McADOO TALKS OF THE RAILWAYS: Retiring Director General Foresees ... New York Times (1857-1922); Jan 5, 1919; ProQuest Historical Newspapers: The New York Times pg. 66

McADOO TALKS OF THE RAILWAYS

Retiring Director General Foresees Private Ownership as Result of Five-Year Extension of Federal Control of the Nation's Transportation Systems

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M has any one—by a stroke as arresting as the explosion of a bomb—dramatized the attention of Congress and the whole country on one subject as did William G. McAdoo when he made the record speech of his life, seven months ago, on the subject of the period of Federal control of the railroads for the future?

Congress was taken completely by surprise, not because the recommendation was new, for the recommendations of the Director General of Railroads, but because the members generally had con

sciousness of the railroad problem was new in their hands. They had been urged to act with

swiftness, but had shown few signs of doing so. Then came the Director General's letter, and immediately the rail-

road question became a live issue. Ex-
	
pectants at opposite ends joined in dis-

approval of the proposal; those who wished to change the situation were en-

couraged to believe that a movement was afoot among the public as well as in the legislature. The latter recommendation meant a postponement of that issue; those who stood for the railroad problem,

the proposal a scheme designed inevitably to fail. It was preposterous.

Mr. McAdoo, better than any other man in the country, has had an oppor-

tunity to study the whole history of the situation from the inside, and, whatever the decis-

ion of Congress as to the correctness of his conclusions about the railways, it is well to note

that there are but two courses to choose between—either extend the period of Federal control over the railways, or abandon Government control and return the roads to their owners at the discretion of those owners.

Mr. McAdoo feels that the railroad organizations will be more or less demoralized if the present period of Federal control is allowed to lapse, and he is prepared to make the provision of the law which makes their retention of the roads a matter of record at such time as a formal declaration of peace.

The fact is, the arguments are

Facts Must Be Faced.

To reach a sound solution of what I deem to be the most important domestic problem now confronting the country it is necessary to face facts, said Mr. McAdoo in Washington the other day. 'This implies a knowl-

dedge of the past, a thorough study of the facts, and a careful examination of the developments since the signing of the arm-

istice. I believe that the citizens, in-

cended, and well-informed student of national affairs who will be able to decide on the basis of the facts what is the best solution for the nation's transportation problem.

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The first obstacle to such a continuation that an honest investigator will encounter is the necessity for an organization that re-

sembles that of an army in the railroad business than in any other branch of the na-

tional or industrial activity. The same

principal, the same recognition of the value of a clean record, the same need for efficiency. As one an-

alyzed it in this chamber, they are human for officials and employees to look more and more to the interests of pri-

vate companies of earning a profit for State control over the roads, improvements, and services that were desirable and practicable.

Another question had to do with the allowance for the roads, with which is connected the problem of their proper value. The Railroad Commission had to decide upon the size of the increment of the unimproved obstacles to satisfac-

tory railroad operation in the past and the present, and the payment of the employers and of the commercial public that the roads are heavily overcapitalized, and the commission is of the opinion that a large part of which additional revenue has been asked were predicated upon premises

Another difficulty is presented by the insistence upon Federal incorporation

that is made in many quarters. There is an important party which asserts that there cannot be any effective solution of the railway problem until the corporations are substituted for the State corporations by which the roads are now

controlled. The expediency of a large railroad would seem to be evident to any one who

controls the railroads is pointed out as an

other question which may have to be de-

lected, and that is the extension of Class 1 railroads in the United States; that is, railroads which have operating revenues of $1,000,000 or more. Mr. McAdoo feels that a system of regional railways co-ordinated on a plan involving more comprehensive planning and more co-ordination is similar to that under which the Federal Re-

serve Banks are operated briskly with interpolation point.

Problem Is Economic.

"Remedial legislation being impossible in the short time left to Congress to consider the matter," said Mr. McAdoo, "we should squarely face the necessity of returning the roads to their owners at the earliest possible moment without undue delay, and to the extent possible, to the extent of the period of Federal control. In choos-

ing between these alternatives we must avoid two dangers. One is the temptation to wor-

ried State and national politics and disturbed our economic development with a number of years. Every one will admit that, a decision must be re-

stated sooner or later, and that ulti-

mately it is the American frontiersmen who will make this decision.

The problem is economic rather than political in its character, and the de-

cision should be based upon the accept-

ance of the following considerations of conditions which the war forced upon us as we are provided with the machinery for the extension of Federal control.

If the period of Federal control is extended for a reasonable time, we shall be able to proceed with the railroad problem on the same lines that were used to control the settlement of the territories by Federal action.

Up to this time the test has not been sufficient to show what is the right solution of the problem. We have un-

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denominational material, but we do not all agree on the question of those roads. The great purpose was to win the war, and the roads were operated primarily to that end. We have no questions that they served this purpose with complete success. The roads were taken over in the name of State control over the roads, improvements, and services that were desirable and practicable.

Another question had to do with the allowance for the roads, with which is connected the problem of their proper value. The Railroad Commission had to decide upon the size of the increment of the unimproved obstacles to satisfactory railroad operation in the past and the present, and the payment of the employers and of the commercial public that the roads are heavily overcapitalized, and the commission is of the opinion that a large part of which additional revenue has been asked were predicated upon premises