

THE PENNSYLVANIA RAILROAD SYSTEM

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The Reins to Those Who Can Drive A Plea for Saner Railroad Regulation

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The following is a reprint of certain portions of one of a series of five articles by Mr. Howard Elliott, recently published in the Arrowhead Magazine. The other articles of the series are:

Car Service Bureaus and Reciprocal Demurrage.

Is Railroadng a Rut?

Having Eyes that See.

Every Railroad Man His Own Lawyer.

This article is written for the benefit of one man. You see him every day. On the car to the office this morning he sat beside you. You noticed that he was neatly dressed, of dignified bearing, and that he was reading a magazine of public opinion on current events. You could tell by his appearance that he was a man of intelligence and culture, one of those whom we class as desirable citizens, neither overeducated nor ignorant, not a radical nor a conservative, neither wealthy nor poor, not seeking publicity nor unduly modest, neither overzealous in religion nor a scoffer at the pious and devout, not so aristocratic as to be snobbish nor so democratic as to be careless of his

associates—in fact, he impressed you as one of those whole-souled creatures who is content to “live in his house by the side of the road and be a friend to man,” who is the bulwark of our institutions, and upon whom rests the perpetuity of the Government under which we live. His name? He is called the “Average Man,” the “Representative Citizen,” and with respect to his attitude on public questions, the “Man Up a Tree.”

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The Representative Citizen observes, as he moves among his fellows, that one of the most popular subjects of discussion relates to railroads, and he is posted on those phases of the question usually featured in the press. He reads the accounts of wrecks and notes the nation-wide demand for greater safeguards. He reads some of the decisions of the railway commissions, particularly those affecting his own immediate interests. He has read about the 28-hour law for stock and the 16-hour law for men. He remembers vividly the account of an interview with a famous railroad chief who is said to have remarked, “The public be damned.” He recalls clearly the testimony of a certain freight agent to the effect that rates were made on the basis of all that the traffic will bear. He shares the opinion that railroads are grossly overcapitalized and that he is

paying tribute to them in order to maintain fictitious values. He knows, too, about the evils of rebating, for has he not himself, before the passage of the Elkins bill, been a recipient of such favors, and did he not regard it as right and proper that the railroads should follow the Biblical admonition, "It is more blessed to give than to receive"? Indeed, he is "loaded" with information in regard to railroads, and has his own notions as to the best methods of financing and operating them.

Of his own business he has made a profound study and a signal success. His associates know and appreciate the value of his experience and consider themselves fortunate in having with them a man of such sound wisdom and discretion. To him they go for counsel. But his knowledge of other businesses—and this includes the railroad business—has been gained not from any actual experience, but from what he has seen, heard and read, and railroad men do not come to him for advice.

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With his information on the railroad question has come much misinformation. Most of what he knows has come from reading articles in the daily papers and monthly magazines which were written by men who, like himself, had seen no service on the railroad. He has seen the same arguments against railroads reiterated so often that he has come to the conclusion that the dense volume of smoke is indicative of the presence of fire. In spite of his inherent belief in fair play, these articles have created a pronounced prejudice against the railways, because he has not seen the arguments refuted by railroad men, and he considers that silence is equivalent to acquiescence. When occasionally they do speak, he believes them biased and incapable of telling the truth. Whether or not they know what the truth is he considers of secondary importance, and while he would keenly resent any imputation of unfitness or insincerity so far as he and his business are concerned, he thinks it but

natural that in seeking information on the railway problem he should go not to the fountain heads of knowledge, the railroad officials, but to others whose ideas are purely theoretical, and who give him information some of which is right, much of which is incomplete, and most of which is false. Are his ideas about his own business supported by any such foundation and superstructure as this?

The Man Up a Tree does not know that the uncomplimentary reference to the public which is accredited to Vanderbilt was probably never uttered, but was a distorted report of a disgruntled reporter. He does not know that the General Freight Agent who testified as to how rates were constructed did not say, "All that the traffic will bear," but did say, "What the traffic will bear," meaning that a rate was applied which would cause the traffic to move freely and leave a profit for both the shipper and consignee. He referred not only to the maximum but to the minimum, and the definition is still considered an excellent one. The Man Up a Tree does not know that the railways of the United States could not be duplicated for their present capitalization, and that capitalization has no appreciable connection with rates, nor rates with the cost of living. He does not know, and he does not ask railroad men to tell him.

The Man Up a Tree regards the regulation of railroads by Governmental authority as a distinct forward step in the march of civilization. In the light of the knowledge which he possesses, he is satisfied not only that such regulation is proper, but that without it the nation's business would be completely dominated by the transportation interests, and the many exploited for the benefit of the few. He believes, of course, in the principle of a square deal, and is willing to admit that it applies even to railroads. But he believes that under governmental supervision the roads are prospering and will continue to thrive. He reads about the enormous gross income of railroads, and the

unprecedented crop movement, and he figures that if railroads are not making money under these conditions it is due to inefficient management of the properties themselves.

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The Man Up a Tree thinks that instead of curtailing the powers of the Commissions they should be broadened until railroad men shall be so impressed with the idea that they are public servants that they will—like the serfs of old—prostrate themselves and bare their backs for the lash imposed by their masters. They must be taught, says the Man Up a Tree, that we, not they, are the arbiters of their destiny.

Mr. Average Man, methinks railroad managers have learned their lesson and learned it well. Who knows better than they, that their powers are limited—that their business is being controlled by others, and that while they have the responsibility without the authority the Commissions maintain the authority without the responsibility. The managers need no further punishment to make them alive to the duties of their positions. But it should be remembered that the Supreme Court of the United States has said: "The public is in no proper sense a General Manager." Evidently the court of last resort in this country is not in entire accord with the trend that events have been taking.

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Mr. Representative Citizen, I should like to present to you a new idea, and that is that the public consider itself the Vice-President of the railways. The Vice-President has greater authority than the General Manager. To him the Manager reports. Surely this suggestion should be received with open arms. But if the public conducts itself as most Vice-Presidents in charge of operation do, the General Manager will have nothing to fear. Nor does this invite the inference that the ordinary Vice-President is a figurehead. Far from it. He is actively engaged in the operation of the road.

But let us see how the Vice-President

acts with respect to the General Manager. Does he show his authority by vetoing everything the General Manager suggests? I venture the assertion that nine matters out of ten that are passed up to the Vice-President are carried out exactly as the General Manager has recommended. Yet there is no question about his higher authority, and the fact that he agrees with the General Manager does not lessen his control over him or the respect which the General Manager entertains for his superior. The Vice-President figures, and rightly so, that the road is governed best which is governed least, and that if the General Manager is not running the road properly he should be removed, that the way to produce results is not to take the lines out of his hands, but to give him the reins. He can drive. Let him.

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Now, Mr. Man Up a Tree, in your capacity as Vice-President you know that your interests and those of the railroad are identical. Your purpose is to produce good service at reasonable rates and with profit to the stockholders—such profit as they have a right to expect from an investment in any legitimate enterprise. You know that you can make a good showing only so long as you earn a dollar by spending less than that amount, and that if reports show that the operating ratio is continually going up, you must do something to stem the tide and insure the solvency of the property. As a business man you know that there are only two ways of making a profit, either reduce the cost of production or increase the selling price, and if you have convinced yourself (as many Vice-Presidents have already) that the cost of production cannot be further reduced, then you owe it to the road of which you are an officer to adopt the other alternative, and raise the rates. And remember, this is something which you can do, and which the General Manager, under present conditions, cannot do. Here is one method by which you may show that your authority is superior to that of the General Manager, and which

will inure to the benefit not only of the stockholders, but also of the country at large whom you represent in the management.

As a Vice-President you deal directly with the General Manager. Do you see any real necessity of interposing a "go-between," a "middle-man" to represent you in your negotiations with the General Manager? It will add to the cost of superintendence, and the stockholders will be apt to say that the road is topheavy with supervision.

Your relations with the General Manager can be made perfectly harmonious, and it would only "muss up the water" to appoint an intermediary. Yet you have in nearly every State in the Union (Utah and Wyoming are the exceptions) appointed such a "fifth wheel," and have so far disregarded all rules of propriety and precedent, you have to such an extent gone "contrary to established customs" as to select men who never spent a day in the railroad business and give them authority over the General Manager.

And the strangest part of it all is that you try to defend this system, herald it as an unqualified success, point to it with pride, yet you do not extend it to any other business which is supervised by an appointive body. There are boards of Medical Examiners, Dental, Law, Pharmacy and Insurance. Do you appoint insurance men to serve on boards of Pharmacy, or druggists to comprise the insurance commission? Would you have much respect for a Medical Board composed of Lawyers or a board of Law Examiners made up of doctors?

But the policy you reject in those appointments you employ with respect to railroads—a greater science than any of the others—for the naked fact remains that with a very few exceptions every appointee on a Board of Railroad Commissioners in this country is a man who never spent an hour in the

employ of the business he assumes to govern. The greatest railroad commission in the United States has one member who was formerly a brakeman, and he is the only railroad man out of the seven.

On a road of fifty thousand employes—and we have several such in America—there is only one President. He must have risen over the heads of 49,999 others, many of whom were nearly as well qualified as he. His selection was the result of years of application to duty which developed business acumen and sagacity of a high order. By all known laws governing the conduct of human affairs, it is right and proper that this should be so. Yet by amending and repealing those laws, men are placed on these commissions and given far greater control over the railroad business than the Presidents have, who not only are not as capable as the President—they are not as well qualified as most of the 49,999 others. Is it right? What think you, Mr. Average Man?

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You remember the fable of the Greek Hero who drove the chariot across the heavens from sunrise to sunset, and how his son, Phaeton, an impetuous youth, implored the father to let him drive one day. He could do it, he knew. It looked so easy. And you remember how he found the task greater than he could perform, how the steeds became unmanageable, and how both chariot and driver plunged headlong to the earth below.

I ask you, Mr. Average Man, Mr. Representative Citizen, Mr. Man Up a Tree, why not be reasonable about this matter? Why not let men do that which they are qualified to do? Instead of handing over the railroad chariots and the great iron horses to our favorite sons, why not leave them in the hands of the experienced fathers? Why not give "the reins to those who can drive?"