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Reasonable Railroad Rates

A Scientific Study
By A. J. Gustin

The people of Nebraska are well acquainted with the long and patient study that Mr. A. J. Gustin has given to the question of reasonable railroad rates. He has devoted some years to it and has fought out many cases before the courts and the interstate commerce commission. During these years he has acquired information that will be of much value to the people of the United States. Mr. Gustin begins a series of articles in this issue of The Independent that will have great influence upon the settlement of the question of extortionate rates, rebates and discriminations. That question at present seems to be the "paramount issue." It is a question that concerns every citizen. Mr. Gustin says:

Editor Independent: I have been requested to write an article, or a series of articles on Governmental Ownership, for The Independent. I know it is a part of the political faith of the people's party that the government should own and operate the railways. In common with them, I in the abstract, believe in that theory, but I think it would be advisable for us to do something towards solving the railroad question in a concrete way, and at once, rather than delaying action until such time as the people can own and operate the railroads. My articles will therefore be more in the nature of suggestion as to practical means of operation of the roads and governmental control, rather than as to their ownership. The writer has had more than ordinary experience in study of railroad rates, more so than has the ordinary individual, because of being interested in suits before the interstate commerce commission since 1889.

The writer was deeply impressed by a remark made by Judge Kelly, counsel for the Union Pacific railway. In a hearing before the commission, in which he said substantially for the sake of argument, we will concede the rate should be lowered on sugar, as Gustin suggests, but we have a decision from the federal courts allowing

us to make such rates as will enable us to get all the revenue we now receive; because it has never exceeded what it should be, and if we lowered the rate on sugar we should have to raise it on some other commodity which would make it as burdensome for that commodity as Gustin claims the rates now are on sugar. Prior to that time I had been contending for a certain specific rate, accepting the individualized idea of rate making, as the railroad men had always construed them, rather than figuring from the basis of what was absolutely right to all parties at interest in rate making. A further study of the reports of the roads as made to the inter-state commerce commission in the tables compiled by the statistician of that body led me to conceive the idea that the average rate must of necessity be a just one. To a business man it looked reasonable that no one knew better than a railroad man what rate he was entitled to, the same as any business man or mechanic knows better what to charge in his line than some one who is not experienced. Conceding that the gross rates should be as the railroad man claimed and taking their statement for the number of tons they had hauled, and the gross revenue they had received for that tonnage, I was surprised at the low rate of freight the average rate was shown to be. If I had had no information on the subject and came one in an off-hand manner had asked me to guess what the average rate of freight was, with distances and classification eliminated from the calculation, being used to the high rate of freight that merchandise brings, I would not have guessed under 30c or 40c per 100 pounds. But if any one will take the trouble to study the inter-state commerce statistical reports they will find that in 1902, 1,200,315,787 tons of freight were reported carried by all the roads of the United States. The gross revenue from that tonnage was \$1,207,228,845. (See page 76 of 1902 report.) In other words, a slight revenue over \$1.00 per ton was received. In other words, had

a freight stamp been purchased and cancelled for each 100 pounds of freight shipped, a 5c stamp, with the saving such a simple means of computing revenue would have made for the roads, we would have been able to have sent all the tonnage that was carried, given the roads all the revenues they got, and the consumer would have paid but 5c a hundred.

This is no wild dream, it is a simple mathematical fact which is proven by the statistical report compiled from the railroad's sworn reports to the interstate commerce commission. From the first year to the present, and the average for all that time, notwithstanding the rate of freight in its transportation, does not exceed 50c per hundred pounds during the seventeen years' report. Tables are given herewith showing the ten groupings in which the statistician has divided the United States. His idea being to compile the statistics in each locality of the United States with a view to accommodating the railroad men in their ideas that one locality was a much more expensive one than another in which to conduct railroading.

The readers of The Independent are mostly located in group 7 as by consulting the map you will see what territory each group comprises, and by consulting the tables compiled underneath the map you get an idea of what the rates are in your group, compared with those in the other groups, as well as the tonnage that is carried.

The distinguished judge who recently decided the sugar case in federal court is reported to have said that no proof was produced to show that the rate complained of was in itself an unjust one. The distinguished judge is not to be condemned for thinking that any rate could be charged as standing alone, and be a just rate, for I do not suppose one man in a thousand would figure any different in our present uniformed state of mind on that question.

My study leads me to take the position that any freight rate that is greater than the gross rate received for the average 100 pounds of freight

hauled any one year is per se an extortionate rate and an unjust one to the consumer. On the other hand, any rate that is less than the average rate is per se an unjust rate to the railroad. Per se, means taken by itself, and one would as well think of computing a drop of his blood by itself in estimating value of his circulation as to make a shipment by itself and make it alone to estimate value of transportation. No railroad can be built without exercising what are called the rights of eminent domain and every individual human atom in our republic is fundamental in granting these rights so that no one individual, no one criminal, no one debasement from... freight... but... have charge such as the postage stamp for all to be treated alike without discrimination.

I notice that Mr. Bacon, a gentleman who is representing some business organizations before the interstate committee in congress, at this time, there are seven business forms of discrimination which he enumerates: rebates, discriminations between cities, between communities, between commodities as to distances and between quantities and that there are discriminations between domestic and export traffic. He is undoubtedly right in all his claims and yet no proposition of rate making other than a postal rate will give the roads all the revenue they now get and at the same time do away with all the discriminations he enumerates. Before these articles are finished suggestions will be made as to how the commission should be reformed and how the government should sell freight stamps, receive all the money for freight traffic and through actuaries appointed in each of the ten groupings of the United States apportion the gross revenues among the roads as their records show their average rates entitle them; and in that way give each individual road that which it has earned and at the same time enable the public to have a 5 cent per hundred rate.

New York's Suffering, Starving Poor

Sandwiches Distributed at Midnight.

New York, Jan. 22, 1905.—(Editorial Correspondence.)—I saw a sight last night and again tonight which caused me to study a good deal. William Randolph Hearst is doing a work here which, I suppose, would receive censure from the Charity Organization society of Lincoln—and possibly the one here. He has a big van on the square north of Twenty-third street (Madison Square, isn't it?) and two men handing out free sandwiches and coffee to all who get in line and reach the wagon. I watched that line with interest both nights and studied the men. They were better dressed as a rule than farmers generally go about their work at home. Some of them were rather hard-visaged, but generally they were not a bad-looking lot. Of course, they looked hungry—their standing in line so long was evidence of that, although their patience surprised me, because a hungry man is usually anything but patient.

I estimated that about a thousand men were in the line when I saw it. I saw no women or children—and that made me wonder how the wives and little ones of these men were faring. If the husband and father could stand in line for an hour or two to get a sandwich and a cup of coffee, what must be the condition of the larder at home—if home he has?

A long, silent line, that. No disturbance, no disorder. Scarcely any in line spoke a word. Some stamped their feet a little to keep warm, and kept edging up as the line progressed. But the silence was almost oppressive. One couldn't help wishing that the line would cheer a bit for Hearst and the American—or growl a little—anything, in fact, that would make it seem natural. The police, I suppose, see to it that the mighty ones who live upon Fifth avenue above shall not be disturbed by anything so unseemly as a

hungry pauper using his voice.

I longed for the gift of clairvoyance so that I might read the thoughts of the line. I wanted to know what the men were thinking about—whether their thoughts were as quiet and submissive as their actions. I wondered if any of them still believe in the necessity for money "good in the markets of the world." I wondered if any of them still believe in "standing pat" for "protection to American labor." I wondered if any of them still believe in private ownership of railroads and telegraphs, and telephones, and street railways.

Such men are a fertile field for the demagogue to plant with the seeds of destructive anarchy—not the ideal sort of "voluntarism" which our friend Wibel of California teaches, but the kind that kills and burns and dynamites. I can't believe that a hungry man's thoughts are quiet as that line was. Possibly Mr. Hearst's charity enfeebles their manhood, just as Chancellor Andrews said such indiscriminate giving will do (in his recent lecture at St. Paul's)—and possibly Mr. Hearst ought to have each case investigated by an expert sociologist before handing out the coffee and sandwiches—I don't pretend to know, not being a sociologist myself. But I do know that such a line doesn't speak well for civilization. It shows something wrong with our distribution of wealth.

Tom Lawson, in Everybody's Magazine, is showing where some of our faulty distribution of wealth comes in. He writes from the stock exchange point of view, and very entertainingly, too; but his cure is to be effected without any change in the existing laws—which means a continuance of private ownership of transportation, communication, and the issue of money—and, well, if it works, we'll all

be surprised—but happy nevertheless.

Ainslee's is picking up now with a story, "The Deluge," by David Graham Phillips, which we are assured will tell us how to do the trick Lawson hints at but hasn't yet told. The story is well written and its hero is made as nearly like Tom Lawson as our copyright laws will allow without a suit in equity. Mr. Phillips has just started in, but he's somewhat Lawnesque himself, telling plenty of evils, but giving no remedy.

With so many magazines stirring the troubled waters, it looks as though there would be some surprising things happen when they begin to settle and clarify. It's not difficult to be an iconoclast and smash things, especially when there's so many that ought to be smashed, but it will require some pop doctrine to teach a few truths about constructive measures. Tom Watson's Magazine will endeavor to do its share of such teaching. Watch for the first number—out February 25. CHARLES Q. DE FRANCE.

President Elliott on Labor

Cincinnati, O., Jan. 22, 1905.—This was the subject of some comment by Herbert S. Bigelow, in his point at the Vine Street Congregational church, Sunday night. President Elliott was quoted as saying:

"I have lately had occasion to think a good deal about the conditions of labor in our American society, and the saddest thing that I have learned is the lack of the happy spirit of labor in American industries. That is a most pathetic and lamentable thing. What is the cure for this prodigious evil? It is the bringing into American industries of the method and spirit of the artist. The artist rejoices in his work; it is the chief satisfaction and happiness of his life."

"Not a prodigious remedy," said Mr. Bigelow, "for so prodigious an evil there is a lack of happiness in the work of the American people. This is a prodigious evil. The cure for it is to introduce happiness into the work of the American people. A truly re-

markable suggestion.

With this kind of reasoning, what problem need stump us? Poverty is a prodigious evil. The cure for it is riches. Intemperance is a prodigious evil. The cure for it is temperance. Sickness is a prodigious evil. The cure for it is health.

If the American workman is not happy, why not? The last bulletin of the Labor Bureau furnishes some official statistics which have a bearing on the subject.

In Indiana the wages of 48,225 employes were investigated, and the average was found to be \$8.77 a week. 8,494 carriage workers were found to receive an average of \$6.98 a week. The average for nearly 2,000 paper mill hands was found to be \$6.57 a week. Conditions were better in Illinois. The average weekly wage of 80,881 employes in this state was found to be \$9.70. In Missouri the average for over 10,000 investigated drops to \$8.70 a week. In this state there were three free employment bureaus that received over fifteen thousand applications for positions. They were compelled to send five thousand of these applications away into enforced idleness.

In this same report, the labor commissioner informs us that the employes of the woolen mills of New Jersey get \$6.43 a week. The factory hands in Pennsylvania were found to get \$9.28 a week. The Anthracite coal miners made \$9.53 a week. And the men who have not the privilege of mining coal but who are able to get jobs as helpers merely, made an average weekly wage of \$5.89.

Now, suppose we take one of these \$5.89 a week men. Call up a picture. A miner's hovel. Six small children. Why not? Fight mouths to feed. Flour, shoes, clothes, school books to buy. Rent to pay. \$5.89 a week. Just slip into his boots. How would you like to put your hand on that man's shoulder and say:

"My man, I perceive that you do not go about your work happily. This is a prodigious evil. Now the cure for this is simple. You should become a kind of artist. You should have no