STEPS TOWARD GOVERNMENT CONTROL OF RAILROADS.

THE relation of the Chicago strike and its influences in the development and extension of certain fundamental principles constitute it an epochal event in the labor movement and in the industrial development of the country. Probably no new thought has grown out of it, nor are there any new principles being developed by it, but the strike has emphasized certain principles which have quietly grown into activity, and they are now forcing attention. Principles that have been crystallized into law are now being approved or attacked, as the interests and the ideas of writers dictate. What was considered by large bodies of business men as essential in the government, management, and operation of railroads is now considered by many as revolutionary, although these principles have already quietly taken their place in the body of laws governing the land. The purpose of this paper is to show how the Chicago strike has emphasized some of these principles, their logical extension to other features than those to which they have been already applied, and their influence upon the growth and development of the idea of governmental control, and of industrial arbitration.

The Chicago strike was not constructive of new principles or systems, or destructive of those already existing; but it did emphasize some principles which were not recognized as even existing. The vast proportions of the forces enlisted in a gigantic strike for supremacy are sufficient alone to constitute the Chicago affair an important event without reference to its influence upon legislation and the principles applicable to the management of railroads. As time goes on its influence is being felt in several directions, strengthening and illuminating the contentions of parties on either side of the contest, and drawing careful and critical attention to principles intimately connected with the supremacy of the Federal Government, and its relations to the government, management, and operation of railroads.

The strike has crystallized public sentiment upon a question which has often been argued but never settled,—that relating to the *quasi-*

public character of railroad employees. The country now thoroughly recognizes the absolute necessity of considering railroads as representing not only their own interests but the interests of the public, and that, as they obtain their charters by public consent and are thus and by the nature of their business *quasi*-public corporations, their employees are to a degree *quasi*-public servants and must have a status under the law independent of their status as employees of individual corporations. It has stimulated anew the inquiry which was first made some years ago, during the troubles on the New York Central Railroad and on the Southwestern system, as to how railroad employees can be brought within the influence of statutory provision to such an extent as to be held accountable to the public as well as to their employers. Stability of transportation, stability of business in securing constant delivery of supplies, security in preserving life through such supplies, all demand an answer to the question, and demand emphatically such legislation as will place the railroads and their employees on a basis where they shall recognize their allegiance to the public. I believe that the Chicago strike, in developing legislation which shall accomplish this great purpose, will be worth all it has cost, even admitting the accuracy of the estimates of public journals, chiefly "Bradstreet's," that it involved a loss of over eighty million dollars.

One of the chief reasons why the Chicago strike emphasizes vital principles lies in the fact that it constitutes a subordinate element in a revolution which is quietly taking place in this country, and which accords with that phase of a revolution depicted in an editorial[1] on the recent Report of the Strike Commission in "Harper's Weekly," where it was declared that "the most momentous stage in every revolution is that which takes place silently in the popular mind." The strike was a subordinate phase of this kind of revolution, because there preceded it a revolutionary measure far more significant than that growing out of the Chicago strike, and which is being supplemented by one still more significant.

It is not necessary for me to say that I approach this part of my subject from a standpoint entirely opposed to state-socialism as a system. I have no faith in it, no adherence to it, and no fondness for it, for I believe that as a system state-socialism means the destruction of industry and the retrogression of society. Nor need I assert that I approach it from a point of view antagonistic to what is

[1] "Revolutionary Statesmanship," "Harper's Weekly," November 24, 1894.

known as compulsory arbitration. I have no faith in compulsory arbitration as a system for the settlement of labor troubles. I approach it, further, from the point of view that neither the Federal nor State Governments can or ought to be allowed, as a rule, to regulate rates of wages or prices of commodities.

Notwithstanding these professions, I am not afraid of state or any other form of socialism, but I am ready to re-examine these propositions to which I am opposed and, if expedient, to apply some of the features involved in each of them. In what respect, therefore, does the Chicago strike become a subordinate element in a revolution which is now going on?

In 1887 the Congress, at the demand of the shippers of the country, and in their interest as it was supposed, made the declaration that all charges made for any service rendered or to be rendered in the transportation of passengers or property on interstate railroads, or in connection therewith, or for the receiving, delivering, storage, or handling of such property, should be reasonable and just, and every unjust and unreasonable charge for such service was prohibited and declared to be unlawful. This declaration was made in the "Act to Regulate Commerce," approved February 4, 1887. The Act not only made the declaration which I have recited, but gave power to the Interstate Commerce Commission, created by it, to carry out its principles. It established the machinery for the regulation of freight rates over all the interstate railroads of the United States, and, as a logical result, over all railroads. This declaration has become to all intents and purposes an authoritative interpretation of the Constitution of the United States, because it has been sustained by the courts. In a certain sense it explains the Constitution. The legislative declaration was made under the clauses of the Constitution providing for the general welfare and for the regulation of commerce between the States, and it enlarges the Constitution through interpretation because of the necessity for such enlargement.

The Congress of the United States, acceding to the demands of the shippers of the country, recognized that existing conditions were in conflict with a moral sentiment comprehending the justness and the equity involved in the transportation of commodities essential to the welfare of the people. But this declaration was emphatically socialistic, it was compulsory arbitration, it was emphatically a law regulating the prices of commodities through the price of services. I understand the position of the courts in sustaining this, and

believe the position to be correct, and that is the old principle of regulating pikes, tolls, etc. The declaration of the law was not the declaration of a new principle, but it was the crystallization of an old principle into Federal legislation, with the proper machinery for carrying it out, and the machinery as well as the declaration makes it state-socialistic in character, makes it compulsory arbitration, because it undertakes not only to regulate the affairs of corporations but to arbitrarily adjust the contracts made in connection therewith. What is the consequence of this, as shown in another step in that silent revolution which is taking place?

There is now pending in Congress a measure which has passed the House of Representatives by a very strong majority; it is very socialistic, as much so as any legislation that has been considered favorably by any government in the closing half of this century. As a state-socialistic measure it equals the compulsory insurance legislation of Germany; as legislation establishing the most rigid and stringent laws for the most compulsory of compulsory arbitration it has no equal. I refer to the pooling bill (H. R. 7,273) now pending in the Senate. I have not a word to say on the merits of this bill, of its necessity, of its effects, or against it. I cite it only to show the second phase of the silent revolution to which I have referred. This pending legislation is demanded at the instance of the shippers and the railroads of the country, and its passage is being aided by a powerful lobby in their service. The railroads base their advocacy of the bill on the claim that it will be to the interest of the shippers to have such a law. The bill provides for a great trust, with the government of the United States as the trustee. It provides that the roads of the country may enter into contracts, agreements, and arrangements, which are enforceable between the parties thereto as common carriers, for the regulation of freight pooling, and that under proper rules of procedure every such contract, agreement, or arrangement may be changed or abrogated by the Interstate Commerce Commission.

When the first bill to regulate commerce was passed the great and powerful wedge of state-socialism, or so far as control of railroads is concerned, was driven one-quarter of its length into the timber of conservative government—of that government which means democracy. The pending bill, the moment it becomes a law, will drive the wedge three-quarters of its length into the timber. There will then be needed but one more blow to drive the wedge home,

and that blow will come at the instance of business and not of labor—entire governmental control of all the railroads of the country instead of partial control under the laws now existing or proposed. With twenty-five per cent of all the railroad interests of the country now under the control of the Government, through its courts, it is but a very short step to that final blow which will send the wedge its full length and bring entire governmental control. This blow will be struck in the most seductive way. It will come through a demand that the Government shall take charge of the roads, not purchase them—shall take charge of the roads and out of the proceeds of the transportation business guarantee to the existing stockholders of the roads a small but reasonable rate of dividend. Under such a seductive movement the stockholders themselves, conservative men, will vote for the striking of the blow. All this, as I have said, will be at the demand and in the interest of the railroads and of the shippers, and not of the labor involved in carrying on the work of transportation, as the demand of to-day for the enactment of the pooling bill is alleged to be largely in the interest of the shippers and of the public welfare. Will the railroads now consistently demand, and keep their lobby employed to secure, the extension of the same principles to labor, and thus give their employees the status of semi-public servants and thus help to prevent or reduce the number of strikes on all interstate roads, and logically on all roads?

The Act to Regulate Commerce, approved February 4, 1887, was followed by an act creating boards of arbitration, approved October 1, 1888. This act embodied to a certain extent the suggestions of the President in a special message to Congress, of date April 22, 1886, in which the creation of a board of arbitration for the purpose of settling disputes was recommended. The provisions of this act, however, were in the main simply administrative. The Act contained no declaration of principle like that embodied in the Act to Regulate Commerce. Under the arbitration act of 1888 no action was ever taken until the appointment of a Commission to investigate the Chicago strike; in fact, the Act had been on the statute-books a long time before it was known to many, and at the time of the Chicago difficulty was practically forgotten. It had never been considered a revolutionary measure in any sense, or one that could by any means overturn existing institutions or subvert the principles of our Government. In comparison with the Act to Regulate Commerce it was a tame affair, for the interstate commerce act was

decidedly revolutionary, as already pointed out, while the arbitration act had no elements of the kind in it from the first to the last section. It will be seen by what has been said that the Federal Government has committed itself to the principle of regulating the business of transportation through the regulation of freight rates, the terms and conditions of contracts pertaining thereto, by establishing proper machinery to execute the declarations of law and principle, and, in fact, making the Government the trustee of a great transportation trust. It has also committed itself, in the Act of October 1, 1888, to the principle of adjusting labor controversies by arbitration. It has asserted its right to control to a certain extent the business of the railroads of the country because of the necessity of such control in securing stability and peace. The Act to Regulate Commerce has, in effect, made the railroads comprehended by it *quasi*-Federal corporations. The Act of October 1, 1888, creating boards of arbitration, recognized the necessity of adjusting difficulties, but it did not go far enough. It does not place the employees on interstate railroads in the position of *quasi*-public servants, because the law has made no declaration of principle, but simply provided a board to which parties can resort in case of controversy. Something more is needed,—something in the nature of the declaration contained in the Act to Regulate Commerce,—to place railroad employees in a position where they must to a certain extent recognize the public and the railroads as their joint employers.

I can now answer why it is that the Chicago strike is exerting an influence as a subordinate phase of a silent revolution—a revolution probably in the interest of the public welfare. It is because it emphasizes the claim that there must be some legislation which shall place railroad employees on a par with the railroad employers in conducting the business of transportation, so far as the terms and conditions of employment are concerned; it is because the events of that strike logically demand that another declaration of law and of the principles of the Federal Government shall be made; a declaration *that all wages paid, as well as charges for any service rendered in the transportation of property, passengers, etc., shall be reasonable and just.* A declaration of this character, backed by the machinery of the Government to carry it in effect, would give to railroad employees the status of *quasi*-public servants. The machinery accompanying such a declaration should be modelled on the interstate commerce act. It should be provided that some authority be established for

the regulation of wage contracts on railroads. I would not have the machinery of the law for the regulation of such matters provide for a compulsory adjustment, as now provided for the adjustment of freight rates, but I would have such machinery that there would be little inducement under it on the part of railroads to pay unjust and unreasonable wages and on the part of employees to quit work when they were just and reasonable.

A bill (H. R. 8,259) is now pending in Congress which makes the declaration as to just and reasonable wages and provides for the submission, by agreement, of all differences relating to the terms and conditions of employment on railroads to a properly constituted tribunal, but I submit that this step in the silent revolution now going on is a subordinate one, and that should the principle involved be enacted into law, as I trust it will be, it could not be considered as another blow, but only a light tap, on the wedge of state-socialism; it could be considered as a phase only of the great blow now contemplated by the pooling bill. If this measure for the regulation of wages on interstate railroads, which places the employees in the position of *quasi*-public servants, amenable to the public as well as to their incorporated employers, is considered by any one as a piece of state-socialism, I can only refer to the other features of the revolution already in active operation. I think I recognize the distinction between governmental adjustment of freight rates and like adjustment of wage rates, and I fully agree that while the Government can fix the compensation of its employees, it cannot and ought not to attempt arbitrarily to fix that of the employees of railroads; but I further recognize that it is the right and duty of the Government to prevent the interruption of interstate commerce and the obstruction of the mails, and that in the exercise of this right it ought to have a voice in making the terms and adjusting the conditions of the employment of the employees engaged in such service. This it can do through some such machinery of law as that provided in the present Act to Regulate Commerce. The prosperity of our railroads is a necessity upon which business stability largely depends, and every reasonable means which can prevent disaster should be considered.

I read in an interesting editorial from "The Nation" (November 22, 1894), on the Chicago strike, that "Nothing is more needed at this crisis than the practice of treating the working-classes as business men fully capable of managing their own affairs, and not as children who are being put upon by their elders," etc. The enact-

ment of a law such as that indicated would place the employees of railroads upon a business basis and would recognize their capacity to conduct properly their own business in connection with the business of their employers, and if it be said that it would recognize them as children who are being put upon by their elders, what shall be said of the interstate commerce act and of the pooling bill? Can it be that merchants and shippers are children who are being put upon by their elders and must be coddled?

In the broad and patriotic message of the President, already referred to, there occur the following passages:

"Under our form of government the value of labor as an element of national prosperity should be distinctly recognized, and the welfare of the laboring man should be regarded as especially entitled to legislative care. In a country which offers to all its citizens the highest attainments of social and political distinction, its workingmen cannot justly or safely be considered as irrevocably consigned to the limits of a class and entitled to no attention and allowed no protest against neglect."

"The laboring man, bearing in his hand an indispensable contribution to our growth and progress, may well insist, with manly courage and as a right, upon the same recognition from those who make our laws as is accorded to any other citizen having a valuable interest in charge; and his reasonable demands should be met in such a spirit of appreciation and fairness as to induce a contented and patriotic coöperation in the achievement of a grand national destiny."

"While the real interests of labor are not promoted by a resort to threats and violent manifestations, and while those who, under the pretext of an advocacy of the claims of labor, wantonly attack the rights of capital, and for selfish purposes or the love of disorder sow seeds of violence and discontent, should neither be encouraged nor conciliated, all legislation on the subject should be calmly and deliberately undertaken, with no purpose of satisfying unreasonable demands or gaining partisan advantage."

"The present condition of the relations between labor and capital is far from satisfactory. The discontent of the employed is due in a large degree to the grasping and heedless exactions of employers and the alleged discrimination in favor of capital as an object of governmental attention. It must be conceded that the laboring men are not always careful to avoid causeless and unjustifiable disturbance."

I commend these wise utterances to all legislators, to all employers, to all employees. They contain the principles which will lead to industrial peace and to the continuity of industrial prosperity. These principles have been emphasized, since they were announced by the President, by the British Royal Commission on Labor, under the conspicuous chairmanship of the Duke of Devonshire; and the Hon. C. C. Kingston, Q.C., Premier of South Australia, in an elaborate article on Industrial Agreements and Conciliation,[1] has

[1] See "Review of Reviews," December, 1894.

made an able argument in their support; in fact, if the Premier had had the pending arbitration bill before him and had held a brief in its favor, he could not have more thoroughly advocated it than he has in the article referred to. He points out that if one hundred individuals entering into one hundred separate agreements are entitled to secure their enforcement, there is no reason why one agreement, made on behalf of the same individuals acting collectively, should not be afforded recognition, and he thinks that in these days of highly organized trade associations the question of industrial agreements and conciliation is second to none as affecting the prevention or settlement of industrial disputes. Such disputes, in the absence of surrender by either party, can be ended only by agreement between both. But he wisely asks the question, What assurance is there to either master or man, in the absence of any binding treaty, that war will not be again declared at any moment? We must agree with Mr. Kingston that organizations, whether of masters or men, should be afforded the same facilities for combination and agreement as are given in the case of ordinary joint-stock companies, and to this end he would have unions, or associations of unions, made capable of registration and of *quasi*-incorporation.

The bill now pending to provide for arbitration, and for the further incorporation of labor organizations and for their recognition, is in direct line with this argument of Mr. Kingston, who believes that a union should act through a committee, and an association of several unions through its council, or whatever its executive board may be. He points out with great force that on the occasion of great strikes the public cries out for conciliation. He therefore urges that boards should be established in anticipation of the differences they are designed to prevent, for when war has been declared and the disputants, as it were, are at each other's throats, each hopeful of ultimate success, they are seldom in the mood to listen to peacemakers. As well might it be attempted to organize a fire brigade in the midst of a conflagration as to provide for an effectual system of arbitration in the middle of a strike. These are the views of an able statesman, and they are gratifying indorsements from the antipodes, from a country which is making great progress in all labor legislation, of the principles laid down in the President's message of 1886. Carried into effect, it must be conceded that they constitute a feature, although subordinate, of the silent revolution which is leading the country into governmental control. Opposed as I am to the taking over of the railroads

by the Government, and believing fully in the interstate commerce act, I cannot avoid the logical results of the movements which are now going on. My chief purpose now, however, is to call the attention of the public to the demands of the railroads and the merchants and shippers themselves for the control of our railroads by the Federal Government, and to the subordinate influence which the passage of an arbitration bill must have in securing such control, and, further, to insist that governmental control on one side shall not be conceded while leaving the doctrine of *laissez faire* to have its full operation upon the other element, labor.

The Chicago strike must be recognized as a factor in producing the changes in Federal law now going on, for it is dissipating a good deal of the haze which has hung before the eyes of both labor and capital; it is teaching the public the necessity of placing labor and capital on a strong business basis of reciprocal interests, but interests which recognize the public as their chief master. The discussion of the personal equation in the great Chicago strike has nothing to do with the principles involved. Action must be taken on the side of law and order, without reference to individuals, recognizing, however, that law and order mean the welfare of the nation and are based on principle and not on specific, individual acts, and that governments must adopt from various systems those features which are applicable under the conditions and necessities of the time, whether they are taken from a system of Government already in existence or one that may be advocated purely on theory. The experience of the American Government, which has adopted more socialistic elements than any other, is a sufficient guaranty of the conservative embodiment in labor legislation of the best ascertainable methods on which the majority of men can unite, not as partisans in the interest of labor or capital as such, but as patriots endeavoring to secure freedom from strikes, riots, intimidations, and violence of all kinds, which must be condemned by all right-minded men. The dictates of lofty patriotism should be the power to demand measures for their prevention. One of these measures comprehends industrial conciliation and arbitration. The warmest friends of this measure, however, do not claim that it is a complete remedy for labor troubles. They do claim that it is an effective balance-wheel and that it will secure better and firmer relations than now exist between the two great elements of business, and on a business basis.

CARROLL D. WRIGHT.

COLORADO'S EXPERIMENT WITH POPULISM.

PRIOR to the year 1892, Colorado was considered, on national issues at least, a reliable Republican State—in presidential elections always Republican. In 1882, and again in 1886, a Democratic governor was elected, but the other State officers were Republicans. The election of 1892, however, revealed a remarkable change of sentiment among the people; and the following analysis of the total vote for governor for each of four successive elections will furnish food for reflection:

	REPUBLICAN.	DEMOCRAT.	PROHIBITIONIST.	POPULIST.
	Percentage of whole vote.	Percentage of whole vote.	Percentage of whole vote.	Percentage of whole vote.
1888.....	53.87	42.67	2.28	1.18
1890.....	50.11	42.38	1.28	6.23
1892.....	41.39	9.54	1.88	47.19
1894 (unofficial).....	53.	4.12	1.50	41.38

It would appear from this table that the Democratic party has been almost obliterated in Colorado. It is a fact, however, that in the last election a great many Democrats voted the Republican ticket as the only practicable way of defeating Populism—this notwithstanding the fact that in 1892 more than three-fourths of the Democratic party went over to the Populists, and that more than one-sixth of the Republicans did the same, with the result that Davis H. Waite was elected governor with a complete corps of Populist State officials. The Populist party did not, however, have equal success in the legislative elections of that year. In the house of representatives the Republicans had a majority. In the senate they had a plurality which could be overcome only by a combination of Populists and Democrats. Colorado's experiment in Populism is, therefore, an experiment in administration, and not in law-making.

The Populist movement in Colorado is not identical, either in causes or development, with the corresponding movement in Kansas, Nebraska, and the South. The real influence which suddenly swelled the Populist vote from 6 per cent to 47 per cent of the total