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The Nation's Business (A Series of Articles by National Leaders Published Exclusively in This Territory in The Herald.)

"BUSINESS IN GOVERNMENT" by Governor Davis of Ohio.

TEN

sis. Is your government-and that Business thus made itself ready to in fact as well as in theory, to be con- conflict. ducted on lines other than good busi-ness lines? If it be so-why? Good business means the successful conducting of a commercial pursuit in a creative sort, a productive sort or constructive sort. Surely government, municipal, state, or federal must be creative, constructive, productive and commercially sound if that government is to succeed

In the face of this obvious reason-ing there are thousands of citizens in United States today who declare the fallacy, "business and politics do not mix" the foundation of their own lack of interest, lack of active citizenship-exercising the right of suffrage-and lack of belief in the very institutions that make of them citizens.

The attempt to put business and politics, in their relationship toward one another, in somewhat the same relationship as oil and water, is both unfortunate and unwarranted.

If the theory behind it was that the business man cannot and should not actively interest himself in political affairs, it was wrong in premise and principle, for as the citizens' partici-pation increases in political life, there results better politics and better government.

For, in the last analysis, politics of course is but the science of government.

Then again, if the supposed unmix-able status of business and politics related to practical application to the affairs of government, of the methods that are fundamental to modern business practice, the declaration was even more inapt and untrue.

Politics and business do mix-and of all times, the need for a generous admixture of business into our affairs of government has probably never been more striking and urgent than now-struggling as we are under the drastic reaction of the war and the unparalleled financial burden with which it left us.

Business Makes Ready.

Business many months ago sensed the beginning of the reaction from the artificial war time boom, and quietly, unostentatiously prepared itself to meet the depression it saw coming, and to begin adjustment to the chang-ing conditions. Retrenchment became for a government, and during the fiscal eral government, and during the fiscal ing conditions. Retrenchment became the watchword. Economy measures were put in operation. A higher de-

Do politics and business mix? The business of politics is the business of government in its final analy-

means your business, for you are a cope with the new order of things partner in the American government following in the wake of the world

But the problem of today is far more complex than can be met by private itiative alone. It is too closely connected with governmental operation not to require governmental action to help in its solution In great measure it is a financial prob-

Cost of government during recent years increased apace with the cost of all else. And today, with changed conditions, it is primarily essential for the general wefare that the cost of government be brought back down to a basis in keeping with retrenchments found necessary in private undertakings. Governmental service must continue undiminished, but it must be performed at a cost far be-low that of late years.

The problem was a two-fold aspect, first from the standpoint of future operating cost of government, and second, with respect to discharge of the financial war obligations.

On the manner with which this dual problem is handled largely depends our entire economic future.

Government Cost Up.

The ordinary operation of the gov-ernment of the United States cost about nine times as much last year, as it did in 1916. And beyond that was the cost which could not be met by taxation and had to be taken care of by borrowing—the special war cost by which the national debt was boost-ed to about twenty times the size it

was five years ago. The country today is required to pay practically as much in annual in-terest charges on the public debt as the amount of the debt itself back in 1916, and that without even begin-ning to provide for reduction of the debt

Add to all this the vastly increased cost of operating state and municipal governments and a conception is rained of the tremendous burden the taxpayer has to bear today. It is the greatest burden he has ever been com-

pelled to carry. In 1916, the per capita cost of the United States government was about \$7.18 In 1920, it cost virtually \$64 for every man, woman and child in

iollars a year additional in taxes over nd above the financing of the ordiary governmental operations.

And all this besides the payment

the state and municipal taxes. It is not to be doubted that the prospect of all this have been having tration during the period of federal control. He claimed that these salaries ment and the restoration of normal prosperity-the outstanding problem of today. Government to Retrench

exceeding \$39,000,000, while the total number of general and division officers

had increased in these five years less

than 5,000. The average increase in

the annual salary of each of these officers in this time was as much as

by witnesses for the railroads. The

effect, he said, was to show an in-

crease in annual wages paid to the extent of \$39,000,000 greater than had

"It is quite clear that in the pres-

ent form which the railway problem has assumed the salaries of these of-

ficials are properly not a part of the

problem and in fairness the amount

ficers, they are not subject to the

creased by having large sums voted

to them as special gifts. In no eco-

\$100,000 in cash upon his retirement;

that Vice-President C. H. Warren was

paid \$50,000 in cash and in addition

was given \$255,000 par value of the

stock of the New Jersey Company; that Vice-President Robert Mather was

paid \$25,000 in cash; that Director G. T. Boggs, who was also secretary to

the board of directors, was given \$15,-

000 in cash when he retired from

secretaryship. According to the com-

ficals of the railway campany in ex-

cess of their salaries aggregated about

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actually taken place.

\$8,000.

For its proper solution, it is essen-tial that there be emulation by all governmental agencies, whether national, state or municipal, of the example set by private business in cutting down to a minimum, the recent high expenses, and in displacing the ost so-cut off with a boost in efficiency. Better results in the administration of public work will go far in meeting the situation. It will ease somewhat the staggering burden on the public, but it will still be faced by the twenty-four billion dollar public debt to be wiped out practically with-

in the next twenty years. It being virtually certain that the national government will not be able to retire the seven and one-half billions of short time debt when it falls of their compensation and its increases

due in the next two years—except should be eliminated from statistics only in small part—it follows that it purporting to show distinct wage in-will have to be refunded. The same creases. Such has not been the case condition is certain to repeat itself as the Liberty bonds of the later ma-turities fall due. Wage the needed wage reductions, but on the contrary the total amounts paid these officials urities fall due. the total amounts paid these officials I believe the plan to have the people and their increases have been included pay so gigantic a sum as twenty-four in the publicity statistics presented billion dollars in so comparatively a before this committee by the execu-

short period-besides paying for the tives of the roads. None of the awards ordinary governmental expenditures- of the United States railroad labor is too severe a burden for one genera- board affect the salaries of these oftion to carry alone. It is an economic prospect that jurisdiction of the board; they can be

would hardly tend to exercise a strong- and have been increased at any time ly stimulating influence upon initia- by a mere dictum of the board of di-tive, enterprise and progress in the rectors; they can even be greatly innation's business activities.

Both from the standpoint of business like, constructive financial pol- nomic sense are these high salaries a ness like, constructive financial pol-icy, and in the interest of impressing the lesson of patriotic responsibility upon our children, a share of this war debt should, I believe, be carried by the succeeding generation. The war was fought that they might not be despined of the hereit of our free in-terest of the succeeding that they might not be deprived of the benefit of our free in- land & Pacific that Vice-President J.

stitutions. Should they not bear a E. Gorman had been secretly paid an part of the burden, not only that our additional \$18,750, making his total economic life may the sooner return annual salary \$43,750, whereas the to normal and to divide what would road's pay-roll showed only \$25,000; otherwise be a task virtually impos-that Chief Engineer C. A. Morse sible of performance-but also so that received a secret bonus of \$3,000 the there may be perpetuated in them a first of each year in addition to his closer relation to and understanding of the principles and ideals for which Solicitor R. A. Jackson was given the principles and ideals for which we unsheathed the sword.

Extend Liberty Bonds

From every standpoint, the refunding of our Liberty loans into a new consolidated issue in which the range of maturity is extended from twentyfive, say to fifty years, would be a sound, businesslike, forwardlooking procedure. It would immediately re-duce by half the obligations which we must meet in the next score of years mission's report contributions to ofor so and allow us to get economically solid ground once more under our feet. There would be another immediate \$1,000,000.

When the capital stock of the railbenefit from such a course-one that experience with long term securities way company was increased Mr. would indicate—and that is increase Warne stated that shares to the par

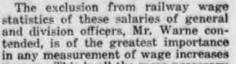
division officers. In 1920 these num-bered approximately 22,000 and their president shall elect and determine," annual salaries from more than one total annual salaries exceeded \$92,000,which contributions were in addition company. 000, not including the railway officials

to the annual salaries of the officials, these latter ranging from as high as \$75,000 to \$32,000.

Other Salary Abuses

The commission, according to Mr.

Mr. Warne claimed that this very increase in salaries of officials had been included as a part of the total Mr. Warne also called the attention be a fact by referring to instances in wage increase to employes in statis-tics presented before the committee



proper. This is all the more necessary Warne, very mildly characterizes this failure of the Chicago, Rock Island & Pacific to state on its pay-roll the average wage received by the em-

true amounts paid to its officers as merely "another misleading and ob-jectionable practice of the railway company's officials." This average wage, the witness de-clared, had been greatly exaggerated in the testimony of witnesses for the railroads, the actual money wage re-

of the committee to what he claimed to ceived by the great majority of rail-(Continued on page 12)



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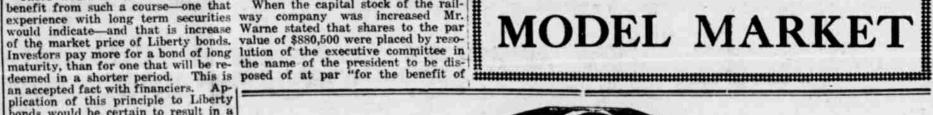
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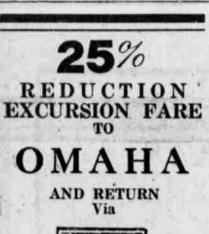
Phone 30

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gree of efficiency was injected into business operation. The immediate The immediate result has been that business has curtailed its expenses practically to the pre-war basis, and is gearing up its





MARCH 5, 6, 7 Final Return Limit March 13 Account MERCHANTS MARKET ASSOCIATION

13

8 30

Debts Fall Due.

And that has not included adequate provision for the retirement of so much of the public debt as is of short maturity. Secretary of the Treasury A. W. Melon has pointed out that

within the next two years, about seven and one-half billions of short-dated debt or about \$75 for every person in the country, will fall due. Also that only about one billion dollars will be available for such retirement at that time and that other arrangements to carry the balance will have to be

made What reduction has already been made in the short-dated debt which originally was over nine billions, has been made possible in large part by reduction of the general fund and by receipts from war salvage, but only

in a very limited measure by tax receipts. Altogether, the county's gross debt

amounts today to approximately twen-ty-four billions. The greater part of it matures within seventeen years, and the balance falls due in the nine succeeding years.

When it is considered that the taxpayer today, as pointed out, is already required to pay in annual interest charges alone practically as much as bands of receivers. was the entire public debt of five years has been costing about nine times as much as before the war, it is not difupon the taxpayer to retire the war In other words, he would have debt.

_70c

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bonds would be certain to result in a greater demand for them and in their ncreased value in the market.

With requirements for ordinary current expenses reduced by governmental agencies of every kind, by radical retrenchment, and the distribution of the payment of our public debt over a longer period, we would be safely on our way once more to a period of enduring, natural prosperity.

The Railroad Column

(By W. S. CARTER, President Brotherhood of Locomotive Firemen and Enginemen.)

How Wage Statistics are Juggled

The American people, within the recent past, have been overwhelmed with railroad propaganda, (1) for the purpose of reducing the wages of railroad employes, and transferring to the treasuries of the railroad corporations the benefits of same, and (2) to convince the people that freight and passenger rates cannot be reduced, without throwing the railroads into the

A marked feature of this propaganago, and that governmental operation da has been false statements as to the "average earnings of railroad employes," which have gained great pubficult to realize the onerous burden licity, at enormous expense to the railroads, and have placed railroad employes at a serious disadvantage in to provide an average of a bllion the public's mind. At hearings of the senate committee of interstate commerce, conducted under the provisions of senate resolution 23, such exaggerated "evidence" was presented regarding the compensation of railroad employes that Dr. Frank J. Warne, leading economist of Washington, D. C., was employed by the transportation employes to analyze these statements of the railroads and make re-port of such analysis to the senate committee. On November 26 Mr. Warne appeared before the senate committee and testified at length concerning the same.

He reviewed the experience of the four brotherhoods with alleged wage statistics presented by the railroads before federal boards of arbitration in wage controversies since 1910, and stated as a conclusion that these railway employes had proven these statistics to be incorrect and misleading and not representative of actual facts. He claimed that this was also true of wage statistics presented before the interstate commerce committee, in its present hearings by railway witnesses, and then proceeded to point out in detail what he charged to be their inac curacies.

One of these "statistical fallacies" he claimed to be the inclusion in wage statistics presented by railway wit nesses of salaries paid general and

Make Money In Dull Times

SECTION

AD

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