railroads the Reconstruction Finance Corporation, working with the Interstate Commerce Commission, share the work of planning the reorganization or readjustment, for the protection of public investments and those of innocent security holders.

And I also propose <sup>20</sup>that when such plans have been worked out, the same agencies shall indicate a specified period of support to see the railroads through, in the carrying out of these plans.

Secondly, To aid in the rehabilitation of roads unable to meet the present unprecedented strain or that may succumb to past or future mismanagement, I propose a thorough overhauling of the federal laws ~~affecting~~ <sup>1</sup> railroad receiverships and indeed of all kinds of public utility receiverships. <sup>1</sup> As they <sup>1</sup> new stand, ~~they~~ suggest Mr. Dooley's famous dictum that ~~they are~~ arranged so that every member of the Bar may get his fair share of the assets. <sup>1</sup> There is urgent need to eliminate a multiplicity of court actions, a maze of judicial steps, a long period of business chaos and a staggering expense allowed to lawyers, receivers, committees and so forth. <sup>1</sup> Included in ~~this~~ revised procedure <sup>1</sup> should be a provision by which the interests of security holders and creditors shall be more thoroughly protected at all points -- against irresponsible or self-interested reorganization managers. <sup>1</sup>

Third: I advocate the regulation by the Interstate Commerce Commission of competing motor carriers,

(C) Where rail service should be supplemented with motor service to <sup>2</sup>~~promote~~ the public interest, the railroads should be permitted in this manner to extend their transportation facilities. Indeed, they should be encouraged to modernize and adapt their plant to the new needs of a changing world.

677 Fourth: I believe the policy of enforced competition between railroads can be carried to unnecessary lengths. For example, the Interstate Commerce Commission ~~should be~~ relieved of requiring competition where traffic is insufficient to support competing lines, recognizing of course, the clear and absolute responsibility for protecting the public against any abuses of monopolistic power. (C) ~~Likewise, I believe the elimination of non-paying mileage should be encouraged, wherever the transportation needs of the community affected can be otherwise adequately met.~~

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further protections of public and private interests involved. ~~There should be clearer definitions of~~ the objects, powers and duties of the Commission in promoting and safeguarding all the interrelated particular interests comprehended within the public interest. Those who have invested their money or their lives in the service of a railroad; those who are dependent on its service to buy or to sell goods; those who rely upon it for the preservation of communities into which they have built their lives -- all have vital interests which must be further safe-guarded.

All the appropriate agencies of the federal and state governments should have a part in a national effort to improve the health of these great arteries of commerce.

Sixth: So-called "Railroad Holding Companies" should be definitely put under the regulation and control of the Interstate Commerce Commission in like manner as railroads themselves. We cannot let our fundamental policies be blocked by screens of corporate complexities.

Finally, we must realize that government encouragement and co-operation more than mere restriction and repression will produce lasting improvement in transportation conditions. The economy and efficiency of railroad operations will depend upon

the capacity of railroad management and its freedom from undue burdens and restraints when this is balanced by acceptance of public responsibilities. It will ~~also~~ depend in large measure upon the competence and morale of railroad employees -- perhaps the largest body of skilled workers functioning as a unit in our industrial life. Transportation is not a mechanized service. It is a service of human beings whose lives are worthy of even more intelligent care than that necessary to preserve the physical mechanisms ~~which~~ they operate. And it is clear to me that all the men and women who are employed on our great Transportation systems are entitled to the highest possible wages that the industry can afford to pay. (C)

*W. H. B.*  
Every great economic interest in the nation requires the continuous, efficient operation of the railroads. The products of our farms, mines and forests flow into the markets. The fabricated products of our manufactures flow back to these primary producers along the ~~steel~~ highways. We must pay the fair cost of this transportation, which is in truth a tiny fraction of the selling price of commodities. But we cannot burden our producers or restrict their markets by excessive costs of transportation. So the constant improvement in the economy and efficiency of

transportation is a matter of ever present national concern. Under stimulus of good times and under pressure of hard times, much has been done in the way of this improvement. More can be done. <sup>12.6-11</sup> <sup>(6)</sup> soundly devised public policy reaches its fruition, railway security owners may expect greater certainty of fair but not excessive return; the public may reasonably expect lower rates; labor may reasonably anticipate security in properly compensated work. I do not favor any government action which will relieve railway managements from performing their responsibilities. After all, it is well to observe that the actual railway operators are not the owners of the railroads, nor the major users of railway services, and today they only command access to capital on the basis of their ability to protect capital. Their position now depends, as it ought to, on their being able to do their job well. We are entitled to demand, and I think they would be the first to concede, that they give a management which is sound, economic and skilful; that they do not use their position as financial stewards to further personal desires for gain or power. They are, in reality, public servants; entitled to every assistance from the government, - but held to high standards of accountability.

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~~The net situation today is that most of our~~  
~~railroads throughout the nation are failing month by~~  
~~month to earn the fixed charges on their existing debts.~~  
Continuance of this failure spells only one thing -  
bankruptcy.

Here is the difference in a few words between  
the policies of the President of the United States and  
policies which I propose.

My policy suggests only the extension of further  
credits to the railroads - thus obviously increasing  
their debt and increasing their fixed charges. ~~My~~ policy  
may put off the evil day for a short period but, standing  
alone, it makes the day of reckoning more tragic for the  
nation.

My policy goes to the root of the difficulty.  
While I would do everything possible to avert receiver-  
ships which now threaten us, I seek to bring the operating  
balance sheets of the railroads out of the red and put  
them into the black. In other words I want the railroads  
to stand on their own feet, ultimately to reduce their  
debts instead of increasing them and thereby save not  
only a great national investment, but also the safety of  
employment of nearly two million American railway workers.

I make the point clear that the maintenance of their  
standard of living is a vital concern of the National  
Government.

In the great task of reordering the dislocated American economics, we must constantly strive for three ends: efficiency of service, safety of financial structure, and permanence of employment. The railroad mesh is the warp on which our economic web is largely fashioned. It has made a continent into a nation. It has saved us from splitting, like Europe, into small, clashing units. It made possible the rise of the West. It is our service of supply. These are not matters of private concern; they have no place in the excesses of speculation, nor can they be allowed to become springboards of financial ambition. Such readjustments ~~as~~ must be made should be ~~as~~ made that they will not have to be done again; and the system must become, as it should be, secure, serviceable, national. This is the transportation policy of the Democratic Party.

The problem today ~~is~~ new in form, but old in content; and principles have not changed.

Avoid financial excesses; adjust plant to traffic; protect the workers; co-ordinate all carrier service; <sup>in S.W.P.</sup> above all, serve the public <sup>reasonably</sup>, <sup>and</sup> swiftly, <sup>and</sup> well..

That is the road to economic safety.

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