

# The Great Advance Rate Case

[By S. W. Brookhart, Washington, Iowa.]

When the supreme court sustained the Adamson eight hour law the railroads immediately made it the basis for an advance in freight rates. The law provided for a special commission to observe its workings, effect and cost and required this commission to report back to congress. The railroads ignored this provision of the law and asserted, that the increased expense because of the eight hour day and because of war prices for coal and material, had created an emergency and they demanded an immediate advance of fifteen per cent on all freight rates except coal, coke and ore and they asked certain specific advances upon these. Based upon the 1916 tonnage the total advance would have cost the American people the stupendous sum of over 300 million dollars per year. This is an annual charge greater by many million dollars than the interest on the great seven billion dollar war loan. The railroads also demanded that these rates be put into effect immediately without investigation. This is therefore, the greatest rate case that has ever been presented to the interstate commerce commission. It involved a greater sum than all of the other advance rate cases combined. In fact the writer does not recall any instance in all history where any civil tribunal was called upon to decide a single controversy involving such a large amount.

The shippers of the country were aroused in spite of the fact that the great newspapers generally took the view of the railroads and conceded them the advance. A national conference of shippers was held in Chicago. They selected Clifford Thorne to present their case to the commission and gave him as assistants Luther M. Walter, Graddy Cary, Clyde L. King and that veteran attorney of the people, Judge S. H. Cowan of Fort Worth, Texas. The railroads were represented by a host of legal talent and rate experts led by Mr. Patterson, the general attorney of the Pennsylvania. It was a battle of giants from first to last and involved more than giant amounts.

The railroads claimed the Adamson law would increase their expenses 50 or 60 million dollars per year. They also claimed an enormous increase in the cost of supplies and for these reasons asserted they did not get a reasonable return upon their property investment and as a result their credit and efficiency were greatly impaired. To meet these claims Mr. Thorne delved into the facts with the thoroughness that has made him the wizard of rate regulation in the United States. He frankly admitted an increase in the cost of both labor and supplies, but conclusively showed this had been offset many times by the increase in the volume of business. For the year 1916 after paying all the increased expenses for that year the railroads had the greatest net earnings in all their history. They had 300 million dollars more than 1915 and 200 million dollars more than the best year they ever had. The month of January, 1917, was the best January in all their history, but their net earnings fell off in February. It was this particular decline which they cited as an emergency, but before the case was closed the returns for March came in greater than any March, except 1916, and then April followed greater even than 1916, since the decision of the case May and June have followed like April. Mr. Thorne also showed that the carriers handling over two-thirds of the traffic in the United States have declared reasonable dividends on all their stock and have accumulated a surplus of over a thousand million dollars besides. He upset their theory of property investment, showed it to be a fiction of book keeping and no proper basis of claiming a return. For instance during the past ten years the Pennsylvania has added \$211,229,265 out of earnings and there is another item of 133 million dollars not accounted for by the increase in capital obligations, but it is certain the property investment should be reduced by the amount of the first item. Upon the question of credit he asked the railroads to furnish the commission with a statement of the bonds they had sold and

the rate of interest paid by them. He then averaged them up and here is the result.

1907.....	5.3 per cent
1914.....	5.0 per cent
1915.....	4.8 per cent
1916.....	4.6 per cent
1917.....	4.7 per cent

They proved their own credit better in 1916 and 1917 than in any previous years. In addition to this he proved the credit of the railroads to be s'eadier and to have improved more over a period of sixteen years than the credit of the seventeen largest cities in the United States. The railroads based their proof of increased cost of supplies upon market quotations. Thorne then asked for their contracts and showed they had already bought much of their supplies far below the market quotations. He also showed that many of the coal mines are owned by the railroads themselves and the increased cost of coal is a direct increase of their profits.

The case was submitted early in June and decided the last day. The advance was denied and the rates suspended. Certain increases were allowed the eastern roads on coal and class rates amounting to from two to four per cent upon their freight traffic, but the total amount denied is over 300 million dollars per year. This is a direct saving of that amount to the people of the United States and it leaves the railroads more prosperous than they have ever been. It has prevented the grossest kind of an extortion when the nation was absorbed in war. It is the best vindication of public regulation of the railroads.

### THE RECALL OF JOPLIN'S MAYOR

It is a regrettable occurrence which takes Hugh McIndoe of Joplin out of the office of mayor, because he has made a splendid record.

But the people of Joplin recalled him, and they have the right to say whether or not any citizen shall serve them in any office. Mr. McIndoe, himself, approved the recall section of the Joplin charter, and has supported it through all his administration as mayor.

The incident that caused his recall was not an act of his own, but one of his appointees. Mr. McIndoe refused to discharge two members of the police force after the Masonic orders of the city and other secret societies had filed criminal charges against them for brutal treatment. Mr. McIndoe took the ground that to discharge them would be equivalent to declaring them guilty before their trial.

The people of Joplin must have been highly incensed at the action of the policemen, and at Mr. McIndoe for standing by them, or else they would not have gone to the limit of recalling such an efficient mayor.

In time Joplin will remember only the fact that Mr. McIndoe instituted commission government in that city, and laid the foundation for a system of efficiency such as Joplin had never known before in its government. The work he has accomplished for the city will not be clouded for long by the anger that was created against him in the recall.

As to the merits of the case, this paper does not know, and it does not matter. Joplin alone is the judge of whether or not the grounds were sufficient for the recall. But The Star feels sure that the cause was not so serious but that it soon will be blotted out entirely by the memory of the good service Mr. McIndoe has rendered the city.—Kansas City Star.

### MR. BRYAN A CONTRIBUTOR

William Jennings Bryan met Colonel Callahan in Louisville, Kentucky, about the time the Associated Press carried a notice that the Knights of Columbus had appropriated One Million Dollars for recreation centres in Army Camps. He remarked to Colonel Callahan: "I presume the contributions will be confined to Catholics." Colonel Callahan replied, "Yes, I suppose so, in the same way that contributions to the Y. M. C. A. Fund were confined to Protestants." Mr. Bryan replied by saying, "Put me down as a contributor to the Knights of Columbus Fund in the amount of ten dollars per month while the war lasts."—The Columbiad.

### ALL THREE

"Good sense, good logic and good Americanism," is the New York Sun's characterization of the Hon. William J. Bryan's rebuke to those who abuse the privilege of freedom of speech.

### PATRIOTISM FROM THE COMMONER

Satisfaction, for some of us, has so infrequently followed perusal of Mr. Bryan's paper, and opportunity to agree with the sentiments and opinions expressed by Mr. Bryan in it have been so rare, that there is a special pleasure in admitting—no, in proclaiming — that every good American who sees the current issue of the periodical in question will get both the feeling and the privilege just mentioned. For in it Mr. Bryan preaches the soundest of doctrine on two timely and important subjects.

One of them is the conduct of those who are resisting the enforcement of the selective draft law and trying to incite others to imitate their example. The other is the misbehavior of the men who are abusing the wide liberty of speech permitted in this country by making seditious speeches.

Both classes Mr. Bryan condemns with characteristic vigor. As regards resistance of the draft, he admits the possibility that conscience may compel refusal to obey any law, but he wisely adds that the man who does it must take whatever consequences in the shape of punishment the law provides, whether it be imprisonment or death. This, he writes, "is a government of the people—not of one or a few men," and "if a few are permitted to resist a law—any law—because they do not like it, government becomes a farce." War Mr. Bryan sees as "a last resort," just as we all should, and as the vast majority of us do, and he thinks it "a reflection upon civilization that it still reddens the earth," which no sane man will deny. But he also thinks and says that "so long as nations go to war the citizen can not escape a citizen's duty."

Concerning freedom of speech, Mr. Bryan declares that the time for discussing whether or not the United States should enter the war ended when congress decided that it must. No sympathy, he says, should be wasted on those who in the name of free speech assail their own government's deliberately taken policies, and attacks on our allies are just as bad. "We must," he concludes, "stand together and fight it through. There are only two sides to a war—every American must be on the side of the United States."

There is as little comfort in *The Commoner* for the professional foes of England as there is for the pro-Germans who call themselves pacifists.—New York Times.

### COULDN'T BE IMPROVED ON

Mr. Bryan's statement, "Abusing Free Speech," in the last issue of *The Commoner* couldn't be improved on. Sub-traitors and hamstrings who have imagined that the mere phrase, "free speech," was so seductive that they might hope for a little tolerance from a man of Mr. Bryan's liberal tendencies find their hope rudely shattered.

Mr. Bryan tells them that after war is declared discussion as to its wisdom must cease; that no attacks on this government or its allies or aid to the enemy under the cloak of free speech can be tolerated; that there are only two sides to a war—and that every American must be on the side of the United States, and that no sympathy will be wasted on those who have been arrested for unpatriotic utterances.

Thus the path of the sub-traitor becomes harder every day. Wherever he turns the skies are brass and iron. He lifts up his eyes to the hills for succor and a voice from the hills tells him to shut up or suffer the consequences. The federal marshal is becoming a fixed feature of his landscape.—Chicago Herald.

### TEXT OF PRESIDENT'S PLEDGE TO RUSSIA

A Washington dispatch, dated August 27, says: Following is the text of President Wilson's message to Moscow conference of Russians:

To the President of the National Council of Assembly, Moscow, Russia:

I take the liberty to send to the members of the great council now meeting in Moscow, Russia, the cordial greetings of their friends, the people of the United States, and to express their utmost confidence in the ultimate triumph of the ideals of democracy and self-government against all enemies, within and without, and to give their renewed assurance of every material and moral assistance they can extend to the government of Russia in the promotion of the common cause in which the two nations are unselfishly united.

(Signed)

WOODROW WILSON.