



*Will the railroads be able to survive the double threat of unfair competition and the increasing demands of their own laborers?*

Right before the eyes of this generation of Americans the great railroads which our pioneers spread out all across the growing Republic—because of gigantic geographical, financial and political difficulties—are being killed off. Few things in America are more vital to us in time of war than our railroads and our Kremlin enemies surely gloat over our stupidity as they watch us commit our own domestic transportation's suicide. This month two experienced observers join in comments for MERCURY readers which we think most pertinent.

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## CAN RAILROADS SURVIVE?

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### I

#### THE GOOSE THAT LAID THE GOLDEN EGG

*by Frank W. Ball*

I AM AFRAID that we have the goose that laid the golden egg groggy and a bit droopy. I work for the Chesapeake and Ohio Railroad and have just spent a week in one of our fine hospitals. I was attended by three doctors, a trained nurse, and other hospital personnel. I was in such pain that I thought I had a fractured vertebra or a slipped disc, but X-rays disclosed none. Instead it was a torn ligament that kept me away from work for six days. The hospital didn't charge me a dime. I have free medical protection for myself and family, up to a maximum price. They discharged me at 9 A.M., but when I told them I couldn't get away before 1 P.M. they asked me to be their guest for dinner.

The railroad claim agent came promptly to my house with a \$100 check for the time lost because of an injury sustained. I admitted it was due to my own awkwardness.

I see by the papers that John L.

Lewis has made it official that his union will make no more wage demands for the present. He says, also, that coal operators will not be asked to give the miners a three-day Christmas 1958 holiday with \$40.00 holiday pay. Coal sales have been waning and coal operators' profits have been lagging.

Old John L. knows the score. He has done very well for his miners, though. When I dumped coal from a West Virginia coal mine 40 years ago, the miner got \$6.40 for loading with his weary muscles the famous "sixteen tons." Today he gets \$23.62 in actual wages for loading sixteen tons—with push buttons and levers. He has a \$26,000,000 hospitalization setup, holiday pay, unemployment pay, and a health and welfare fund to take care of him when he is old or disabled. He owns a home if he wants to, trades where he chooses, and gets the old \$6.40 paid into his health and welfare fund in addition to vacation pay of \$140.00 a

year, or a total of \$32.26 in wages and fringe benefits. The day worker averages about \$20.00 a day in wages plus the fringe benefits.

My railroad's chief income tonnage is coal. Railroad men in the non-operating groups (those not engaged in running trains) gained a 24-cents-an-hour pay increase in 1956 plus escalator raises geared to a cost of living index that will garner us, as inflation increases, ten or twelve cents an hour more. The first ten cents, plus three more from the escalator, started November 1, 1956. We got seven and five more November 1, 1957, and will get seven and whatever the inflation escalator index reads November 1, 1958. In addition we won free medical care generally. Added to this were seven paid holidays. We already had a pension plan second to none in the nation, paid for half by the employee, half by the company. It costs the nation's railroads nearly \$20.00 per man per month to keep this system in operation.

Pretty good, I say. I like it. But I have begun to worry a bit lately.

I've seen it reported that the last wage and fringe benefits will cost the American railroads \$750,000,000. That's quite a wad. More money than I can imagine. When the first wave of raises and fringe benefits struck the companies' coffers, a lot of railroad common stock fell a bit. The second wave has just hit the hoppers as this is

written and stock that once was 62.2 on my railroad has dipped to 48. *Thousands of railroad men* now own railroad and other corporate stocks. So do a few million other "little" people. The C & O Railroad has twice as many stockholders as employees.

Free medical care for railroaders' families has made necessary an extension of the C & O's Huntington, West Virginia, hospital that will cost over \$250,000, the railroad estimates.

So much for the railroads and the coal mines. But it goes without saying that money paid out of *any* company's coffers affects the soundness of that company's financial structure and its standing among its fellow organizations. On the other hand, a poorly paid labor force is an inferior labor force. I know from experience that you can't run a present day business with morons.

FOR OVER thirty years I have read labor publications avidly. I used to rejoice when I saw where some union had won something for its men from the big bad industrial organizations. But my exuberance has waned considerably when I read of the mighty new "concessions" won by labor unions from the corporations—even when I am the benefactor.

I remember reading as a child about a man who owned a goose that laid a golden egg daily.

# **A SENATE OBJECTIVE:**

## **II**

### **RESCUING THE RAILROADS**

*by E. F. Tompkins*

A SUBCOMMITTEE of the U.S. Senate, in public hearings, has reviewed a parade of railroad presidents—no fewer than twenty of them.

At long last these so-called magnates have been permitted to discuss with responsible lawmakers the “deteriorating railroad situation.” The situation is critical. The Subcommittee Chairman, Senator Smathers (D-Fla.) announced: “Available statistics indicate that the American railroads are heading for serious trouble.”

The “trouble” may be serious, in peace as well as in war. For the railroads are still the mainstay of our domestic transportation. They carry 35 percent of our commercial passenger traffic. They haul nearly half of all the freight that moves between the cities, and they are compelled to compete against other forms of transportation while hampered by an obsolete pattern of Federal regulation that does not similarly hinder their competitors.

They do all this without the benefits of immense public subsidies which these competitors receive.

As shown by statistics, net working capital of the railroads has been so restricted that today it is barely sufficient “to meet the payrolls of the railroads for only eight days.” The remedy would be to allow the railroads to earn enough revenue to attract the requisite capital investment. But railroad rates are restricted by the Interstate Commerce Commission under obsolete and dilatory procedures.

Senator Smathers therefore hopes to formulate (1) “desirable changes in ICC policy under existing law” and (2) “new legislation necessary to insure a sound railroad industry as an integral part of the national transportation system.”

Railroads, of course, must own and maintain rights of way and terminals, on which they pay heavy taxes. Their competitors, they complain, are heavily subsidized. David I. Mackie, Chairman of the

Eastern Railroad President's Conference, says:

"In the last quarter century, Federal, State and local government have poured \$5 billion into airport aid. This is about four times the amount the commercial airlines . . . have invested in their own business."

Likewise, as an example, the New York Barge Canal in 1955 collected in revenues "only one dollar for roughly each \$12 expended by the State . . . for opera-

tion and betterment of the canal system." Taxpayers defrayed a deficit of more than \$6,000,000.

THE publication "Railroad Progress" contributes another commentary. Directly or through "counterpart funds," it says, the U.S. has donated "over \$1.3 billion to help support the Socialized transportation systems of foreign countries."

*From the New York  
Journal-American*



### *Counsel From Two Great Presidents*

"We must realize the vitality of a great spiritual force which we call 'nationalism.' The fuzzy-minded intellectuals have sought to brand nationalism as a sin against mankind. They seem to think that infamy is attached to the word 'nationalist.'"

"The spirit of nationalism springs from the deepest of human emotions. It rises from the yearning of men to be *free of foreign domination*, to govern themselves. It springs from a thousand rills of race, of history, of sacrifice and pride in national achievement . . . In our own country, does not the word *America* stir something deeper within us than mere geography? Does not the suffering and the sacrifice of our forebearers who fought for our independence flash in our minds with every mention of the word?"—HERBERT HOOVER, 1954

"An unmanly desire to avoid a quarrel is often the surest way to precipitate one: and utter unreadiness to fight is even surer . . . If in the future we have war, it will almost certainly come from some action, or lack of action, on our part, in the way of refusing to accept responsibilities at the proper time, or failing to prepare for war when war does not threaten."—THEODORE ROOSEVELT, 1897

# Free

— For others —

## American Trade

By Politicus

WASHINGTON-WISE observers have learned to be extremely wary of movements which get off to a bang-start in the Capital. They instinctively look for the special interest which lurks behind the smooth front of the lobbyist and the press agent.

Just about the most expert pressure operation which is now exhibiting itself in Washington is the *Committee for a National Trade Policy*. Comprising big business interests which have sizable industrial capital investments overseas, it supplies most of the steam for the present drive in Congress to lower tariffs and affiliate the United States with the rightly distrusted Organization for Trade Cooperation. The size of this segment of American business may be seen by the fact that, at the end of 1956, Americans had investments of \$33 billion abroad.

Headed by Sidney Swensrud,

chairman of the Gulf Oil Company, the committee's directorate is a cross section of business concerns which have a vested interest in widened foreign trade. They are willing to scrap the traditional policies of the United States to obtain it.

The industrialist who has been the real leader of this committee since it was launched in 1953 is John S. Coleman, president of Burroughs Corporation of Detroit and a former president of the United States Chamber of Commerce. Mr. Coleman was instrumental in swinging the United States Chamber of Commerce behind the low tariff policy during his incumbency.

Mr. Coleman's animus in urging low tariff policies may be seen when we examine the set-up of the Burroughs Corporation, manufacturer of adding machines, which he heads. Burroughs main-