

**THE GREAT COLLAPSE:
HIGHER FARES OR
PUBLIC OWNERSHIP**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649596805

The Great Collapse: Higher Fares Or Public Ownership by Louis Waldman

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Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

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LOUIS WALDMAN

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BY
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Introduction by
SCOTT NEARING

BONI AND LIVERIGHT
PUBLISHERS  NEW YORK

Trans.
Daniel
6-23-49

Transportation
Library
HE
4491
N56
W2

7-21-49 210

To

My Brother, Morris Waldman

PREFACE

THE general chaotic condition of our transportation facilities and the threatened and accomplished bankruptcies have convinced the writer of the supreme need for a popular explanation of the whole problem of private ownership and management of public utilities. The persistent campaign of the traction trust for an increase in fares, not only in New York but in almost every large city in the country, has been calculated to convey the impression that the railroad companies are great public benefactors imposed upon by an ungrateful public.

A concerted effort is being made, in many cases successfully, to hold up the public for more loot. In this city, although some ground has already been lost by the extra charge for transfers, the people are still holding out against further encroachment by the corporations.

To strengthen the hand of the people in their fight, to equip them with arguments, facts and general knowledge of the situation, is the purpose of this book.

Although written with special reference to New York it is nevertheless of general interest because the essential features of the railroad problem in this

city are the same as those in most of the cities in the country. Moreover, the methods the corporations pursue, the modes of business organization, the general laws of development of the traction system in this city partake of the general character of modern large industry. The suggestions for legislative relief here made are, with slight variations, applicable to the national railroads as well as to most of the other socially necessary industries.

Having in mind the difficulties the average person has in understanding technical business terms, such as amortization, common stock, preferred stock, bonds, corporations, leases, operating agreements and holding companies, it has been deemed advisable to devote the first few chapters to an explanation of the meaning of these terms and of the modern instruments of business organization. Once the reader has secured a clear knowledge of these, he will have no difficulty in following the facts related in the subsequent chapters.

This book will have achieved its purpose if it succeeds in revealing the obscure operations of the traction trust and throws some light on the perplexing problems which are pressing hard for immediate solution.

Armed with the knowledge of the methods the capitalists employ, the reader will be able to judge for himself whether the claims made by the defenders of the present order of private ownership of social needs are correct, or whether the claims of its assailants, the proponents of the new system, the system of social ownership and democratic management of industry, are correct.

The traction problem in New York presents amazing incongruities. Busy trains, crowded cars, comparatively short trips, and yet the companies complain and show figures proving that they cannot successfully operate on a five cent fare! The following study exposes their deceptive and vicious practices and shows their "proof" fallacious. It clearly demonstrates the financial possibilities of operating the lines successfully on even less than a five cent fare.

The circumstances of the recent bankruptcies are given at the very outset, in order to enable the reader to see for himself the extent to which the lords of high finance are permitted to go under their own capitalist-made laws to cajole the public into doing their bidding.

Many public documents and official reports have been issued, containing all the facts of the

case, but owing to the bulk and dry nature of these reports the facts have escaped the notice of the public. The story stating the plain facts in plain language has not yet been written. As far as the writer knows this is the first attempt.

While it is undoubtedly true that private ownership and management of public utilities is the source of the existing inconveniences, high rates, and general chaos, it is not sufficiently convincing merely to say so; such conclusion must be backed by showing specifically where this private ownership is responsible for these evils.

And even this is not sufficient. It is necessary to point the way out of the difficulties. General proposals, such as "public ownership is the remedy," may have been well enough when it was confined to the domain of propaganda, but not when it enters the realm of practical legislation. The time has arrived when it is essential that we get a clear idea of what our proposals really mean.

Only by educating people to the real meaning of public ownership can there be created an enlightened public opinion to resist the enactment of sham reform measures, parading under the popular name of public ownership. The various phases of