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U.S. Railroads Regulated to Death

THE government and other railroads are carving up the Rock Island Lines, and Oklahoma is among the states which will lose more of their transportation systems.

The irony of the situation is that federal bureaucrats are merrily destroying the rail system while other bureaucrats are demanding that more people and more freight be transported by rail instead of by cars and trucks.

This should be a powerful argument against nationalization, but the ruination of this railroad and others is being used by socialists as an argument for greater government control.

"Crowbars and dynamite get fast results, but to really wreck a railroad, there's nothing quite like a regulation," says Robert M. Bleiberg in an analytical editorial in Barron's, financial news weekly. He reviews how the government bungled Rock Island affairs in 1915, again in 1933, and over the past 12 years.

Bleiberg says there is plenty of blame to go around, including a big share for inept management, but he says "the villain of the piece is inevitably the Interstate Commerce Commission, which has done perhaps more damage to the nation's railroads than the marauding Confederate and Union armies combined."

He said that by stalling a merger with Union Pacific for 12 years, ICC did the company and its shareholders irreparable harm. "Over a decade ago, the Union Pacific offered to exchange one share of preferred stock, convertible into .85 of a share of common, for each Rock Island share. A recent quotation of 70½¢ for UP would have amounted to about \$60 per RI share, instead of \$7 quot-

ed on RI stock before trading on it was suspended."

Bleiberg charges that "at least three duly constituted arms of government—the ICC, the Department of Transportation, which embraces the Federal Railway Administration, and the newly organized U.S. Railway Association, which funnels money into bankrupt Eastern railroads—all vie in calling signals."

A century ago, the United States government was helping to build railroads and free enterprise. Today, government agencies are helping to destroy both.

Other railroads are picking out sectors of the Rock Island Lines that they are willing to serve and which will fit into their operations without much capital outlay, but there is no

reason to expect that rail service ever will again be as good as it has been in the past. It isn't as good on the surviving roads, and much of the blame for the deterioration must be attributed to government regulation and bureaucratic bungling.

Socialists are clamoring for nationalization of the railroads and a movement is under way in Congress to provide federal subsidies for states to take over abandoned and obviously unprofitable branch lines of bankrupt railroads.

The government has clearly demonstrated its inability to run railroads efficiently or profitably and deregulation is clearly needed. Nevertheless, the movement in Washington is toward more of the same things that caused the problems.