

A GRAVE CRISIS CONFRONTS THE RAILROADS

WAR HAS CLOSED MONEY MARKETS OF EUROPE TO THEM INDEFINITELY

In view of the fact that one of the railroads of Nebraska has already filed an application for an increase of rates with the State Railway Commission, it is the desire of all the railroads to utilize this opportunity for an intimate and frank discussion of the whole railroad question with the people of this state. To this end, the careful attention of the reader is invited to a series of articles which will appear in this newspaper during the next few weeks and which will contain the most far-reaching discussion of this great problem that has ever appeared in the public press. All that is asked in the meantime is that the people of Nebraska accord to the railroads the courtesy of listening to their side of the story and then form such conclusions as, in their judgment, the facts may warrant.

That the railroads of the United States are today confronted by the gravest crisis of their history there is not the slightest question. For some years they have been desperately struggling with an ever increasing cost of operation in the face of reduced freight and passenger rates—but serious as this situation was before, the European war, which has indefinitely closed to them the foreign money markets, has suddenly brought them face to face with a situation which threatens not merely many new receiverships but the actual paralysis of the entire transportation industry of the nation. It was this state of affairs which compelled the closing of the New York Stock Exchange some months ago. What will happen in the future the future alone can tell. American railroads are valued in round figures at twenty billion dollars, and of this vast sum nearly five billion dollars worth of securities are held abroad. Should Europe, in its frantic struggle for funds, seek to convert these securities into cash during the next twelve months, where is the money to come from with which to buy them—and falling to protect these securities, what demoralization will follow not merely in railroad investments but in all other American industrial values as well? The recent statement of David Lloyd-George, Chancellor of the Exchequer, that the inability of Englishmen to convert their American investments into cash is crippling Great Britain in its present emergency is ominously significant. Possibly the New York Stock Exchange may be able to resume operations without disaster for the time being but that the finances not merely of the United States but of the world will be subject to a strain without precedent in history during the next year or two is so apparent that it requires no extended comment. In a future article this phase of the question will be dealt with more fully.

President Wilson's Views
That the situation is profoundly serious is manifested by the recent utterance of President Wilson to a group of eastern railroad executives. In his letter to Mr. Trumbull of the Chesapeake & Ohio he said: "You ask me to call the attention of the country to the imperative need that railway credits be sustained and the railroads helped in every possible way, whether by private co-operative effort or by the action wherever feasible of governmental agencies, and I am glad to do so, because I think the need is very real. "They are indispensable to our whole economic life, and railway securities are at the very heart of most investments, large and small, public and private, by individuals and by institutions. "I am confident there will be earnest and active co-operation in this matter, perhaps the one common interest of our whole industrial life. "Undoubtedly men, both in and out of official position, will appreciate what is involved and lend their aid heartily to whatever it is possible for them to lend it. But the emergency is in fact extraordinary and where there

is manifest common interest we ought all of us to speak out in its behalf, and I am glad to join you in calling attention to it. This is a time for all to stand together in united effort to comprehend every interest and serve and sustain it in every legitimate way."

Railroads Lost Millions
The net operating income of the railroads of the United States for the year ending June 30, 1914, was \$120,000,000 less than for the previous year. The gross earnings for the year were \$44,000,000 less than for 1913—while expenses and taxes were \$76,000,000 more. But heavy as this burden was before, the great struggle across the sea, carrying in its wake the destruction of untold hundreds of millions of dollars worth of all kinds of property, renders the situation a thousand-fold more serious. It means, in short, that for a number of years to come Europe will have no surplus money for investment in the United States or elsewhere and that American railroads will have to finance their future needs at home! How herculean this task will be, saving nothing about protecting themselves against the dumping of foreign securities, may be judged from the fact that the bond and note obligations which will mature between now and the end of next year, and which the railroads will have to meet in some way, amount to more than \$53,000,000—and this doesn't take a dollar's worth of new improvements or betterments into consideration. These are obligations which were incurred in the past and which must be met as they fall due if the transportation companies are to be preserved from wholesale receiverships and ruin.

Manifestly, therefore, American interests, big and little, will have to come to the rescue—and before they will consent to do this American railroad securities will have to be re-established as a sound, respected and paying investment—and this on the basis of present railroad earnings, is impossible!

Why Railroads are Helpless
In times of actual financial stress private industries are in position to very largely adjust their affairs to meet the emergency. They can advance the price of their commodities, cut their pay roll in half, or shut down altogether, and thus permit the storm to blow over without actual shipwreck. The railroads, as quasi-public enterprises, however, are in an entirely different position. Their rates are regulated by law and cannot be advanced without the consent of the people through their law making bodies. In order to please the convenience of the public and not to break down the commerce of the country they must operate their freight and passenger trains whether they carry a full load or only a quarter of a load—and in view of this fact it is manifestly unfair to put the railroads in the same class with private industries in the present crisis and ask them to shift for themselves as best they can. When the people took over the complete making and regulation of railroad rates they at the same time assumed the solemn implied obligation to see that the railroads get a square deal—for the people are the only power that stands between them and ruin.

We believe every intelligent citizen will agree that agriculture, commerce and industry cannot get along without the railroads. On the other hand, the patronage and, what is equally essential, the good will of the people. That some of those who have been entrusted

with railroad management in the past are somewhat responsible for the apparent gulf between the public and the transportation companies is perhaps true. Busy and harassed by the herculean tasks entrusted to their care, there has been too little contact between them and the people. Again, it is undoubtedly true that the world of railroad finance as well as other lines of industrial activity has had its share of excessive abuses—but just as the public does not hold the banking world or the minister responsible as a whole for the shortcomings of an occasional black sheep, so the hundreds of honest railroad officials throughout the country should not be condemned because of the misdeeds of the few.

Who Owns the Railroads?
In this connection it may be said that the railroad world is encumbered with a lot of phantoms which exist only in the popular fancy. For instance, because there have been some half dozen so-called railroad magnates whose names have figured prominently in Wall Street, many people have come to believe that the railroads of the country are largely owned by a few rich men. As a matter of fact, nothing could be farther from the truth. Out of the colossal sum of twenty billion dollars invested in American railroad securities less than 5 per cent is now, or ever has been, in the hands of these men who have figured prominently in the newspaper headlines—while the other 95 per cent is in the hands of nearly two million investors, large and small, who in many instances have put the modest savings of a life time into these securities in order that they might lay away a competency for old age.

When, therefore, the value of these securities is depressed, or perchance destroyed, the hardship is ten-fold greater upon thousands of every-day citizens—upon the frugal mechanic in a New England factory, the widow with her life insurance funds, and the countless other citizens in every avocation and walk in life than upon the handful of millionaires, good or bad, who have figured prominently in railroad circles. Thus, for instance, the great Pennsylvania system has over 70,000 stockholders, while the Santa Fe has over 40,000, and the same ratio holds good in nearly all the other lines.

Many Other Investments Affected
But that isn't all. For many years railroad bonds were considered the safest and soundest investment in the country, and hence hundreds of millions of the assets of our great life insurance companies, banks, benevolent associations and colleges were invested in them, and the moment, therefore, that the soundness of these securities is affected the financial solidity of these myriad institutions is greatly menaced at the same time.

Carrying it a step further, it means that every holder of an old life insurance policy and millions of depositors in savings and other banks, and those interested in many fiduciary, benevolent and educational institutions are directly concerned in the present situation, which threatens to largely destroy the high regard in which an investment in railroad bonds was held.

In the impending crisis, therefore, not merely the fate of our transportation system is at stake, but along with it the very financial integrity of our entire investment world—and this only goes to show how vast and overwhelming our railroad industry has become—how they are not merely the giant arteries of agriculture and commerce, but how closely their welfare is woven into the wool and fabric of the entire nation. Among other things, it should remind us how interdependent we have come to be in this mighty republic of ours—that each is in truth becoming more and more his brother's keeper, and that we need to think and act carefully lest in our mistaken zeal we destroy those who, like ourselves, need whatever of this world's goods the toil and sweat of years has brought them.

That the time has come when the citizens of Nebraska and the country generally should do some serious thinking in connection with this great and vital question there is not the slightest doubt, and hence we appeal to the people to read the forthcoming articles carefully and thoroughly—and since all the essential facts and

figures quoted will be taken from the public records they will be easily capable of verification. Especially do we hope that farmers whose market facilities and land values are so critically affected by the railroad problem will follow the articles closely—for Agriculture and Transportation are easily the nation's two greatest and most fundamental industries.

(Paid Adv. To be continued next week.)

CORRESPONDENCE

HUBBARD.

Sam Larsen, Joe Hartnet and Bert Francisco were city passengers last week.

The Assembly is holding revival meetings in the Danish hall this week. No matter if it is a toy of the cheapest kind or a handsome present for the wife or sweetheart, we can supply your wants. Everything for Xmas, at O Anderson Co's.

Mr and Mrs Made Nelsen, of near Waterbury, were in Hubbard Saturday.

Don't forget the date of the annual meeting of the Dakota County Farm Management association to be held here Wednesday, December 23rd.

Fancy groceries of all kinds, at O Anderson Co's.

The Danish Sisterhood held their annual election of officers last Saturday. Initiation will take place in January.

Mr and Mrs A Larsen and daughter, Augusta, were Sioux City shoppers the first of the week.

Christmas gifts for the little tots and the big folks, for the old and the young, in endless variety, at O Anderson Co's.

Mr Mundy and daughter, Johanna, returned Saturday from a several months' visit with the former's brother at Badwater, Wyo.

Mr and Mrs Weir spent Sunday with the latter's parents.

For warm clothing of all kinds, go to O Anderson Co's.

Louis Larsen was in Sioux City this week.

Fred Bartels was one from here who saw Santy in Sioux City Tuesday.

The best brand of overshoes on the market at O Anderson Co's.

Mr and Mrs Varvais were called to Winnebago Tuesday, their daughter, Mrs VanHouten, being critically ill at that place. Mrs VanHouten lost a little baby about a week ago.

Shop early, and select your Xmas gifts where you can save money and get better goods than going to the city. O Anderson Co.

Tom Graham was a city passenger Tuesday.

The holiday season is nearly here and we are now showing an elegant assortment of toys. See our stock before it is picked over. O Anderson Co.

Miss Agnes Larsen is reported to be much improved in health, which her many friends will be pleased to know.

We want your butter and eggs, and will pay the highest market price. O Anderson Co's.

The Danish Brotherhood and Sisterhood will have their Christmas festival, Saturday, December 26. All Danish people cordially invited.

JACKSON.

Mrs John Brady expects to leave the last of the week for Sioux City to spend the winter with her daughter, Mrs O A Barrett.

Paul Sharp and family last week moved to Charleston, Okla, where they expect to make their home.

C K Heffernan had a load of hogs on the market one day the last of the week.

Mrs James McHenry returned to her home at Plainview, Nebr, last week, after spending a few days with relatives here.

W Plinkleman and wife, who were keeping house for C K Heffernan the past month, went to Wynot last Friday.

A high mass of requiem was celebrated here by Rev Fr O'Sullivan Tuesday morning for the repose of the soul of the late Dr B J Leahy.

William J Kennelly departed last week for Fort Worth, Tex, to visit relatives.

Mrs M Leahy, sr, is on the sick list this week.

Mrs Sutherland and daughter, Marie, of Ponca, spent the week end in the Jas Sutherland home here.

Lee Wagner spent Sunday with friends in the city.

Will Hungerford, of Goodwin, Nebr, had a load of cattle on the Sioux City market Tuesday.

Mrs Frank Rush and baby expect to leave Saturday for Chicago to spend the Xmas holidays with her parents.

James Kennelly has been appointed substitute rural carrier vice Frank Kennelly, resigned.

Helen Erlach, who is teaching school at Maxbas, N D, is expected home for the holidays.

HOMER.

Mrs Tom Allaway is on the sick list.

Miss Sophia Knudsen came Monday to visit her sister, Mrs John Harris.

Sam Brown has a telephone installed in his home.

The Busy Bees met with Miss Daisy Thacker last Thursday night.

Will H Ryan is home from Omaha, where he is serving on the federal jury, for the holidays.

Henry Loomis returned Tuesday of last week from a visit with relatives in Wynot, Neb.

Tom Ashford was a visitor in Sioux City Tuesday of last week.

Mr and Mrs Edwards and sons Melroy and Lawrence, were Sioux City shoppers Saturday.

Mrs Tom Ashford came over from Sioux City Sunday, accompanied by her sister, Miss Maggie Murphy.

Claud Thacker was an in-coming passenger from Sioux City Sunday.

Miss Margaret Smith went to Sioux City Friday, returning Saturday.

Gertie Buckland came over from the City Sunday.

The Misses Mayme and Bessie Holworth were passengers by rail to Sioux

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Be a good fellow—make one less fortunate—happy Christmas day.
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Find the home Santa Clause misses—Make him go there.
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Remarkable Land Chances for You in Wyoming
Now is the time for you to visit the Big Horn Basin and travel through it over the Burlington's new Wyoming Mainline between Denver and Billings—the railroad that is going to increase farm acreage, settle up the Government's irrigated homesteads, increase the population of towns and increase land values generally.
Why do you till the soil of another, getting nowhere towards land ownership for your family when with a small payment you can homestead a Government irrigated farm with reliable and permanent water supply on a 20-year easy payment plan with no interest—that makes it almost a gift to you.
THE NORTH PLATE VALLEY—Here is another section called by many "America's Valley of the Nile." It is, also, on the Burlington's new Wyoming Mainline. Today you can get an irrigated farm in that Valley whose value is bound to increase on the completion of this mainline.

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2 pkgs Corn Puffs... 25c
3 10c pkgs Washing Powder... 25c
2 pkgs Post Toasties... 25c
3 Lamp Chimneys... 25c
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