# "THE RAILROAD: LEGISLATIVE REGULATION AND ITS LIMITS"

BY

**JAMES J. HILL** 

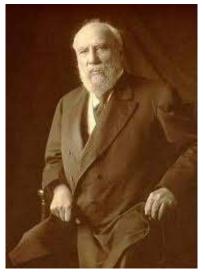
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## **FOREWORD**

BY

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For about fifty years, beginning in the early 1870s, the question of the extent of government regulation of railroads was debated almost everywhere. As James J. Hill put it in 1910: "The relation of the railway to the state—just where public control shall begin and how far it shall extend—has filled with dissension the last thirty years." He was referring to journalists, politicians, passengers, shippers, farm organizations—even novelists<sup>1</sup>—who urged that unfair and discriminatory policies



and practices of the roads be curtailed and controlled by government's use of its "police power." State legislatures and Congress responded by passing laws that came inevitably before the courts for constitutional review.

As this story unfolds, the reformers, the regulators and the courts draw attention while the regulated—the roads—are often overlooked. But they were not silent; they had a case. One of the most cogent "briefs for the defense" was

<sup>&</sup>lt;sup>1</sup> E.g., Frank Norris, *The Octopus: A Story of California*, a novel about the Southern Pacific Railroad monopoly published in 1901.

submitted by James J. Hill, the builder of the Great Northern Railway, as a chapter in his book, *Highways of Progress*, published in 1910.<sup>2</sup>

To Alrbo Martin, Hill's biographer, "Facts, and powerful analysis of those facts—the technique which had seldom failed him in a lifetime of dealing with problems that had often seemed larger than any possible solution—are the basis of the book." Hill doggedly recites dry statistics, data and figures to bolster his case against excessive regulation, eschewing the proclamations about the sanctity of property rights by judicial skeptics of the state's use of its "police power."

Acknowledging that some regulation is necessary, he argued that it be done by federal authorities, not a multitude of states:

There should be a few laws, thoroughly enforced. The attempt to prescribe details for so vast and complicated an undertaking must necessarily end in failure. It follows that the tendency of late years has been more and more to substitute Federal for state regulation. Forty-six different authorities cannot issue orders separately to a single interest without endless confusion and contradictions. There can be but one final authority over the railroads. No subject can serve two masters, and much less forty-six.<sup>4</sup>

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<sup>&</sup>lt;sup>2</sup> The book is a compilation of articles written by Hill with the aid of Joseph G. Pyle, a former St. Paul newspaper editor, some of which appeared first in 1909 in *World's Work*, a magazine published by Walter Hines Page. *Highways of Progress* was published the next year by Doubleday, Page & Company, with an introduction by Hill. Albro Martin, *James J. Hill & the Opening of the Northwest* 557-558 (Oxford Univ. Press, 1976). Hill's book is available online.

<sup>&</sup>lt;sup>3</sup> Martin, supra note 2, at 558.

While Hill advocated exclusive federal regulation, he scorned the "nationalization" of the railways, arguing that private ownership and management of the roads is vastly more efficient. However, after the U. S. entered World War One in April 1917, it became clear that the war effort was impeded by the inefficiency of the roads. Accordingly, on December 26, 1917, they were nationalized by Proclamation of President Wilson (Proclamation # 1419), which was ratified by Congress on March 21, 1918, with the passage of the Railway Administration Act. 40 Stat., ch. 25, at 451.

He is contemptuous of state legislators, and contends that the flurry of state laws enacted around 1907 precipitated a financial panic in the fall of that year. 5 Some of his most colorful rhetoric is thrust upon states that engaged in a "legislative persecution" of railroads." He does not mention that his home state was one of the "persecutors." In 1906, at the behest of the legislature, the Minnesota Railroad and Warehouse Commission reduced merchandise and commodity rates, and in 1907, the legislature passed laws setting minimum passenger rates, reducing freight rates, setting a maximum sixteen hour day for certain railway workers and taxing sleeping cars. Hill's Great Northern led a phalanx of roads in a counterattack by suing Minnesota Attorney General Edward T. Young in federal court to enjoin implementation of the new laws. The roads secured relief from District Court Judge William Lochren, which was appealed. On March 23, 1908, the roads won a momentous procedural victory when the United States Supreme Court decided Ex parte Young, affirming the federal court's jurisdiction over state regulators.

But why had so many lost their faith so suddenly? Those hostile to Roosevelt's policies had the answer: the President's attacks against business had sapped confidence in the economy. Especially appealing because it provided a tangible villain, word spread rapidly in business circles that his as "Roosevelt's Panic," and even man of his supporters admitted that the President's actions had disturbed the system....More often, businessmen distributed the blame among all those who had contributed to the "undiscriminating denunciation and legislation against capital and corporations."

Businessmen and Reform: A Study of the Progressive Movement 71-72 (Harvard Univ. Press, 1962) (citing sources). A few bankers and financiers had keener insights into the causes of the recession:

Bankers blamed Roosevelt's antitrust and regulatory policies for undermining business confidence; Roosevelt blamed "malefactors of great wealth" who wanted to discredit him. In fact as [J. P.] Morgan understood, the main problem lay in the money supply, or lack of it.

Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* 295 HarperCollins, 2009).

<sup>&</sup>lt;sup>5</sup> Other businessmen blamed the panic on a general loss of confidence resulting from President Roosevelt's continual denunciation of big business. Historian Robert H. Wiebe writes:

<sup>&</sup>lt;sup>6</sup> 1907 Laws, ch. 97, at 109 (passenger rates); ch. 253, at 344 (maximum hours of work); ch. 232, at 313 (freight rates); and ch. 453, at 694 (sleeping car tax).

<sup>&</sup>lt;sup>7</sup> In Ex parte Young, 209 U. S. 203 (1908), the Supreme Court held that a federal court had jurisdiction in a suit seeking to enjoin a state officer who attempts to enforce an

At about the same time, shareholders of several roads sued their boards of directors in federal court in Minnesota to bar them from complying with the state laws—suits the roads themselves secretly financed.<sup>8</sup> The roads aimed to end state regulation of their activities through judicial not legislative means. For the next five years those suits chugged along, with the roads winning in the lower court; but all changed on June 9, 1913, when the U. S. Supreme Court issued a Tolstoy-length opinion in the *Minnesota Rate Cases*, sustaining the states' regulatory and rate making authority.<sup>9</sup> It was a crushing defeat for the roads.

In the midst of this litigation, Hill wrote and published *Highways of Progress*, which included the following chapter on regulation of the railways. It has been reformatted, quotations indented, and two footnotes added. ◊

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allegedly unconstitutional state statute. Justice John M. Harlan dissented from the majority opinion by Justice Rufus Peckham. *Young* opened the federal courts to civil rights suits seeking review of myriad state actions that continue to this day.

Professor Richard C. Cortner of the University of Arizona has written histories of litigation over railroad regulation in Minnesota in the late nineteenth and early twentieth centuries, and they are collected in *The Iron Horse and the Constitution: The Railroads and the Transformation of the Fourteenth Amendment* (Greenwood Press, 1993). He devotes three fascinating chapters to *Ex parte Young*. Professor Cortner's book is indispensible reading for anyone interested in the legal history of the state.

<sup>&</sup>lt;sup>8</sup> Cortner, supra note 7, at 202 (also noting that "Louis and J. J. Hill actively intervened to secure counsel of their choice to be the lead attorneys for the stockholders.").

<sup>&</sup>lt;sup>9</sup> *Minnesota Rate Cases*, 230 U. S. 252 (1913). The opinion was written by Justice Charles Evans Hughes, with Justice Joseph McKenna concurring.

#### **CHAPTER XIV**

#### THE RAILROAD

### PART III — LEGISLATIVE REGULATION AND ITS LIMITS

THE fundamental principles of construction, operation, financing and ratemaking have been stated in the last two chapters. There remains to be considered the nature and amount of control exercised by the public in one way or another over the direction and detail of railroad affairs. The ramifications of the transportation interest are so extensive, the matter so directly affects every citizen of the country, and it has been for so many years thrust constantly to the front in public discussion and political campaigns that some consideration of the legislative regulation of railroads and its proper limits should have place in a statement of first principles.

First, emphasis should be laid on the fact that both the people and the railways lose by the folly and profit by the wisdom of either. There is no other partnership so intimate and indissoluble; because it is grounded not in the inclination of either, but in the nature of human society and the necessity of economic law. The public and the railroad must always prosper or suffer together. If the railroad's profits are too high, its patrons are impoverished. If they are too low, deficient service and a general decline in business and prosperity will follow. The carrier can provide an adequate service and maintain it at the point of highest efficiency, and the public can enjoy the benefits of that ideal condition only when there is a fair and just balance held between them. How to secure this is the pith of what is commonly called "the railroad problem."

The relation of the railway to the state — just where public control shall begin and how far it shall extend — has filled with dissension the last thirty years. Between the demand of some of the earlier railway corporations, that they should be substantially exempt from all regulation, and the demand made to-

day that legislatures and commissions should have the right, without appeal, to order successive reductions in rates and increases in expense until the railways become bankrupt, there is somewhere a reasonable middle ground of justice. In trying to arrive at this through the American method of advance by the conflict of extremes, the railway properties of this country have passed through strange vicissitudes. It has been like the slow rise of water behind a dam, the sudden sweeping away of all restraints, and then a slow rebuilding on the old foundations with a larger knowledge bought by costly experience. One fixed correspondence, however, must be noted. The years in which the largest number of miles of railroad were built have been the years of greatest general prosperity.

The first radical exercise of a public control of rates was followed by the evil years succeeding 1872. Then came a period of reorganization, placing the railroad once more on a sound basis and facing fairly the new conditions. In 1887 came the definite assertion and exercise of control by Congress, expressed in the Interstate Commerce Act. As originally enacted this proved neither unreasonable nor hurtful. It did not deny the right of the railway to earn a living. And its enforcement did not injure the credit or prevent the expansion of the railroads, because it proved that, in the main, they were dealing fairly with the public. The late Joseph Nimmo, Jr., has stated that, of 9,099 complaints entertained by the Commission during the first eighteen years of its existence, 9,054 were settled directly, without reference to the courts, forty-five only of the remaining cases were appealed to the courts, and of these only eight were sustained. 10 All of these cases alleged unjust discrimination and not one asserted an exorbitant rate. It is estimated that the total freight transactions to which the

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<sup>&</sup>lt;sup>10</sup> These statistics are from a paper by statistician Joseph Nimmo Jr. (1837-1909), Government by law or by commission? Shall the discretionary power to regulate commerce be conferred upon an administrative board or bureau of the executive department of the government? A nonpartisan statement (August 23, 1908). It is, available online at the Hathi Trust Digital Library.

railroads of the United States were a party amounted during the same period to nearly three billions. With an open tribunal established for this particular class of grievances, the complaints were fewer than one in three hundred thousand. In these billions of transactions, eight only were censured by the courts. The figures are eloquent of the observance of law by the railroad interest.

But the matter did not end here. Subsequent legislation proposed to vest practical control and management of these properties in an outside body, politically appointed. Rapidly an era of frenzied legislation against the railroads drew on. Many of the states, incited by consciousness of their power and by every art of which the demagogue is master, proceeded to devote themselves for some years almost wholly to railroadbaiting. Within three years, ending in 1907, twenty-five states enacted car-service laws, twenty-three regulated train service and connections, twenty-two fixed maximum passenger rates, nine enacted maximum freight rates, thirty-six regulated the general corporate affairs of common carriers. In five years of the same period fifteen state railroad commissions were created or received large extensions of power. Thirty-three states enacted a total of 334 laws regulating railroads within their jurisdiction, and nearly all these laws were passed without proper investigation or knowledge of their probable effect.

These facts are some measure of the violence of the attack upon the railway interest; nearly every item of which had for its moving purpose or included as one of its results the decrease of railroad revenue or the increase of operating expense, or both. Rates were cut by arbitrary edict to a minimum unjustified by traffic conditions and incompatible with operation except at a loss. For it has already been seen that efficiency is nearing its maximum. The railroads cannot be crowded much further. The weight of rails, the capacity of cars, the power of locomotives all have a practical limit that cannot be exceeded in the pursuit of new economies to meet new impositions; and that limit has nearly or quite been reached. Every department of the railroad business was invaded by the doctrinaire and the demagogue, as

well as the sincere legislator handicapped by ignorance of the practical side of the great interest with which he was attempting to deal. Hours of labour were shortened, changes in construction and rolling stock costing hundreds of millions were ordered, and the law, while forbidding combination, at the same time made competition impossible by prohibiting discrimination, insisting upon a minimum rate and standardizing the main conditions of the business. While imposing these new burdens, the public kept demanding special rates for special occasions, including innumerable conventions and similar gatherings; and turned first, as usual, to the railroads with assurance when money contributions were desired for some public purpose.

The consequences of this attitude of fierce unreason became acute in the fall of 1907. The confidence of the public in the security and prosperity of the railroad business yielded finally to continuous legislative attack. The Interstate Commerce Commission's Report for 1897, after most of the reorganizing work had been done, had shown that more than 70 per cent. of the entire outstanding stock of the railroads of the country paid no dividends, and 16.59 per cent. of their bonds, exclusive of equipment trust obligations, paid no interest whatever. Yet ten years later an additional burden of some twenty million dollars a year was imposed on the railways by new regulative measures that did not add a dollar to their income. As a consequence of this continuous policy of drastic measures, the value of securities alone fell off nearly five billion dollars, while business credits decreased in probably equal volume. Had it not been for sound industrial conditions underneath, the country would not have recovered from the shock for twenty years.

Not since 1893 had there been any such list of railroad wreckages as occurred in 1908. During that year over 8,000 miles of road passed into the hands of receivers; while crippled operation and injured credit represented greater damage than statistics can express. Half a million railway employees lost their employment, directly or indirectly. A part of the decline in treasury receipts is the price the public pays for the legislative

persecution of railroads that culminated in 1907. They were saved from total destruction only by the protection that the courts, under the Constitution, give to property against confiscation. But complete recovery is a slow process, and can be looked for only after some authoritative assurance that such assaults are ended.

No public question touches directly the interests of so large a number of people, especially those who work hard for a living, as the prosperity of the railroads and their subordination to proper and freedom from improper regulation. The railroad has been an emancipator of labour. A commodity brings the highest price when it can move quickly to any point where demand may arise. This is notably true of labour.

Its employment and wages depend upon freedom of movement from place to place. Therefore the rise of the national transportation system has meant much not only to the farmer whose products it brings to market, and to its own employees who now outnumber those of any other employer, but to every artisan, factory hand and other worker in the country. A considerable part of the United States would be literally uninhabitable without railroads. Climatic conditions would make life insupportable to any large population if comforts and necessaries could not be brought in from a distance. Some of the systems serving such territory have already been reduced by oppressive legislation to a financial condition so precarious that their service breaks down whenever subjected to any unusual strain; such, for instance, as a severe winter brings to the carrier. Business is injured or paralyzed; and the very lives of the people may be endangered by a policy which may in any emergency put before a railroad the choice between making its service insufficient, or even partially discontinuing it, and inviting virtual bankruptcy. This negative fact is the complement of the still more impressive positive fact that not the growth of manufactures or the general conditions which we call progress or the increase of humanity or the rise of labour unions has done so much to better the condition and broaden the opportunity for labour as has the railroad.

This being true, it is singular that the public should be willing to mulct a railroad at every opportunity; for the same public also in the long run pays all the bills. Yet this disposition appears not only in a huge volume of legislation reducing rates, but in new forms and higher rates of taxation, in the readiness of juries to give large verdicts in damage suits, in the indifference of public authorities generally to the injury or destruction of railroad property. Every dollar thus called for comes out of the pockets of the people. The railroad is practically helpless against unjust exactions. The people along its line may all move away if it suits them, but it must remain. It must do business with the community in which its lot is cast, and make a living. Even a receivership does not destroy track or equipment, which must still find occupation and get some equivalent for their service. The mere politician would not dare to attack and abuse any other interest as he does this, for it would remove to some locality where it could get fair play, and the community would be a heavy loser. Because the railroad cannot do this, fair-minded men should be not less but more inclined to insist that it receive everywhere, in the legislature, in the courts, in the forum of public opinion, the full measure of an equal and just consideration. Two things are self-evident: one, that it has not had this in the past; the other that, until it has been granted, there can be no permanent peace and prosperity in the world of industrial development or that of public affairs.

A railroad must earn money or borrow it. It has no other resource. The stockholder gets a dividend which is usually a fixed and very low figure on most of the big systems of the country. Increase expense, and the public, not the railroad, is taxed. The railroads of the United States paid out more money for taxes alone in the year 1908 than the total receipts of all the railroads of Australia and those of the government railroads of New Zealand and Canada combined. In the last twenty years this tax bill of our railroads has increased over 200 per cent. If this came from some private hoard, if it were like an inheritance tax or an extra charge on luxuries consumed by a few

individuals, it would still, when compared with the increase in other taxation, prove persecution

In 1907 the total taxes paid by the railways of the United States were nearly 10 per cent. of their net earnings from operation. For 1908 the percentage is about 12. This is, in effect, an income tax. The proposal to raise the income tax in England from 5 to 7½ per cent, is considered so revolutionary that the whole country is aflame with the issue. In no other country, and upon no other form of industry or investment in this, are such unreasonable imposts laid. When railroad property as assessed for taxing purposes, the public insists that it is never valued high enough, when the value of the property as an element in ratemaking is in question, the same public insists that it is never made low enough. The inconsistency of the prevailing attitude toward the railroad is as marked as is its injustice. The owner of every other form of property may enjoy without reproach its natural increase; but if a railroad's property gains value, this is considered proper ground for legislative attack. Representing as railroad taxation does an extra burden placed by the people through the politicians on their own backs, its enormous increase and its methods prove to how slight an extent reason and intelligent self-interest have as yet been applied to the details of the relation between the railroad and the public. The assertion of their identity of interest is only the expression of an economic fact as certain and universal as the influence of gravitation. Perpetual conflict between them is not so much civil war as suicide.

Although the tendency to interfere unnecessarily and hurtfully with the management of railroad properties has by no means been killed, its virulence has been somewhat abated by recent disastrous experiences. There will always be railroad regulation. But railroad persecution shows symptoms of ptomaine poisoning. Its excesses generated toxins which are destroying its power to harm; and the country may probably look forward presently to a period of constructive legislation, after the destructive period that ended its reign of more than a quarter of a century in 1907.

The relation of public authority to the railroad hereafter should be and probably will be more supervisory than prescriptive. No arbiter not familiar with the whole situation, as only railway officials themselves can be, is qualified to fix the details of operation or to decide questions that may, notwithstanding apparent simplicity, involve the ruin of a corporation on the one hand or of a community on the other. Reasonable men, especially those who have had business experience, realize that the state may and must stand in the background as a judicial referee and an enforcing executive. Its part is to correct ascertained evils, and to see that the regulations which it finds necessary to lay down are observed. Mr. Henry S. Haines, in his recent book on the subject, expresses the following conclusion, which harmonizes with economic principles and practical common sense:

"Our national wealth is largely invested in property which, though productive, is not readily convertible. The world elsewhere is demanding the means to develope unutilized resources of nature, and that wealth which is not attached to the soil may flit away to lands where it may be more profitably employed. Let us, then, not legislate against the railroads, but for them! Let us regard the ills of which we complain as not inherent in the application of private capital to public use, but as incidental to the unrestricted control of concentrated capital; and let us seek the remedy which will restrict that control to purposes consistent with the public welfare, with powers so clearly defined as to be unmistakable in their limitations, and with such efficient supervision as will insure publicity in the exercise of corporate authority. Surely such a remedy can be found in legislation which will not be so drastic as to also limit the legitimate profits upon private capital invested in the railroad corporations engaged in the performance of a public service."11

Henry S. Haines, *Railway Corporations as Public Servants* 225-226 (1907). It is available online.

There should be a few laws, thoroughly enforced. The attempt to prescribe details for so vast and complicated an undertaking must necessarily end in failure. It follows that the tendency of late years has been more and more to substitute Federal for state regulation. Forty-six different authorities cannot issue orders separately to a single interest without endless confusion and contradictions. There can be but one final authority over the railroads. No subject can serve two masters, and much less forty-six. The greater cannot be included in the less; nor the interstate traffic, which constitutes from 65 to 97 per cent. of the total over large areas of the country, accept directions from the comparatively trifling volume of business that originates and ends within the boundaries of a single state.

Regulative authority there must be. But it must be consistent, comprehensive and uniform. It must be governed by the rule of fair play to the shipper, the railroad and the consumer alike. Behind ruthless aggression by either corporation or state stands the menacing figure of public ownership. This has no power to affright the present owners of railroads, since their property could not be taken without fair compensation. But for the people it would be the beginning of the end. No sane man can believe that our institutions or free government in this country would long survive the change.

No government could or would have effected any such reduction of rates as has taken place in the last thirty years. Public control is everywhere slow, inefficient, expensive. There is not a department of our Federal government in which private initiative and modern business methods would not insure greater expedition, better results and a saving in cost of from 25 to 50 per cent. Our own experience in other respects and the experience of state-owned railroads everywhere, when their finances are carefully examined and honestly stated, show that government ownership would require a material and probably a regularly advancing increase in railroad rates.

Government operation of railroads would necessarily establish the uniform rule of a distance tariff; not only to satisfy the clamours and complaints of different communities, but to comply with the requirements of the Constitution and the rule that there shall be no discrimination. Nothing could throw transportation at its present stage of development into more inextricable confusion, destroy many important business centres more surely or more increase the cost of carriage on main commodities of commerce and main lines of travel than a distance tariff.

In this connection it is significant that, since legislative regulation became the order of the day, especially that by Act of Congress, none of the small towns of the country have shown marked growth. The large centres have gained, because they are necessarily the basing points for making rates. This gives them a business advantage. The smaller centres have, so far as their hoped-for commercial importance is concerned, been wiped out. The effect of Federal regulation here, as in the case of destroying competition by compelling the adoption of standard rates, has been the exact opposite of what was intended and expected. Its extension will be marked by a still further aggrandizement of the few large strategic traffic centres at the expense of all smaller cities and towns.

Aside from all economic questions, Federal ownership would mean the political appointment of an army of employees now in excess of sixteen hundred thousand, and soon to number two millions, mostly thoroughly organized and ready to act as a unit in whatever direction their own interests may dictate. Every man who does not wilfully blind himself to consequences must admit that our institutions could not stand the strain; and that the establishment of Federal ownership of railroad properties would mean the destruction of free government in the United States.

Happily, signs that reason is resuming her sway are not wanting. While propositions are still heard in some quarters for railroad legislation that cannot be justified either by economic

principle or existing fact, they are listened to with less approval and pressed with less avidity. The people have learned something of their own interest as inseparable from fair treatment of their common carriers. Soon after the railroad came, the wealth of the United States was estimated, in 1850, at about \$7,000,000,000. It is now estimated at more than \$130,000,000,000. More than any other single agency, the railroad is to be credited with this wonderful increase. The public is coming to understand that it must not be destroyed.

The railway system of this country is not a failure, as has been charged by men who are without knowledge of the facts, and whose opinion consequently is of no value. On the contrary, it is, when judged by its results, in official records, perhaps the most conspicuous success achieved in the development of the United States. Costing only from one-half to one-fifth as much as the systems of other countries, it charges rates from onethird to one-half as great and pays over twice the rate of wages. Few inventions produced by American genius, probably no other industry perfected by American enterprise, can show a record that compares with this. The railroad men of this country have a right to resent the indiscriminate abuse too common in the past, and the railroad interest has a right to demand the protection of the laws and the support of an intelligent and righteous public opinion. Just as there is no better measure of the overflowing energy and unconquerable determination of the American people than the upbuilding of this mighty system in the face of great obstacles, so will there be no fitter test of their capacity for self-government than their ability to hold the scales of justice fairly balanced between the conduct of our railway systems and the supervisory and regulative authority of the state.

What goes by the name of "the railroad problem" will be solved at the same time and by the same method as the other problems of conduct and ethics inherent in all human social relations. The duty of the good citizen toward the railway is to insist that it shall be punished when it does wrong, and protected in possession and enjoyment of its property and in

the performance of its public functions when it is right. Vindictiveness in either direction is worthy only of the savage or the brigand. The people must remember here as everywhere else, if they do not wish to end in colossal failure, that the very first condition laid down in the preamble to the Constitution of the United States, after united effort, as preliminary to the formation of any government worthy of the name, is "to establish justice."

Give the railroads a square deal and allow them to earn a fair return on their value. Compel them to do the work that they can do and are intended to do for a compensation reasonable when viewed from both sides. Make them render a fair service for a fair price, and permit them to earn and keep a fair income. If this rule could be the ideal of the American people, instead of a gospel of abuse and hate, it would not only close equitably an agitation disastrous to both parties, but it would result practically in the establishment at an early day of traffic conditions more favourable to the public than it has ever known.

It is time for the whole country to sober down and think out the issues before it. They are serious enough to demand its most earnest effort. They are vital enough to elicit the most generous patriotism. This country has become the most prosperous in the world not by any magic of legislation, but by the cooperation of all its people in the development of natural resources more abundant than were ever before placed at the command of any people. Constructive statesmanship must now re-establish and confirm disturbed relations between the activities engaged in the production of national wealth. A hearty union of all interests, a broad and genuine understanding and a deliberate, honest and tolerant attitude on the part of the people will do most to promote success in industry and sanity and permanence in the nation.

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