

shows evidence of favoring the new practice. There may be several good reasons for not changing the established arrangement of using three relays and, if so, we hope to receive further discussion along this line.

Who Benefits?

WHO gets the money that the government, through the agency of the Reconstruction Finance Corporation, is loaning the railroads? Is it used to fatten the treasuries of these corporations or to relieve that indefinite spectre known as Wall Street? From comments made by some supposedly well-informed persons of late such would appear to be the answer. Others contend that money so loaned gets into widely varied channels of industry and of trade and for this reason is a real antidote for the depression and a cure for unemployment. It is important that every railway employee have a correct idea of this matter in order that he can, in turn, correct false impressions among those with whom he comes in contact.

The Reconstruction Finance Corporation (R. F. C.) was created by the last Congress, at the suggestion of President Hoover, to make available to certain industries with a high degree of public interest, funds which they could not otherwise secure, at least on any reasonable terms. Among the industries specifically mentioned are the railroads and the banks. The R. F. C. began to function early in February. In the 6½ months that intervened to August 15, 106 railroads, including 44 Class I roads applied for loans aggregating \$450,000,000. Of these requests, the Interstate Commerce Commission had, up to that date, approved loans to 60 of these roads totaling \$258,000,000. The R. F. C. had, in turn, authorized, up to July 31, from the applications approved by the Interstate Commerce Commission, loans to 43 roads totaling \$230,000,000 and had actually advanced \$164,082,596 to these carriers.

For What Purposes

In considering the disbursement of these vast sums, it should be remembered that they are loans, without any semblance of gifts. They are made only when amply secured by strong collateral—first mortgage bonds, gilt edge stocks, receivers' certificates, etc. They are made for only three years and draw interest at six per cent, a rate so far above that which the government itself pays as to yield it a handsome profit. No fees or commissions are allowed for the negotiation of the loans, while the government checks the expenditures to insure that they comply with the purposes set forth in the applications for the loans. These disbursements, therefore, bear all of the characteristics of a strictly impersonal business transaction, with absolutely no trace of the "pork barrel" so commonly found in government expenditures.

For what purposes are these funds being used? Are they being employed for selfish or corporate purposes of the roads or are they going into channels of public benefit? A report from the R. F. C. covering its activities up to July 31 shows that of the loans approved to that date, \$57,000,000 has been authorized for the purpose of paying interest due on notes, bonds and other obligations. An equal amount has been authorized to pay a portion, commonly one-half, of maturing obligations to banks and other financial houses with the understanding that the other half will be extended, thereby releasing what would otherwise become frozen assets and aiding

these financial institutions in meeting runs and maintaining the normal flow of business.

Approximately \$14,000,000 has been approved for the purpose of paying overdue taxes, which amounts, in many communities, contribute greatly to the maintenance of the public schools and the local governments. Loans are being used also to pay outstanding bills for material, thereby aiding in the restoration of commercial activities.

For Improvements

Still another important objective is the financing of improvement work which would otherwise, of necessity, be shut down. These loans, which totaled approximately \$47,000,000 to July 31, include \$27,500,000 to the Pennsylvania for the prosecution of its electrification program between New York and Washington, \$10,398,925 to the Cincinnati Union Terminal Company for the continuance of the construction on its terminal facilities at Cincinnati and \$4,399,000 to the New York Central for the extension of its West Side terminal improvements in New York City.

Such loans go into many channels—for labor and for materials. In a breakup of one project of this character, submitted to the R. F. C. by a prominent railroad recently, it was shown that a single loan would, if approved, be reflected in increased employment in 38 different states, involving as many as a million man-hours in a single state more than 1,500 miles from the site of actual construction. Such are the ramifications of these loans, going into almost every community, providing employment, paying overdue taxes for the support of local government, etc.

The real beneficiaries of these loans are not, therefore, favored corporations in "Wall Street," but on the contrary, are the railway employees and the employees of those who make and sell supplies to the railways, the citizens in the cities and in the villages who benefit from railroad taxes, etc. It is these persons who are receiving the benefit of these loans, a fact which railway employees have a very real reason to appreciate and a fact which they should disseminate among their neighbors.

Letter to Editor

An Early Automatic Interlocking

Lakeland, Fla.

To the Editor:

In an article on automatic interlocking, appearing in the July issue of *Railway Signaling*, written by W. F. Zane, signal engineer, Chicago, Burlington & Quincy, there appears this statement:

"The development of automatic interlocking is comparatively recent, dating back only to the year 1921, when the April issue of the *Railway Signal Engineer* carried an article on this subject."

It might be of interest to Mr. Zane, and to other readers of *Railway Signaling*, to know that an automatic interlocking was placed in service, for the protection of a grade crossing between the Tidewater & Western and a suburban line of the Virginian Railway, Power & Light Company, at Chester, Va., in 1907.

Circuits for this interlocking were designed, and all instrument wiring was done by the undersigned, for the Lancaster Automatic Railway Crossing Company. Union Switch & Signal Company signals and relays were used.

A. W. Stewart.