

At the Observation Post

The Disastrous Railroad Strikes Have Been a Feature of Recovery From Other Major Depressions, History Is Not Likely to Be Repeated in This Instance

DISASTROUS railroad strikes have been a feature of recovery from other major depressions. As the country climbs out of the economic swamp in which it has been mired during the last four years what is to prevent a repetition of history in this particular?

Already the familiar tension is apparent. The representatives of railroad management and labor have met in Washington to reconcile their conflicting demands, but so far without success. Under pressure from the President and from Joseph B. Eastman, Federal Coordinator of Transportation, both sides have given ground but they have not agreed, and Mr. Eastman, as conciliator, has announced that further efforts toward agreement must wait on the President's return. So the threat persists.

Fortunately it is not a threat to excite any immediate panic. To be sure, while the calamity to the nation of a general railroad strike remains a possibility, only fools would treat the situation with levity. But the time has not arrived for discouragement, much less the jitters, and the chances seem bright that its arrival will be indefinitely postponed.

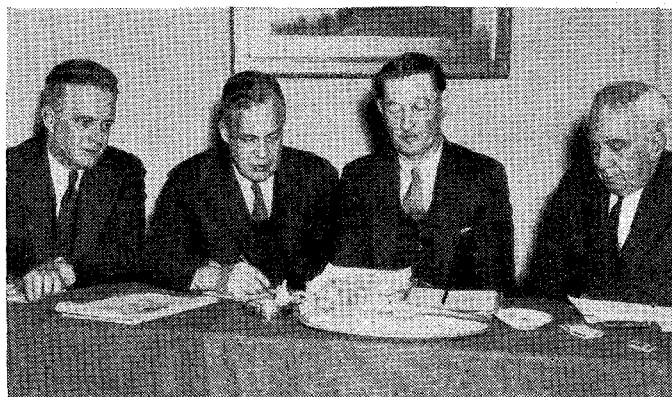
"Orderly Procedure"

Mr. Eastman, in the announcement referred to, made this plain. "The fact should be emphasized," he said, "that there is no present prospect of a strike, and that if further effort at settlement fails the controversy must proceed in accordance with the orderly procedure provided by the Railway Labor Act." In other words, the Railway Labor Act adopted in 1926 provides a safety valve which did not exist when in the '70's and the '90's the boiler burst strewn the landscape with wreckage.

Since its enactment the mere presence of this statute has operated as a peacemaker. Both the railroads and their men, rather than invoke its elaborate machinery, have preferred direct negotiation. In this manner, in January, 1932, they first reached their agreement over the 10 per cent. deduction from basic rates of pay and have since twice extended it. The proposal to extend it for another six months from its date of expiration on June 30 is at the bottom of the controversy, and the question is not whether a strike impends but whether at long last the dispute will defy the previous method of its settlement and have to wind its way through the statutory mill.

The Railway Labor Act provides that a

dispute of the sort shall be decided, if possible, in conference between duly authorized representatives of the carriers and of their workers. Failing a decision by this means either side, or both sides, may invoke the services of the Board of Mediation, a permanent body of five members appointed by the President with the advice and consent



Wide World

Joseph B. Eastman, Federal Coordinator of Transportation, and his aides confer with a representative of the railroad managers. (Left to right) O. S. Beyer, Director of Labor Relations; Mr. Eastman; W. F. Thiehoff, chairman of the committee of managers for the railroads, and James W. Carmalt, of Mr. Eastman's office

of the Senate. This board to-day consists of Samuel E. Winslow, a former Republican Congressman from Massachusetts, as Chairman; Franklin P. Glass, an Alabama newspaper publisher; Edwin P. Morrow, former Governor of Kentucky; Oscar B. Colquitt, former Governor of Texas; and John Williams, whose modest entry in *Who's Who* gives no clue to his past.

The Board of Mediation need not wait for an invitation but may proffer its services on its own initiative. In either event, it is authorized to put itself promptly in communication with the parties to the controversy and use its best efforts to bring them to agreement. If unsuccessful it must at once do what it can to persuade them to try arbitration.

An agreement to arbitrate, if and when it is forthcoming, must stipulate among other things that each side will faithfully abide by the award. Each side shall select one arbitrator (or two if they prefer) and the arbitrators so chosen shall select a third, or a fifth and sixth. In case of a deadlock at this stage the Board of Mediation must step in and name the remaining arbitrator or arbitrators.

Should either party refuse to submit to arbitration then the Board of Mediation, when in its judgment the dispute threatens substantially to interrupt interstate commerce, is in duty bound to notify the President, who may appoint a commission to investigate and report to him respecting the quarrel. After the creation of such a com-

mission the law forbids any change in the conditions which gave rise to the row for a period of sixty days—it prescribes a two-months' truce.

The mere recital of these provisions will suggest to the reader the boredom with which both railway executives and labor leaders regard the prospect of an appeal to the "orderly procedure" of the Railway Labor Act.

Already the railway executives have indicated their willingness to drop their demand that after June 30 the present deduction in pay be increased to 15 per cent. The railway union representatives have on their part shown an equal readiness to forget the 10 per cent. raise, in addition to the restoration of basic rates on which they first insisted. President Roosevelt has proposed a six months' extension of the present cut except in the case of those employees getting less than the minimums established in the NRA codes. Their pay, he believes, should be adjusted

forthwith. The executives have received his proposal favorably. Labor, however, has not, holding out for a full restoration of the 1929 scale.

Would Revise Law

Incidentally, Mr. Eastman has suggested to Chairman Rayburn, of the House Committee on Interstate and Foreign Commerce, a thoroughgoing revision of the Railway Labor Act. He would set up an adjustment board of thirty-six members, divided equally between labor and management, for the compulsory settlement of grievances. This board would have no jurisdiction over changes in rates or rules. These would remain in the province of the Board of Mediation, made up, however, of three instead of five members. It is Mr. Eastman's notion that the proposed adjustment board, divided into four parts to deal independently with the grievances of the different groups of crafts, would relieve the Board of Mediation of a large class of disputes which now comes before it.

But perhaps his most significant recommendation concerns the inclusion permanently in the law of those provisions in the Emergency Railroad Transportation Act of last year (a temporary measure) which protect the right of collective bargaining. To some extent because of these provisions the issue of union recognition can not complicate the present controversy, a circumstance for which the country should be duly grateful.

W. M. H.

News and Comment From the National Capital

Conflict in the Administration Between Two Camps of Almost Diametrically Opposite Economic Thought Is Accented by the Wirt "Disclosures," Which May Have Dramatic Sequel

THE Wirt charges of a "brain trust" plot to overthrow the established order in America and eventually replace President Roosevelt with a Stalin turned a new light on the situation within the Administration circle. President Roosevelt



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Left Wingers: Rexford G. Tugwell, and Mordecai Ezekiel

plainly betrayed irritation at the thought that people would actually believe he was being manipulated by his own subordinates. That was before Dr. Wirt did so much talking in elaboration of his theory. More interesting from the practical standpoint was the "I-told-you-so" air with which the "disclosures" were hailed on the conservative side of the Roosevelt official family.

A Sharp Division

Ever since the early days of the Roosevelt Administration's honeymoon, from the time, in fact, when the Administration's deflationary and inflationary policies came into sharp conflict, the President's official family has been divided broadly into two camps, one conservative by present standards and the other radical. With the Economy Bill prevailing, the Veterans' and Federal Employees' lobbies routed and Budget Director Douglas in the saddle, the conservative side seemed fully as strong as the liberal in those days.

The President, with his country-gentleman background, derived huge enjoyment, apparently, from the task of keeping an even balance between the two schools of thought. The Tugwells and the Ezekiels and the Moleys on the one side were roughing it up with the Douglasses, the Achesons and the Hulls on the other.

With the break-up of the orthodox Treasury group by direct Presidential action, the Right Wing subsided in silence. There followed, and has continued to this day, a sort of siege between the two camps of almost diametrically opposite economic thought, with the Right Wing, or what remained of it, retiring to its trenches to watch the operations of the Left Wing. Budget Director Douglas was entirely squelched. Others of the Right Wing, some long since officially dead, warned the Presi-

dent that he was being "used" by the extremists on the other side.

Mark Sullivan's persistent hammering away on the line that Professor Tugwell was trying to Sovietize the United States was not—nor is it now—without its echoes within the walls of the Administration. Mr. Roosevelt laughed it off with the good-natured admonition not to be "seeing ghosts under the bed."

The Wirt "disclosures" found a ready audience in that wing of the original Roosevelt official family which had given similar warnings. No one had realized before how deeply this feeling had cut into the Administration itself and what a center of controversy Mr. Roosevelt had been occupying for many months. It was taken to help explain why, when the President got ready to oust Mr. Acheson from the Under-Secretaryship of the Treasury, he did so without ceremony. Moreover, it tended to throw more light on the circumstance that, after hiring Professor Sprague away from the Bank of England, Mr. Roosevelt declined to see him for months after the London Economic Conference until Dr. Sprague arrived at the White House to present his resignation.

The real story of what transpired with respect to Dr. Sprague when he returned from London has not been told hitherto. No sooner had he become established in the quarters provided for him at the Treasury (his office was that of financial adviser to the Secretary of the Treasury) than Dr. Sprague telephoned Col. Marvin H. McIntyre, the President's secretary for appointments, to announce that he was ready to report to the President.

The expected invitation never came. The President meantime promulgated his gold-purchase program without consulting Dr. Sprague and many others of the orthodox group. Since he was not in the President's confidence on the subject, Dr. Sprague spoke his views quite freely, and they were not favorable.

It is rarely that the President of the United States, surrounded as he always is, regardless of the personality occupying the office, by tale-carriers seeking his favor, does not hear what is being said about him and his policies by conspicuous personages in the Capital. Mr. Hoover, with a detective for his private secretary, was amazingly abreast of the town's gossip. Mr. Roosevelt is not far behind. He heard what Dr. Sprague was saying. He knew that Wall Street was alive with gossip that Mr. Acheson had told the President, in the presence of a fairly large conference, that his gold-purchase plan was illegal. The whole thing annoyed Mr. Roosevelt considerably and he began to swing the ax.

The President's immediate reaction to the Wirt incident having been somewhat similar, there are those in Washington who would not be surprised to see a dramatic sequel in this instance. Dr. Wirt's free talking subsequent to the original



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Of the Right Wing: Cordell Hull, and Lewis W. Douglas

"disclosures" has tended, however, to take the edge off the first effect of that incident. Moreover, the President, when he returns to Washington from his sea trip, will have had the benefit of more than two weeks' respite. And this, conceivably, could change the course of history.

Serene on Surface

On the surface there has been nothing to indicate Presidential displeasure with the activities of Professor Tugwell.

Even tho it was Professor Moley who brought Professor Tugwell into what came to be known as the Roosevelt "brain trust," and Professor Moley dominated Professor Tugwell throughout the campaign and well into the beginning of the Administration, jealousy soon developed between them. Dr. Tugwell, however, was not above benefiting by Professor Moley's unhappy experience at the London Economic Conference, which cost him his post as Assistant Secretary of State. Like Moley, Tugwell was slated to make a trip to Europe. When he saw what happened to Mr. Moley, he asked to be excused from making the trip.

In view of the situation that has developed, few things happened that are not interpreted in the light of the attention that Dr. Tugwell has had focused upon himself. President Roosevelt does not relish being considered a collectivist. Dr. Tugwell, because of his speeches and his writings, is being constantly criticized for having too much the Russian viewpoint. Recently when he was sent to Puerto Rico to study conditions there, the report went abroad that that was to be his exit. And there are some persons in the President's official family who even now are not sure that that was not the intention.

DIAGENES.