

The Dual Plan for the Ownership and Operation of Railroads

Statement of William Jennings Bryan, before Committee on Interstate and Foreign Commerce, House of Representatives, August 29, 1919

Mr. Bryan. Mr. Chairman and gentlemen of the committee, in the first place I desire to express my appreciation of the privilege you extend to me of presenting my views on this subject, and I appreciate this opportunity all the more, because public thought is turning to the subject and the time is ripe for action.

It is difficult to get all the people to consider any question far in advance of the time of its solution, but when the time is ripe they consider what is said, examine plans, and decide.

If you will pardon an illustration, I was thinking this morning of a story I heard some years ago. An atheist was trying to present his side of the religious controversy to his own child, who was attending Sunday school. He wrote on the blackboard, "God is nowhere". The child looked at the statement and read "God is now here".

For years, when we have talked about government ownership, the subject has seemed to be nowhere. We can now describe it as a subject that is now here. It is because it is here, and because the people are reading and thinking about it, that I appreciate this privilege of presenting here a plan that I have tried to present for many years, but for which I have not found a hearing because the time was not ripe.

In the second place, I recognize that my views have no weight except as the reasons that support them may have weight. You have had before you persons who spoke for organization, some for security holders, some for stockholders, some for railroad managers. And you have had those who have spoken for labor organizations. When men speak for others, you weigh their words in proportion to the importance of the organization for which they speak, or in proportion to the numbers for whom they speak. I speak merely as an individual, as a citizen, and can claim no greater attention than you are willing to give to one who is interested in every problem of government and who has had some opportunity to consider this question and to watch the development of the forces that will finally settle it.

FUNDAMENTAL PROPOSITIONS

In order that I may present exactly what I want to say, I have written down and will read, with comments, certain propositions which I regard as fundamental.

The first question to be asked and answered is: Shall the railroads be owned and operated by private corporations or by the public? Until this question is answered we cannot intelligently consider plans, because all the plans presented involve one theory or the other, and according as one takes the side of private ownership or the side of government ownership, he will be interested in the plans that embody that idea. The first question to be decided, therefore, is that fundamental question, whether the railroads shall be owned and operated by private corporations or owned and operated by the government.

This question must, in my judgment, be answered in favor of public ownership and operation of the railroads. I am led to this conclusion by the fact that the railroad is a monopoly—at least, it partakes of the monopoly to such an extent that it must be considered and treated as such.

I begin with the proposition that a private monopoly is indefensible and intolerable. It is indefensible because it cannot be defended, and intolerable because a thing that cannot be defended cannot be tolerated in a republic where the people are the source of power. Where competition is impossible and a monopoly therefore necessary, it must be a government monopoly, administered in behalf of all the people and not a private monopoly administered for the benefit of a few of the people.

The principle involved is easily understood if we will only apply to this question the common-sense rules of daily life.

I digress a moment to say that the basic argument in favor of popular government, the basic

argument in support of the doctrine that the people are capable of self-government, is that all great questions are, in their last analysis, simple questions and can be solved by the application of the rules of daily life.

At Panama I was convinced that we had used the wrong word in describing the canal. We had spoken of it as a great undertaking; it is really nothing but a big undertaking, for there are no new principles introduced in its building. The Culebra Cut is 9 miles long and at its highest point 350 feet deep, but when one, riding upon a railroad, goes through a little hill and sees the banks of the cut on either side he sees the same principle. The Culebra Cut is simply the little railroad cut multiplied millions of times. The same is true of the Gatun Dam. It backs up the water and makes a lake over 100 miles square; but anyone who has ever seen a little dam thrown across a stream in a pasture, making a pond for the cattle, understands the principle. The Gatun Dam is just this little dam in the pasture, multiplied millions of times.

And so, as I see it, the question of private monopoly is settled and settled conclusively by the application of one of the most common and best-understood principles known among men.

We have good judges in this country. They are selected because of their probity and character and the confidence that the people have in them. And yet, who would think of allowing a judge to try his own case? There is not a civilized country in the world that will allow a judge to try his own case. Why? Because we recognize that the unconscious bias in the individual in favor of himself makes him unfit to try a case in which he has a pecuniary interest. We understand it so well that we will not allow a man to be 1 in 12 on a jury if he has any interest in the result of the trial.

Apply this everyday, common-sense principle to the private monopoly and what do you find? You find that under the private monopoly system we allow a man—not a judge selected because of his character and probity, not a judge selected because of the confidence the people have in him, but just a man, a stockholder in a corporation organized for no other purpose than for the making of money; a man selected by other stockholders interested as he is; we allow that man to act as judge and jury and decide everyday questions where his interests are on one side and the interests of the people on the other side.

No one can defend a private monopoly, when he understands it, unless he has so much stock in it that the income from the stock silences his conscience.

OBJECTIONS TO PRIVATE MONOPOLY

I beg to submit three arguments against the private-monopoly, arguments which I believe to be unanswerable. First, the economic argument: A private monopoly destroys all the incentives to progress. Under competition it is to the interest of the producer to furnish the best article at the lowest price, because in this way only can he secure business. Thus, his interests are on the side of the purchaser, or, at least, identical with the interests of the purchaser. But an entirely different condition is created when competition is eliminated; then the producer is tempted to seek his own advantage only and do this by furnishing the poorest article at the highest price.

But even if it can be shown that under private monopoly the purchaser could secure the best article at the lowest price—a thing that cannot be shown—the purchaser would not dare to avail himself of the economic advantage because there are two political arguments which far outweigh any advantage which a private monopoly could possibly bring.

This brings me to the second objection, namely, that the private monopoly creates a group of men who, reaping where they have not sown, become conscious that they are not giving an equi-

valent service for the money they collect, and therefore, begin to distrust popular government, because they are not willing that their victims shall make the laws necessary for their own protection. We cannot afford to build up in this country such a group, made un-American and hostile to popular government by the privileges which they are allowed to enjoy.

Third. A stronger argument still is to be found in the fact that the victims of the private monopoly, increasing in number as monopolies grow and flourish, become discouraged if not driven to despair. They see a group of men, influential because financially powerful, able to dominate the government and defy the law while they hear but the echo of their own voices when they plead for relief. It is in the hearts of such men that the seeds of anarchy can be sown. Victor Hugo says that "the mob is the human race in misery". We cannot afford to allow men to be made miserable by injustice.

I have not attempted to present all of the objections to private monopoly; there are many others. If there is but one employer, the employees are at his mercy, just as the consumers are at the mercy of the producer when there is but one producer and just as the producers of raw material are at the mercy of the purchaser when there is but one purchaser. I content myself with presenting the three objections which I regard as fundamental and of universal application.

If a private monopoly is indefensible and intolerable, and if a railroad must be considered and treated as a private monopoly, then we may proceed to the next question, namely, how can the transition from private ownership to government ownership be made with the least disturbance to business and with the least risk to all concerned?

ONLY QUESTION OPEN FOR DISCUSSION

Believing as I do that a private monopoly is indefensible and intolerable, and believing as I do that the railroad partakes so much of the nature of a private monopoly that it must be considered and treated as such, I ask you to consider the only question open for discussion at this time, namely, how can the transition be made most easily and with least risk or danger to all concerned?

The plan which has received most consideration contemplates the federal ownership and operation of all the lines of transportation. I beg to propose as alternative what may be described as a dual plan, which contemplates the ownership and operation of a federal trunk-line system, sufficient to reach into every state and make each state independent by giving it an outlet for all it has to sell and an inlet for all it has to purchase and the ownership and operation of all the other lines by the states in which the lines are situated. I beg your attention for a few moments as I compare these two plans.

You have had before you what is known as the Plumb plan, presented with the indorsement of the railroad brotherhoods and, I think, also of the Federation of Labor and some farmer organizations. The Plumb plan provides for the nationalization of all the railroads. I do not care to go into the details of it or to express an opinion of it as a plan. I desire rather to submit an alternative plan, only stopping to say that I agree entirely with the fundamental proposition upon which this nationalization plan is based, namely, that the government should own the railroads.

SOME PROVISIONS OF PLUMB PLAN

I am not here to discuss the Plumb plan, but I do not think it unfair that in the operation of the railroads the 2,000,000 employees should have one-third representation on the board of management. When we remember that we have tolerated a condition under which railroad magnates had three-thirds control and never considered either the patrons or the laboring men,