

we ought not to be too much alarmed at possible consequences if the employees have one-third representation.

If I understand the plan correctly, it also gives one-third representation to about 20,000 officials, who are distinguished from the employees in the classified service. The 20,000 (or nineteen thousand and some odd) are, I believe, described as "officials", while the 2,000,000 are described as "employees in the classified service". I cannot understand why 1 per cent should be given the same proportionate representation in the management that 99 per cent are to have. That is, I cannot understand why 20,000 men, described as officials, should have the same representation in the board of management that is given to 2,000,000 employees, known as men in the classified service, and still less can I understand why 20,000 officials should be given as much representation as all the rest of the people of the country.

I do not object to the one-third representation to the employees, but I hardly believe that the American people will consider favorably a proposition by which 20,000 employees, known as officials, shall have as much influence in that board as the people who pay the taxes and furnish the money to pay the employees, both in the classified service and in the official class.

There are many good things in that proposed plan; for instance, the provision by which they would have a sinking fund, and in something like 30 to 40 years pay off the cost of the roads, so that the dividend can be eliminated and the roads run for the benefit of the people without subtracting anything to pay for the roads themselves, they having been paid for by the money paid into the sinking fund.

If I was compelled to choose between private ownership, as it will be if we have it, and nationalization, I would take the risk of nationalization rather than the risk of private ownership.

Advocates of private ownership make three objections against nationalization, which I am prepared to answer to my own satisfaction, although I will later present the dual plan, which, I think, is better than nationalization of all the railroads.

The three strong arguments, as I see them, against nationalization are, first, that it would cost some eighteen to twenty billions to buy the roads. That would be quite an addition to the public debt of the country; but as the traffic has to pay the interest that the railroads pay and the dividends that the stockholders receive, a smaller traffic charge would be necessary from the public to run the railroads if the government owned them than would be required to run them if private individuals owned them. The American people, therefore, would not have to give up as much money for their railway service under national ownership as under private ownership.

THE RAILROADS IN POLITICS

A second argument made by the advocates of private ownership against nationalization is that if the government owned the railroads it might use them in politics. While I see force in that, I cannot understand why that argument should be advanced by the advocates of private ownership, for the government could not, if it tried, do worse than the railroad magnates have done when they have used the railroads in politics. There has not been a day in 25 years when the railroads of the United States have not been in politics. They have elected governors and legislatures and senators and congressmen and judges. They have controlled party conventions, and they have had their lobbyists at the national and state capitals, corrupting all who could be corrupted and coercing all who could be coerced. The government could not, if it tried, use the railroads in politics to the same extent, for it would have to act publicly. It could not, if it tried, use the railroads so corruptly and so greatly to the injury of the public as these railroad magnates have done and will, for they expect to be in politics in the future even more than they have ever been in the past.

I have been in a position to inspect the machinery and know what they were doing. They have for years sought to take from the states all authority over railroads. They have sought to deposit all control at Washington. In the interest of more efficient control? No. In order to avoid control, because they know that it is easier for the railroads to control a congress, sufficiently to work their will, than to control the forty-eight states, whose representatives are nearer to the homes.

I need not discuss this in detail or give illustrations, but I know that the Pennsylvania Railroad and the Baltimore & Ohio Railroad had their representatives in Washington at the time when the new depot was being provided for and that they used their passes to secure the appropriations they desired. They had their passports here, as I learned from men who came into contact with them.

RAILROADS THROTTLED BILL

For ten years the railroads at this capital prevented the carrying out of the recommendations of the Interstate Commerce Commission, when it was asking for an enlargement of its powers. For ten years they were able to throttle that bill in the senate. When I was in congress a quarter of a century ago, I remember a little bill, it looked like an innocent bill, requiring the Rock Island Railroad to stop its trains in Oklahoma at two towns that the government itself had laid out. There were two towns near that were laid out by private individuals, who had more influence with the railroads than the government had, and the railroads stopped their trains at these private towns, laid out and owned by private individuals, but would not at the government's towns. We passed a bill through the house requiring them to stop the trains at the government towns, but it was held up in the senate until the people became so indignant that they tore up the tracks, and compelled the trains to stop. Then the senate allowed the bill to pass.

You will remember that a recommendation was made some years ago in regard to national incorporation. I knew for years that they were trying to get it, and I thought I knew why. The first comment that I saw in the paper on that recommendation, made by a president, was cabled from London. The man whose interview was so important that it came across the ocean by cable was named Stickney. He was the president of a western railroad. I cannot quote it verbatim, but what he said in substance was that he approved of national incorporation, because it was the only way the railroads could escape from the demagogues in the state legislatures. I happened to know that only a short while before that the "demagogues" in the state legislature of Minnesota had appointed a committee to investigate his railroad, and that the committee reported that his road was stocked and bonded for about three times what it would cost to reproduce it.

I only mention these as illustrations. What the railroads want is the concentration of all authority at Washington. They want to rob the states of all power to control the traffic within the states, and then they want to consolidate all the lines into a few great trunk lines.

A few weeks ago it was suggested that we have 25 or 50 systems instead of some 350 that we have now; but I think Mr. Hines suggested 15; if I remember correctly, he at one time suggested from 6 to 12. Now, why not be frank and say that what they want is one system? They may take 25 if they cannot get any greater reduction, but they would prefer 15; they would like 10 better; they would be more pleased with 5, but what they want is one.

What they want and what they will have, if they can control public opinion and continue private ownership, is one gigantic monopoly, the greatest the world ever saw, with all the banking power back of it and all the big newspapers controlled by it, and then the question will be whether the government will own the railroads or the railroads own the government.

Pardon me if I have spoken with earnestness, because a man cannot pass through what one has to pass through, if he seeks to protect the public from the creed of private monopoly, without speaking with earnestness upon the dangers that are involved and the injustice that is done.

I repeat, I am not afraid of the government using these railroads in politics, because it cannot do as badly as the railroad managers have done; but to my mind there is a third argument against nationalization that is a much more serious argument. It is the argument that I am trying to meet with the dual plan.

DANGERS OF NATIONALIZATION

The third objection is the centralization of this tremendous power at Washington. To my mind, the only argument against nationalization that you need to consider seriously is this, because it is so much greater than any other argument or all others combined, that, in my judgment, it stands out as the one that demands consideration, namely the concentration at Wash-

ington of all the power involved in the nationalization of all the railroads.

If I had to choose between the concentration of all this power in New York in the hands of railway magnates and the centralization of all this power in Washington in the hands of government officials, I would without a moment's hesitation prefer to risk concentration in the hands of public officials rather than in the hands of railroad magnates.

But, gentlemen of the committee, I am afraid of centralization. I am afraid of it, because I believe that nationalization of the railroads will go far towards the obliteration of state lines. Remember that the railroad systems collect a revenue each year that is more than our national revenue in ordinary times, and therefore it would require an enormous bureau to manage the business. If we attempted to manage it by direct action of congress, congress would not have time for that business, let alone other business. If we attempted to manage it by a bureau, we would have all the difficulties that come with bureaucracy.

While, I repeat, I would prefer to risk that rather than to risk the concentration of power in New York in the hands of railroad magnates, I would like to avoid both if I can. Daniel Webster has described this government according to my idea — at least, his description of it fits my views better than any other description I have found. He speaks of "an indissoluble union of indistructible states". I believe it is as necessary that the state shall be indestructible as that the union shall be indissoluble, if a comparison on such matters is proper.

What I mean to say that we cannot afford to destroy the state. We cannot afford to concentrate all power at Washington, and my chief objection to the nationalization of all the railroads is that it does concentrate at Washington a power and an influence that will go further towards centralization than all other things that have been done since our constitution was adopted.

And now, repeating again that if I had to choose between this centralization in the hands of public officials and the kind of centralization the railroad magnates want in their hands in New York, I would infinitely prefer to take my chances on the government officials in Washington. I will explain the dual plan.

THE DUAL PLAN

As far back as fifteen years ago I reached the conclusion that we must have government ownership in this country, not immediately, but ultimately. And I may add that the final argument that turned the balance and determined my decision was the corrupting influence of the railroad in politics. I had seen young men go out of school and college with their hearts in sympathy with their neighbors about them. I had seen them become the attorneys for a railroad in a county, and then they would begin to look forward to the time when they could be attorneys for a group of counties and then for the state, with the attorneyship for the system as the ultimate goal.

I had seen these young men weaned away from sympathy with the people until they were the lobbyists of the railroads, representing them in political conventions and having their rooms at state capitols. Subsequent observation has confirmed this opinion. In 29 years of experience in public life one sees a great many things that are not discerned in a day or a year.

As soon as I became convinced that government ownership was the only solution of the difficulties and the dangers involved in private ownership, I began to seek for a plan that would give us the benefits of government ownership without the dangers of nationalization. This was the purpose that I had in mind when, back there when no one paid any attention to what was said on this subject, I was trying to bring before the public a dual plan that I am here to present to you. I believe that it gives the benefits of government ownership without the dangers involved in nationalization.

The dual plan is simply this: Our government is a dual form of government. We have our national government dealing with national questions and international affairs, and we have our states, and under them are our counties and our cities, dealing with local matters. I believe it would have been impossible to administer this republic as we have administered it without the adoption of that dual plan. If everything had to be done in Washington, it would have been physically impossible for the men, representing here