

A Big Construction Program

IN SPITE OF THE FACT that the railways are now in the midst of the most active construction program which they have undertaken during the last ten years, more work has been authorized during the last few weeks than in any similar period for a long time. Among these projects, that of the Illinois Central for the construction of a new line from Edgewood, Ill., south 175 miles to Fulton, Ky., involving an expenditure of more than \$17,000,000 is the most important. Immediately following the approval by the Interstate Commerce Commission of its application for authority to build this line, officers of the road announced that work on this improvement would start at once. About the same time Julius Kruttschnitt, chairman of the board of the Southern Pacific, stated that in view of the announced decision of the government not to appeal the decision leaving control of the Central Pacific in the hands of the Southern Pacific, that road would proceed at once to build the Natron cut-off of 118 miles in eastern Oregon which will cost more than \$16,000,000. With the Union Pacific's extension from Rogerson, Idaho, south 98 miles to Wells, Nev., which was authorized by the Interstate Commerce Commission recently, work on nearly 400 miles of new lines will be started promptly.

The authorization of these new lines is indicative of the large amount of improvement work of other character which is also being undertaken. The Chicago, Milwaukee & St. Paul has awarded contracts within the last month for the construction of 36 miles of second track in Illinois and Indiana, and the Louisville & Nashville has contracted for the building of 55 miles of second track which is estimated to cost \$3,500,000. The Kansas City Southern has authorized the reduction of grades costing more than \$3,000,000; the Chicago Union Station Company has awarded a contract for the building of a headhouse at a cost of more than \$10,000,000; bids are now being received for the driving of the Moffatt tunnel under the continental divide in Colorado which is approximately six miles long and is estimated to cost more than \$6,000,000; the Atchison, Topeka & Santa Fe has started the construction of a ten-story general office building at Topeka, Kan., while the Union Pacific has authorized the expenditure of \$3,000,000 this year for preliminary work in the development of an industrial district at Kansas City, Kan.

With the demand for increased facilities evidenced by the continuation of a record-breaking traffic and with the improvement in earnings resulting from this traffic, the roads are showing evidences of a willingness to expand their facilities which characterized their activities prior to 15 years ago. Since the season is so far advanced that most of the projects now being authorized must, of necessity, be continued over into 1924, indications point to the continuance of construction activities through next year.

New Books

Locomotive Catechism. By Robert Grimshaw, 958 pages, 5½ in. by 7¾ in., 468 illustrations, bound in cloth. Published by the Norman W. Henly Publishing Company, New York.

This is the thirtieth edition of a book which for a number of years has been considered as the standard authority in its class. It is written in a simple and easily understandable manner such as will appeal to firemen, engineers, trainmen, switchmen, shop hands and enginehouse men for whom it has been prepared. The text follows the form of examination questions and answers, of which there are some four thousand. Considerable new matter has been added in this edition and the old matter carefully revised. The chapters,

of which there are eighty-nine, are short and conveniently headed for ready reference and cover the various details, such as boilers, cylinders, valve gear, running gear, superheaters, air brakes, etc. The book tells not only what to do, but also what not to do and is specially helpful for a person preparing for an examination for promotion.

Industrial Democracy; a Plan for Its Achievement, by Glenn E. Plumb and Wm. G. Roylance. 359 pages. 5½ in. by 8 in. Bound in cloth. Published by B. W. Huebsch, New York.

This book is no mere pamphlet of propaganda for the Plumb plan. Propaganda it contains in great plenty, but primarily it is a somewhat scholarly and apparently sincere examination of industrial evils, real and imagined, with a description of Mr. Plumb's own patent remedy for them.

Railroad officers of a studious bent will find this book both interesting and valuable. In some respects the book cannot be commended. For instance, in building up his basic theory, which is that democracy is and always has been a sure cure for industrial and political ills, Mr. Plumb has made several deductions from inadequate and inaccurate data and has made over in part the science of economics to suit the purposes of his argument. Consequently, to one not rather well grounded in economics and history the book is likely to give misinformation. On the other hand, it would not be right because of the inaccuracies which do exist to condemn the work entirely.

The book begins with a chapter called "the Collapse of Autocracy" in which the present state of world disruption is cited to show what autocracy leads to. This is followed by Chapter II, "the History of Democracy." The opening sentence of this chapter is: "The history of democracy is identical with the record of human progress." The author says that the nations that have made the most progress are the most democratic and that always the most democratic nations have built up the highest and the most humanly valuable institutions. He goes from this to the praise of the early democracy of the Greeks. We wonder just how a civilization based on slavery could excite the admiration of a protagonist for "industrial democracy."

Present day democracy he traces back in an unbroken line to the Greeks, saying that it lived continuously and prosperously through the dark ages and the middle ages and that the institution of feudalism never could overcome it. This democracy was, he says, kept alive by the medieval craftsmen's guilds and was applied in their relations with each other and in local government. The political and military autocracies of the kings and emperors began to take on the attributes of democracy in early modern times only when forced on them. Principles developed by the guilds for industry were applied gradually to government with the result that now most governments of the world are to some degree democratic either in form or practice.

He then goes on to a discussion of the development of democracy in America and tells how this democracy is threatened by the growth of corporations, monopoly and the concentration of financial power. To quote a few passages:

"The enormous profits accumulated by the great lumbering, mining, manufacturing and transportation companies, secured and increased by investment in land, gave them control of the credit of the nation, thus enabling them to draw to themselves yet more of the earnings of farmers, wage earners and other independent producers, while all consumers were placed more and more at their mercy. Finally, the industrial corporations themselves were brought largely under control of a group of banking syndicates, so that a financial policy, directed to the accumulation of wealth, came to dominate American industry, rather than a policy directed to the supplying of the economic wants of the people."

"A sound policy in the interest of the corporations themselves would have provided that wages should increase with general industrial efficiency, both in order to insure the maintenance of labor efficiency, and in order that the people would be able to buy the increased quantities of goods produced, so that profits could be

made from their manufacture and sale. But it actually happened that, measured in terms of buying power the earnings of the workers were decreased as the efficiency of industry increased."

"It must be admitted that American industrial corporations, as a rule, have higher efficiency than co-operative or publicly owned and operated industries. That is not because they are autocracies, but because they are corporations. The superior efficiency of the corporation is due in part to the fact that it operates under a grant from the public, bestowing upon it important privileges and immunities; and in part to the fact that it is a superior method of mobilizing capital, organizing ability and labor. The corporation is a form of industrial co-operation, and not necessarily a form of industrial autocracy. The corporation was originally created to serve the public interest; but industrial autocracy has perverted it to the uses of industrial oppression."

So much for the iniquities of the corporations which industrial democracy would put an end to. The corporation is, according to Mr. Plumb, the most efficient form of industrial organization, but unfortunately it has too much power which it does not use as it should. Financial power runs the potentially beneficial organization for its own purposes. Let us, he says, give labor and the consuming public each a share in its control and we will have put an end to all the damage that a corporation might do while not restricting its ability to do good.

To reorganize industry according to his plan, Mr. Plumb proposes four methods to be applied to four different classifications of industry, viz:

A. National public utilities, including railroads and communication. For this group the Plumb plan provides for purchase by the government and lease to a corporation, governed by a board of directors representing equally labor, management and the public. If, due to increased efficiency, a surplus should be earned, this would be divided into two equal parts, one for labor and management and the other for the public, to be spent for additions and betterments. If for any year this public surplus should be larger than a certain fixed per cent, rates would be reduced to absorb the excess.

B. State and municipal public utilities. These would be owned by the local governments and operated by corporations similar to that provided for Class A.

C. All other industries based on grants, privileges or exploitation of natural resources or in which there exists any natural or economic monopoly. For this group corporations would be formed issuing stocks and bonds in the usual way. In addition "labor stock" of no par value and carrying with it only the voting privilege would be issued to each employee in proportion as his wages compared with stockholders' dividends. For example, an employee earning a wage of \$1,800 a year would have the same voting rights as the holder of \$30,000 of stock paying dividends at the rate of 6 per cent. These corporations would be required to use half of their earnings in excess of operating expenses and dividend requirements in retiring capital or in additions and betterments.

D. All other industries. Any industries not coming under the three classifications above could conduct their affairs as desired, unless organized as a corporation, when the plan proposed for Class C would have to be followed.

This, in brief, is the Plumb plan for industrial democracy. The potential evils of the plan as applied to public utilities, completely disfranchising the financial interest in the properties except as represented by the minority public group on the boards of directors, seem sufficiently patent to require little comment. The plan as applied to all corporations except public utilities would simply mean complete employee control of most industries, under the scheme of voting provided. Suppose, for instance, a concern had 1,000 employees earning an average wage of \$1,800. This would make an annual payroll of \$1,800,000 and the concern would have to have \$60,000,000 of 6 per cent stock outstanding exclusive of bonds to give its stockholders an equal voice with labor in the conduct of the business.

Mr. Plumb's posthumous book describing his plan and arguing for its adoption is not worthy of much attention because of any merit intrinsic in the plan. Railroad men, however, might do well to familiarize themselves with Mr. Plumb's arguments for the one reason, if none other, that they form the basis of the industrial creed adopted by the leaders of the railway unions. Furthermore, no one can deny that there are certain evils and certain injustices in industry today which should, if possible, be removed. The Plumb plan is suggested as a remedy for some of these conditions and, in a way, is a challenge to those in control of industry to remove these conditions or else to give the advocates of the Plumb plan a chance to do so. A full knowledge of Mr. Plumb's philosophy might serve to indicate to those on the employers' side of the fence the nature of the problem they must face in developing sound and cordial relationships with their employees. An understanding and appreciation of the plans of the opposition is always an asset in dealing with it.

New Books and Special Articles of Interest to Railroaders

(Compiled by Elizabeth Cullen, Reference Librarian,
Bureau of Railway Economics, Washington, D. C.)

Books and Pamphlets

A Book About the L. & N. An historical and descriptive pamphlet issued by the Louisville & Nashville Railroad, containing concise narration of general railroad history as well as the history of the road and the section it serves. 55 p. Published by the Chambers Agency, New Orleans and New York.

Classification of Railroad Bonds. Prepared and issued by Tobey & Kirk, New York and Akron. Folding Chart.

The Iron Horse and the Strange Language He Speaks, by George Clarence Hoskin. A story about railroads primarily for youngsters. 250 p. Published by Harper's, New York and London.

A List of References on the Proposed Consolidation of Railroads, compiled by the Library of the Bureau of Railway Economics. 29 mimeo. p. Issued by the Library of the Bureau.

The 10:30 Limited: a Railway Book for Boys of All Ages, by W. G. Chapman. All the signals and others things connected with railways seen on a journey via Great Western Railway from London to Plymouth entertainingly explained. Published by the Great Western Railway Company, Paddington Station, London.

Why Western Railways Cannot Reduce Rates, by Samuel M. Felton. Reprint of an article in Chicago Evening Post, July 20, 1923. 6 p. Published by Western Railways Committee on Public Relations, Chicago.

Periodical Articles

Among the Railroads, by Franklin Snow. Review and comment upon current railroad developments. Christian Science Monitor, August 3, 11, 17, 1923, p. 10, 10, 9.

Backwardness of China Attributed Largely to the Lack of Railroads, by J. B. Powell. Present situation, its background, and what could be done about it. Washington Post, August 20, 1923, p. 5, col. 1-6.

Modern Trackwork and Its Importance, by Sir Robert Hadfield. Investigations, in England and America primarily, into track steel problems and results. Sir Robert invented manganese steel. Journal of the Institute of Transport, July, 1923, p. 320-343.

The Pacific Railway of Colombia, by Charles O. Frey. History and present conditions. Commerce Reports, August 20, 1923, p. 493-494.