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DOMESTIC RAILROADS IN WARTIME
7 March 1946.

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DOMESTIC RAILROADS IN WARTIME 7 MARCH 1946.

GENERAL ARMSTRONG:

Gentlemen, yesterday Dr. Ashton gave you a very effective introduction into the problems of railroad transportation. It was, I think, sufficient, even if you were not convinced before, to make you realize that the railroads are an essential part of the actual strength that will support the United States if we are attacked. That is the reason that on occasions when I have a chance to speak to railroad groups I tell them that they are a part of the national defense structure of the United States, just as much as the Army and Navy are.

Today we are going to continue the subject of railroads. We have, instead of one of our own staff, a speaker from one of the railroads. He is Executive Assistant to the President of the New York, New Haven and Hartford Railroad. He is a graduate of Harvard and took his Master's degree at Yale. He has served in the Office of Defense Transportation. He knows the railroad business and he knows the application of the railroads to winning a war. Gentlemen, it is a pleasure to present to you Mr. Henry F. McCarthy, of the New York, New Haven and Hartford Railroad.

MR. MCCARTHY:

General Armstrong; my friend, Herbert Ashton, who inveigled me to come to Washington for a very pleasant spring day; and gentlemen of the first postwar class in the Industrial College: I come to you today not at all as a spokesman for the railroad industry, I come to you as one who had an opportunity to observe the problems of wartime domestic transportation from the vantage point, first, in charge of traffic, later in charge of the entire railway department, of the Office of Defense Transportation. I shall cover the subject, "Domestic Railroads in Wartime."

Many of you have had experience with overseas railroads. I have had none. All of you have had experience with the railroads in the United States during war. I am hopeful that as I cover my outline you will be thinking in terms of the subsequent question period, because I believe that period may well bring out the more interesting points, more so than the points that I cover in my outline.

Dr. Ashton has already covered the general characteristics of freight and passenger traffic on the domestic railroads. During war there was a prodigious, increase in the freight traffic burden assumed by the railroads of the United States. In contrast with World War I, when the domestic carriers handled about four hundred-billion-ton miles per annum, that load in World War II was nearly doubled, attaining the volume of approximately seven hundred and fifty-billion-ton miles per annum.

The great increase in load occurred between the years 1939 to 1944. In 1939 the railroads handled 333 billion-ton miles. The percentage increases year after year more than doubled that burden. The reasons, of course, are well known to you who are so familiar with industry. There

was a tremendous increase in the basic production of goods in the United States. That increase was about two and a half times during the period 1939-1943.

In addition to the underlying increases in the productive tonnage originated, there was a shift of traffic from other forms of transportation to the railroads during the war years. You are all familiar with the fact--and I assume that the oil industry has come to you and told you in glowing terms of the performance of the petroleum industry--that it was necessary to divert all of the domestic petroleum movements from the sea to rail. Of course, during the war period pipe lines were constructed and increasingly assumed their share of burden in addition to the burden superimposed on the railways.

To give you an idea of the vastness of that movement: The average daily handling by the carriers increased from approximately 110,000 barrels per day, all in short haul, to well over a million and a quarter barrels per day, most of which was in long haul.

But in addition to the diversion of petroleum products from tanker by sea, to rail, there was a diversion of coal from collier at sea, to rail. There were all sorts of diversions of miscellaneous commodities, such as the lumber traffic, from the Northwest to the East, and very heavy sulphur movements, from Gulf ports to the eastern consuming centers. In addition, our imports of ore increased tremendously. Those are all traffic shifts which came to the railroads as tonnage in addition to the tonnage which was originated as a result of vastly increased demands of a nation at war.

Another change in traffic flow occurred as a result of the location of war plants and war industries in new sections of the country. Take, for instance, the tremendous growth in the shipbuilding industry which occurred along the coast of the United States. Another new movement of traffic started from eastern points to far-western ship-construction centers.

The characteristics of the war, which was a two-front war, resulted in a vastly increased movement from the points of production in the interior of the United States to the ports for export. That load increased more than fourfold during wartime.

As a result of the increased production and the new traffic flows, the characteristic haul on the railroads increased from approximately 320 miles to 480 miles per car. Therefore you have an increased originated tonnage, plus an increased haulage per car, which makes for a far greater ton-mile-haulage problem.

I believe yesterday Dr. Ashton talked generally about the western carriers. There is one specific example of a new burden caused by war. The western carriers, the Santa Fe, the Southern Pacific, the Union Pacific, the Northern Pacific, the Great Northern, and the Milwaukee, characteristically had a heavier eastbound movement of loaded cars than westbound. That movement during the war as a result of the larger activities along the Pacific Coast, plus the export traffic, caused a complete shift in the balance of traffic.

Now, these railroads were built primarily for eastbound loaded car hauling. The ruling grades were greater westbound than eastbound. The lines and facilities were primarily constructed to handle traffic flowing predominantly eastbound. So we were caught at the outbreak of the war with transcontinental railroads built to do an eastbound job called upon to do primarily a westbound job. I will tell you later of some of the measures that had to be taken to accommodate the traffic which had to be moved.

Now, in the passenger field our experience in increased travel was even more startling. At the peak in World War I the railroads handled 42 billion-passenger miles per year. In 1944, the peak of the war movement, the railroads handled 95 billion-passenger miles. Incidentally, that increase was even more startling if we go back to 1938, when the railroads were only handling 21 billion-passenger miles per year. The increase is nearly fivefold in six years. The reason therefor was the tremendous troop movement in assembling, training and making ready the largest army and navy force in the history of this country. I need say no more to impress on you the enormous volume of these troop movements.

In addition, the furlough policies of the Army and Navy in a gradually developing war were fairly liberal. They added to the burden of the railroads in handling their passenger traffic.

All of you are familiar with the tremendous amounts of traffic which was diverted from the highway, from busses, in part to the railroads as a result of bus, automobile, tire, and gasoline shortages. The vastly stepped-up business activities, both government and private business, during the period of the war also resulted in a large increase in passenger miles.

Another cause of the increased traffic which came to the railroads was the prosperous civilian population, with time on its hands and with few goods to buy. The scarcity of other consumer goods together with an impulse to spend money, which was felt very earnestly by the civilian population, caused increased travel on the railroads.

Furthermore, the disruption incident to war caused shifts in population, shifts in families, which in turn caused travel to hitherto undreamed of heights.

In the face of these increases, the railroads had one-third fewer freight cars, one-third fewer locomotives, and one-fourth fewer passenger cars than they had during the peak of our economic prosperity in 1929. In 1929 the railroads of the country had 2,500,000 freight cars. There was a decrease of approximately 600,000 by 1942, when the railroads had 1,750,000 freight cars.

The decrease was almost as large in the case of passenger-carrying cars-- from approximately 62,000 in 1929, the peak of our economic prosperity, to 45,000 in 1939. We had the same, 45,000, in 1942; and no new cars were constructed during the war.

In locomotives there was a similar decline. The decrease was roughly one-third. In 1918 we had 53,000 locomotives handling the war traffic of that period. That decreased to 42,500 in 1939. We had approximately the same number in 1943. However, during the intervening period the typical locomotives design and type purchased by the railroads resulted in very much larger locomotives, with greater horsepower and greater tractive power. Also the New Diesel gave us more flexibility and enabled the locomotives to be used to a greater degree during the day. Therefore the haulage capacity of the locomotives of the country was substantially equal to that of 1929 and in excess of that of 1918.

The railroads had gone through a period of economic adversity during the depression, which resulted in a rather scant program of rail renewal. I do not want you to leave this room without an understanding of the continuing need for rail for maintenance purposes during a period of increased traffic. During World War II we in the Office of Defense Transportation had some rather difficult sessions with General Clay and General Somervell on this score. Suffice it to say that through the depression period there had been some expenditures for rail and centralized traffic control, which increased the line capacity; but there had been no expansion of yards in any part of the country, and we came into the war period with a substantially increased tonnage without the underlying plant and facilities to do the job in the usual and characteristic manner of the railroads.

Well, there are other limitations which we faced. I believe that Dr. Ashton covered the manpower limitations. The railroads did a very much more efficient job during the war than in previous years. In 1918 it took 1,800,000 men to run the domestic railroad plant. In 1933 that had been decreased by 50 percent, and 950,000 men ran the plant. In 1944, with a vastly increased tonnage, 1,400,000 men ran the plant.

You are all familiar with the reasons for the stringencies which faced the railroads. All industries faced manpower shortages. The railroads were no exception. In many work classifications, on a national basis the wages scales were lower than those that prevailed in war industries in 1940 to 1945. That left the railroads in a relatively less favorable position.

There is another important limitation--the limitation placed on railroad preparation as a result of governmental policy. As I said, I am not here to represent the railroads; but the fact remains that during the period before the war the government's policy tended to encourage the development of other forms of transportation. The railroads were in a severely critical credit position so far as their finances were concerned. As a result of that there was a lack of security in the minds of management, and there certainly was a lack of faith on the part of the sources of private capital, which limited expenditures to a marked degree. The depression of the thirties, aggravated by governmental policies which favored and subsidized competitive transport agencies, made railroads a bad credit risk and handicapped their war preparation.

With vastly increased traffic on the one hand and limitations of cars, locomotives, manpower and road facilities, what was the solution? We had

to get more effective haulage work out of each man, out of each car, and out of each locomotive.

The approach, first, was one of encouragement of cooperation as between the buyers and the sellers of railroad transportation. Looking at the whole problem, the shipper had just as much of an interest in getting the maximum use out of a car, so that he would have an adequate car supply, as the railroad had interest in providing cars with which to earn money and do their share of the war job.

That policy of cooperation existed between the individual railroads, as exemplified in the Association of American Railroads. It existed in the work done between the Armed Services and the railroads. It existed locally among the individual railroads and also with the Association of American Railroads. And outstandingly that cooperative effort existed between the shippers advisory boards of the country--associations of users of freight transportation--and the railroads, locally, regionally and nationally.

The second fundamental principle of capacity, expansion, which I regard as of primary importance, is the avoidance of the "priority" concept. Priorities in car supply were NOT instituted. Priorities in car movement were NOT instituted during the entire Second World War. That is in great contrast with World War I, when a priority system sprang up, helped to bog down the railroads and caused congestion and inefficiency.

It is ironical to note that we got through the peak of the World War traffic, without a priority system, with a high quality of service over the country as a whole only to relapse recently into a directed car supply priority for export grain traffic. Incidentally, that is a very unfortunate priority handed down from the White House. It will result in car shortages during 1946, car shortages which were avoided during the periods of greater traffic.

Now, that was a signal success in World War II--avoiding priorities in car supply and avoiding priorities in movement. It took education. It took force of mind to suppress the powerful albeit selfish demands for priorities in movement. But primarily that successful, shall I say, finesse gave us an opportunity to use cars to the maximum and to use men to the maximum and do the whole job without figuring out the essentiality of one movement versus another.

There is another fundamental of transportation during the recent war which I want you to note and take with you wherever you go in the work which is cut out for you in the years ahead, whether at peace or in the case of a future war. This is a simple point to those versed in transportation. A car is made with wheels on it so it will move. Therefore it is not to be used for storage for one minute. Avoid the use of cars for storage.

We were successful during World War II in securing increased movement of cars, and then by obtaining more net ton miles per car day. That resulted in a fluidity of movement and a standard of service which exceeded peacetime expectations in many cases.

Another fundamental principle behind capacity expansion during World War II was a continuing control or regulation, advanced planning and checking of performance. Take one specific railroad; the superintendent of this division, who has four hundred miles of road under his charge, concentrates his whole attention on his own problems. The same is true of the superintendent of the adjoining division. At the point where those two jurisdictions come together the vice president has to be in charge. He checks the performance between the two divisions and over the railroad as a whole.

That was true with us too. We in ODT found it necessary to check performances for the country as a whole by establishing a system of statistical reporting by each of the railroads of this country. From those reports we could see congestion developing in advance of the trouble. We could see the volume of movement of traffic from or to a port, from the Middle West or any other section.

That checking was not welcomed by the individual railroads. They felt they could do their own job. But some place there had to be people checking the performance as a whole--anticipating, controlling, regulating, a volume flow of traffic which exceeded anything previously handled in history.

Now, from a practical standpoint specific things had to be done in terms of the general principles which were set up by the various agencies responsible for transportation. One of the most important, was export traffic control. World War I was characterized by tremendous congestion at the ports, a congestion which prevented the movement of the goods themselves and also brought about a severe embarrassment of the car supply of the United States, with hundreds of thousands of cars tied up at the ports. Nobody knew what was in the cars.

Early in this war we had severe congestion at Philadelphia. In fact, we were six months in setting up our controls. But in three months Philadelphia became congested.

Although ODT has a fundamental responsibility for expeditious movement to and through the ports of export, we recognized that we needed the cooperation of the other interested agencies--the Army, the Navy, the British Ministry of War Transportation, and the War Shipping Administration. So the so-called Transportation Control Committee was formed to set up a system of regularizing of traffic flow to the ports. We in ODT believe this committee to have been one of the most successful interagency efforts of World War II.

Basically that committee work resulted in a unit car permit system. No car could be moved for export in the United States unless it moved under a formal ODT serial permit. There were elaborate mechanics set up for the controls, which we will not go into now.

Back of that unit car control by week and by month was a Port Utilization Committee, which defined capacity, both in so far as the ability of railroads to handle the traffic to the port, and the ability of the port

facilities to unload the traffic from the cars or the ships. That control was also week by week and month by month, so you would have a pattern of a meeting of the Port Utilization Committee resulting in a schedule of 195 ships per month for New York, followed up by the Transportation Control Committee allocating tonnage for the month, then, in the case of Army installations, the Traffic Control Division in the Transportation Corps would release individual cars. At no time did we have a severe congestion after these two committees were set up and began functioning. We had some tight times. We had them sometimes because the program of the Armed Services was huge. In regularizing and control we were successful to an uncanny degree.

From a railroad man's standpoint one of the by-products was a tremendous saving in car days. Generally speaking, in peacetime the railroads give seven days free time without demurrage on export traffic. Throughout the severely critical period of the war, when tonnage was at the maximum, the average turn-around time of cars at ports of the United States was five and a half days.

In addition to the export traffic control, the Office of Defense Transportation, which was given in December of 1941 the underlying responsibility for the proper conduct of domestic transportation during the war, issued certain general orders, some of which I shall mention briefly.

General Order ODT No. 1 ordered the railroads to get capacity use of box cars used in the transportation of less carload freight. The average loading was increased from four tons plus per car less carload to nine and a half tons during the year 1944. That one order, it is estimated, effectively added 116,000 freight cars to the existing fleet. There is an example of more efficient use of fewer cars.

There had been a great amount of shipper cooperation in heavier loading of cars. However, it was found necessary, facing the increasing car stringencies to issue ODT Order 18, which compelled shippers to make full use of the cubical capacity or the weight capacity of closed freight cars. During peace and the commercial days, the unit of sale of most commodities did not fully utilize the capacity of the ordinary closed freight cars. During the war we could no longer afford that luxury, and the general order was issued compelling capacity utilization. Approximately 65,000 cars were added to our fleet by this order alone.

In addition to the saving in the car supply, these car utilization orders resulted in a tremendous gain in locomotive efficiency. A 22-ton freight car handling 40 tons is still only one freight car to haul, whereas in peacetime we would normally have two 22-ton freight cars handling 40 tons of lading.

There were many other ODT orders, most of them affecting freight traffic some of them affecting passenger traffic, completely eliminating the operation of excursion specials or luxury trains, and others being restrictive orders which geared passenger operations down to a more severe wartime standard.

The Shipper Advisory Boards of the country--there are thirteen of them, divided geographically--did a tremendously good job of insuring car efficiency. I will give you just one specific example. There were fifteen hundred members of the efficiency committees in New England alone, working daily on car supply and railroad efficiency problems. It was a tremendous job, and superlatively done. It was one of the outstanding examples of cooperation between buyers and sellers of transportation.

The continued existence and activities of the AAR Car Service Division, checking their own railroad performance, checking shipper performance--even checking Army performance--was of tremendous help in expanding the capacity of our plant.

The Interstate Commerce Commission, through its car service power, which is the only power it had that resembled a wartime power, was extremely effective in its field work. Just as an example: An I.C.C. man would inspect a shippers receiving facilities. He would find cars that had not been unloaded for several days. An embargo would be placed against that receiver until he got rid of the cars on hand. That meant that no cars could be shipped to that plant until the embargo was removed. Of course that was an economic sanction. It was tremendously effective.

There were many other orders by the ODT, by the AAR Car Service Division, and by the Interstate Commerce Commission. I will summarize them by saying that they were compulsory orders designed to increase the efficient use of the very limited plant of the railroads in the face of increased traffic.

In addition to the specific applications of controls, other means were used to expand capacity and increase efficiency. Throughout the war there was a continuing conservation campaign. By use of advertising and publicity encouragement and inspiration was added. All of you men know how important these psychological, shall I say, weapons are in increasing production and efficiency. All of the modern tools of selling were used. That goes so far as the point where railroads advertised to the public "to please stay off the trains". There was much joking about how effective these passenger campaigns were. But they did one thing. They left in the public's mind the responsibility for conditions on trains. It was the responsibility of the public. It was not the responsibility of the Army and it was not the responsibility of the railroads. That was the prime purpose of that advertising, psychological approach.

While I am speaking of passenger transportation you might ask, Why did you not ration passenger transportation? Well, at one time or another, everybody in Washington with the exception of myself had a "plan". We did have an effective priority in passenger transportation. In the first place the Army and the Navy had a priority of the passenger car supply so far as their troop movements were concerned. At the peak movement I think about 60 percent of the total Pullmans and about 33 percent of the coaches owned by the railroads were scheduled for military transportation, that is, set aside. So there was a means of rationing or priority.

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But in addition, there was set up, at the rather strong suggestion of ODT, the so-called "Government Reservation Bureau." That was an effective priority for one essential class of travel. We considered that demand of the one essential, and put all other demands on the same basis, "first come, first served." Beyond that we did not go. Everybody says we escaped rationing and escaped priority. That was good thinking during wartime, but we can talk now. We did have a system and it worked.

Now, to get to the achievement. When I say that with the assistance of everybody, the railroads did a magnificent job, that is my real opinion. Relatively, during the war the carriers increased their share of traffic movement during the period when the total traffic movement vastly increased. Just prewar the railroads were handling approximately 64 percent of the freight traffic of the country. In 1944, due to the causes which I enumerated previously, that percentage increased to 70 percent. The highway's share of total freight decreased from 7.6 percent in 1941 to 4.5 during 1944 and 1945.

In terms of passenger miles the railroads were handling about 9.6 percent in 1941. Private automobiles, busses, and water carriers handled the other 91.4 percent. The railroads in 1944, the peak passenger year, handled 41.4 percent of the total passenger miles of the country--a vast war impelled shift to rail.

Just briefly as to the financial result: The railroads were prosperous during the war. Their credit improved. They emerged from the war in the best shape since 1929. Performance by the railroads during the war period also added to everyone's confidence in the railroad technique. Public, management, employee, and user all share this renewed confidence.

Contrast between the government's operation of the railroads in World War I with private operation in World War II is striking. A railroad spokesman would point out that in World War I the Government had to pay one billion, six hundred million dollars to make up an operating deficit. During World War II, rather than having to make up a deficit, the railroads chipped in about three and a half billion dollars in earnings taxes. The spokesman might well say that the Government is at least five billion dollars better off as a result of private operation.

Of course, in addition to that financial contrast, we had the operating contrast. The quality of the transportation and the adequacy of transportation during World War II was sufficient to do the biggest job that America was ever called on to do. It did not do a passable job in World War I--under government control.

The ODT and all the government agencies were set up on the basic premise of continuance of private operation of the carriers. We felt that we could not quickly set up one government operating group, and superimpose it upon a large number of existing organizations, without a complete breakdown.

Now, just to review briefly what was done during the war.

As General Armstrong pointed out before we came in here, it does not appear that we are going to have two or three years of conditioning and preparation before the firing starts in our next war. We will not have time to use psychological techniques and cooperative techniques to increase plant capacity--either productive capacity or the railroad plant capacity.

When we entered this war, ODT was given responsibility after the war broke out. There was no unified government transportation agency. At that time there were 58 different traffic departments in Washington alone. There was no Transportation Corps formulated within the structure of the organization of the Army.

Furthermore, even after the war broke out, transportation was not regarded by the policy makers as properly a member of the top policy-setting boards and committees. It was a year after the war broke out before ODT had a chance to speak in its own behalf in the councils of the War Production Board. That is one reason why we had such embarrassment so far as rail, cars and locomotives were concerned during this war.

There was a tremendous duplication in government regulation, and in government control over transportation. As I say, there were 58 traffic agencies in the United States Government in Washington alone.

The solution, of course, is the creation of a continuing top policy-setting transportation department, board, committee--call it what you will--with which the army planners, the navy planners, and our economic planners can continually work, having in mind the economic welfare of the United States as well as the national defense considerations.

Going back and looking, without any implication of blame, at merely one of the deficiencies, there was a deficiency in army planning for future transportation problems. The selection of war plant sites did not sufficiently take into account transportation limitations and the realities of railroad conditions.

I attribute that deficiency to the fact that the Transportation Corps as such, was not formalized until, I believe, May 1942. And again, at no time during the war did the Transportation Corps itself have the influence and bargaining power within the Army that I believe, as a railroad man, it needed.

Well, during war it is easy to excuse yourself, as everybody does, on the ground that "war is inherently wasteful." There was that tolerance of waste which disturbed me continually especially so far as it affected transportation. Seeing the tremendous cross hauling of identical commodities and seeing the setting up of movements in trains which absorbed vitally needed railroad capacity, caused me to believe that there was an insistence upon the immediate carrying out of specific objectives without regard to the whole problem, which should have included the transportation problem. That criticism, tolerance of waste, is another way of voicing my complaint that transportation officers, within the Army, and within the

Navy, and in the Government as a whole did not have a sufficient voice in the top policy-setting councils.

There were other deficiencies. In other words, we set up our war plant despite transportation limitations. It began to look to me during the war as if we in transportation had to absorb everybody else's deficiencies and inefficiencies. Of course, that again is the carriers' point of view on the part of the fellow interested in only one thing.

Now, for the future. There was a past deficiency in joint planning of the railroads and the Services. There was no Transportation Corps before May 1942. In the Transportation Corps there was only one Regular Army man who had had postgraduate training in transportation and who had practical experience as a result of assignment with a carrier. That deficiency should be remedied in the future organization of the Transportation Corps.

Furthermore, there were very few railroad men, except the passenger men, where there had been a continuing contact, who understood the need of the Armed Services. You have the Army Industrial College. Could there not be--and there should be--a continuing education of, say, the top-flight railroad policy makers with respect to the thinking and needs of the Armed Services? We are not going to have time, the next time, to train our organizations over a period of months. As General Armstrong pointed out here this morning, we got into this last war and we gradually increased our productive capacity and our hauling capacity. At the outbreak of the next war we will be at our peak. That fact calls for insistence upon intercommunication of plans and ideas. I can speak for the younger generation of railroad men; we welcome such instruction.

Of course as one of the basic deficiencies, there was a lack of readiness of the United States for war. That statement has all sorts of implications--including the deficiencies which I have specifically mentioned.

I will summarize my point of view by saying that the people of the United States in their public policy, the railroads themselves, and the Armed Forces did not sufficiently realize that the war which we successfully waged was to be a war of movement.

If I can leave you with two thoughts--the first, avoidance of any form of transport priority; and, second, utilization of railway plant for movement only and not for storage--I will have had a successful morning.

Thank you very much for your close attention.

GENERAL ARMSTRONG:

Mr. McCarthy, let me ask you this: Were the deferments in the railway industry adequate for the problems that you had to face?

MR. MCCARTHY:

We did the job. There are many of your conferees in the railroad industry and in ODT who felt that the deferments were inadequate. I think

that for the most part they were adequate. It took a little bit of mutual giving and taking; but on the whole, after argument, I think they were satisfactory.

GENERAL ARMSTRONG:

Major Snyder, did you give a figure the other day of the men who had to be returned to the industry?

COMMANDER SAUNDERS:

Yes, sir.

GENERAL ARMSTRONG:

What were the figures for railroads?

COMMANDER SAUNDERS:

Four thousand were furloughed by the Army. Six thousand--we think we had possibly that in 1944.

MR. MCCARTHY:

That is, on the Pacific Coast?

COMMANDER SAUNDERS:

No. They were not Pacific Coast at all.

There were 250,000 people drafted from the railroad industry. Fifty-two thousand train crewmen were drafted. There were many instances during the war when trains absolutely could not be moved because of the shortage of crews to move them. In addition to that, 49.2 percent of the locomotive engineers and firemen in the 18 to 44 year age groups from the labor force of 1944 were drafted. 55 percent of the railroad switchmen and brakemen were drafted. Do you really consider that you had adequate deferments?

MR. MCCARTHY:

We have to answer that by telling you the job we have done.

You mentioned that trains did not move. In some cases, trains did not move because of shortage of crewmen exactly at the time that perfectionism would require; but the cars and trains ultimately did move.

I pointed out that as a result of the depression the average age of our employees was very high. Our engineers and firemen were for the most part beyond draft age. It was these older fellows who kept us going during the war.

There were some stringencies on western railroads in certain classifications of employment that limited their haulage capacity. But, as I said, when we were hurt, we hollered; and there was some give and take which got us over the hump. It was not easy, but nothing was easy during this last war.

A STUDENT:

Did you have a lot of accidents because of this increased traffic?

MR. MCCARTHY:

Not relative to the total ton miles. There was an increase in derailments with the deterioration of the rails. However, we kept up our track maintenance by resourcefulness and good management, and by importing Mexican nationals to work as track laborers. Incidentally, those fellows did twice as much work as the new native workers.

A STUDENT:

Have some of these railroads that have thousands of miles of single track piled up money to put in double track?

MR. MCCARTHY:

Of course, the capital structure of the railroads is such that under the present excess profits tax law they jump quickly into the high bracket. As I said, two and a half billion dollars were siphoned into federal tax payments. However, specifically answering your question, the carriers probably will spend large sums in improvement.

But, so far as double-tracking those northwestern railroads to which you refer is concerned, I think your answer is going to be, no. Heavier rail, yes. They would have laid more rail during the war had the rail been available and the labor supply sufficient. The application of central traffic control to the single track is economically preferable. Heavier rail--yes, but not double track.

A STUDENT:

You mentioned the relationship between ODT and the Transportation Corps, but you were silent in regard to the relationship between the Transportation Corps and the Bureau of Supplies and Accounts of the Navy. What can you say about that?

MR. MCCARTHY:

When I spoke of the Transportation Corps of the Army, I should have included the Transportation Department of the Bureau of Supplies and Accounts. It was a small group, highly efficient. It had a smaller, more concentrated problem, of course, than the Army.

Again, when the war broke out, the Services had one or two men who were professionally trained in the field, civilians as a rule. That group had to be expanded from the ranks of former civilians. Of course, they had a difficult time getting power and authority from the personnel that had not had a knowledge of transportation. An extremely competent transportation job was done by both Services, especially in the light of the limitations imposed upon them.

A STUDENT:

What is your opinion about the physical condition of the railroads now? Do you think they will have reserves enough to repair them?

MR. MCCARTHY:

Generally speaking, the supply and flow of maintenance materials for the United States railroads during the war was adequate. It had to be if we were to keep going. So, with the exception of the condition of freight and passenger cars, the maintenance work was held up to fairly high standards.

Financially, the resources of most roads were improved. As a matter of fact, with the exception of the freight cars and passenger cars of the country, the railroads have more capacity than we reasonably expect to have used during the next ten years. Everybody is optimistic in respect to our ability to handle the traffic offered.

GENERAL ARMSTRONG:

Mr. McCarthy, I think this class has paid you a very distinct compliment in being ready and willing to sit in these extremely uncomfortable seats while they asked you questions. But I want to tell you that you have presented a most interesting analysis of the railroads in this war. We are very grateful to you.

The Industrial College of the Armed Forces--as we hope it will be called shortly--instead of just "Army," has no honorary degree to give its helpers. But I am going to tell you right now, sir, that you are certainly going to be one of the members of our board of advisers; so that we can have the benefit of your intelligent approach to the railroad problems of the future. I hope you accept that assignment.

MR. MCCARTHY:

Thank you very much, sir. I will be very glad to meet with you at any time.

(1 April 1946--200)S