

The Case of the U. S. Express Companies by an Official

There are only three big express companies left in the United States. The fourth gave up the ghost two years ago and its territory was taken over by the others, says a writer in the New York Annalist. That was the United States. The survivors are the American, the Adams, and the Wells Fargo. They are just surviving, and that is all, under the prevailing rates. Whether they shall continue as collectors, carriers, and distributors of fast package freight depends on the country's willingness to grant them an increase in rates. They are asking this increase as a war emergency measure, and have gone on record in their application to the effect that they will not oppose an effort to restore the lower rates if at any time after the war the commission determines that the increase now requested is no longer needed.

The spectacle of the great express companies appearing before the country, hat in hand, to explain the need for increased rates is novel, or would have been before the Interstate Commerce Commission and the Post Office Department set about the readjustment of their affairs. The impression undoubtedly lingers even yet in the back of the public mind that the express business is inordinately profitable. It was for many years, so that despite the inroads made by extravagant management the companies paid fat dividends. The parcels post, carrying packages at much lower rates, and the reduction in charges ordered by the Interstate Commerce Commission changed all that.

So reluctant have stockholders of the express companies been to recognize the change that as recently as last year the shares of the American Express Company sold as high as 140, Wells Fargo at 144, and Adams at 154. Now the first named sells at 81, Wells Fargo at 76, and Adams at 80. All three companies now occupy their own buildings on lower Broadway, two of them costly skyscrapers put up for office renting. And all three are working hard to build up their money order and other non-transportation departments, for under prevailing conditions they are not deriving any benefit from handling express matter. The President of one of the companies tells why:

"We gladly lay all our cards face up," he said. "The more fully informed the public is about our business the better."

"In the first place, then, do you realize that it costs an express company more money to pick up your suitcase or barrel of apples, carry it to its destination and make delivery than you pay for the service? In the first six months of this year, from Jan. 1 to July 1, shippers paid the express companies \$99,613,999. The express companies paid in expenses and taxes \$99,658,848. We actually had an operating deficit of \$40,000 after handling that tremendous amount of business."

"That period ended with June. July was worse; August showed still widening disparities; September we are almost afraid to face. Not a dollar profit on one hundred millions of business, but a big cash loss. You can't dodge the question: Shall we get more pay or wind up business?"

"Our company got after expenses to adjust them to the new rates of pay and cut them pretty deep—too far, in some cases. We saved \$1,500,000 in one year by getting our employees to co-operate with us. Where there were four men at a station we would suggest that three assume the work, leaving one man to be transferred. His pay was divided, half going to the three who assumed heavier duties, and the other half coming out of the payrolls. Nearly every executive in the organization has come up through the works, and we had no trouble in getting the men to do their best to enable us to meet the new conditions."

"You don't think of the express companies as large buyers of materials, but we are. Feed for our horses has gone to the skies; so has harness and everything that goes with the maintenance of our delivery service. The terminal costs have increased about 50 per cent. We buy vast quantities of stationery, and that has doubled. Our men have never been overpaid, and when living costs jumped we had to look out for them. We increased all wages of \$2,000 or less by 8-3 per cent, but that had not been enough to hold the organization together against the bidding of other employers who have been able to add higher costs to their selling prices. We can't do that. Most of our men get from \$70 to \$125 a month, and they

have to be high-class men to handle the valuable merchandise entrusted to them. Then we have lost 2,000 men out of 15,000 to military service, and must lose a great many more soon. The men who have taken their places have to be trained at a great expense. When a shipper needs a good man he takes one of our \$75 drivers and pays him \$125."

"There is a thought that occurs to me in that connection as showing why we lose money on our package business. The loss and damage claims have gone up rapidly, partly because of the substitution of beginners and second-rate men for experienced handlers taken away, and partly because nearly everything that we handle has increased by perhaps 50 per cent in value. Take a case of shoes, for instance. A pair of shoes that used to cost us \$4 on a claim now costs us \$6 or \$7. Yet we still get the same rate for carrying them."

"The war has forced us to give up many through cars and to use box cars in place of the regular equipment. Where we used to load a baggage car to be sent through to destination we now have to hold it at an exchange point and transfer the contents. That explains the increase in terminal charges. The more you handle an express shipment the more the damage you have to pay."

"The express companies have had to assume much work that used to be left to the railroads themselves. We get heavy shipments that we are not adequately prepared to handle because the consignee wants a quicker delivery than he can get by freight under present congested conditions. A manufacturing plant which ordinarily has a machine in reserve is running to capacity when a breakdown occurs. Ordinarily the idle machine or part would be used while a new one was on the way, but under pressure the manufacturer telegraphs for a new casting or machine and asks that it be sent by express. It is an actual fact that some of the articles given us are too heavy for our biggest wagons and break down our platform trucks."

"The express companies do not want to make war profits. They would be well satisfied to get rates that would enable them just to hold their organizations together and keep the business moving. That is the attitude in which we presented ourselves to the commission. To facilitate a decision they asked that we notify shippers in advance to clear away as much of the discussion in advance as possible. We face an emergency and we ask for emergency relief. We may have to return to the commission for additional help if we get this advance, but we do not want to ask for anything more than the minimum on which we can get along while the present abnormal problems confront us."

"The increase will benefit the railroads as much as us, for they get 50 cents out of each dollar we receive. The movement of troops and supplies has taken away much of our equipment, and we feel that we are playing an important part in keeping the wheels of industry turning. If the 10 per cent is added to present rates, the changes will still be considerably less than those which prevailed until the reductions were put into effect early in 1914. And, as I said, the business interests of the nation are so dependent upon fast and reliable express service that they are co-operating with us in getting the increase. It is not an increase to protect dividends, but to cover the actual costs of our transportation department and allow us to keep it up."

STANDARD CLOTHING PLANNED BY ENGLAND.

Standard suits of clothing are to follow the production of standard shoes under the supervision of the Government. The Director of Wool Textile Production, Charles Sykes, described to the Board of Control at Bradford the Government scheme for placing on the market standardized cloths for civilian wear. In the first instance, he said, there would be one type of cloth made at a fixed price, but it would be possible to introduce a reasonably large variety of patterns in order to avoid undesirable uniformity. It was thought that the cloth could be produced at about 6s per yard on a conversion cost basis, and orders would be arranged by the department with the manufacturer. The clothier would make the suits, supply the necessary linings and trimmings and sell them at a fixed price to the retailer, who would part with

them at a fixed price to the public.

Judging from the general information before him, he said, the price of a man's suit produced from standard cloth would allow no more than a reasonable profit to each necessary branch of production. He had considered the question of clothing for boys, and patterns were being prepared of suitable cloths. It was probable that they would be able to supply standard shoddy, and he hoped to arrange for suits for young boys at 22s 6d, for older boys at 30s, and for youths at 40s.

STANDARD FLANNEL LIKELY.

He hoped also to arrange for standard flannel by fixing a price and inviting manufacturers to conform to a standard specification. To cover the difficulty of rising prices it was proposed to stamp the flannel every few yards with the retail price. He would report more in detail to the next meeting of the board, but he would be glad to be assured of support for the scheme on the lines indicated.

The report was adopted.

Commenting on the scheme, the Manchester "Guardian" says:

"The new standard clothing scheme of the Board of Control of Wool Textile Production differs from the standard boot scheme in one important particular. It is not subsidized. It will depend for its success upon the good will and co-operation of all engaged in the making of the clothing rather than upon the powers the board possesses of enforcing it. Officially it is described as a 'sympathetic' control."

"The prices given are only approximate and may have to be slightly varied from time to time in conformity with the price of the raw material, for it is on that price that the price of the cloth—about 6s a yard—is to be based. There will be a reasonable rate of profit and no more for manufacturer, maker-up and retailer alike, and a point insisted upon is that the standard rates of wages must be paid."

"The quality of the cloth will be quite good—much superior, in fact, to that put into the 50s suit now on the market, and there will be enough variety in color as well as in pattern to obviate any complaint of a distressing uniformity. Though the scheme is not intended to meet the requirements of women, there is nothing that will prevent them from using the cloth if they like it."

TRADE APPROVAL OF PLAN.

"Perhaps the best surety for the success of the scheme is that it has the blessing of the trade. Within the last fortnight it has been approved by a strongly representative meeting of manufacturers and clothiers from all parts of Great Britain. Some such provision has become necessary because, with a gradually decreasing production of cloth for civil purposes, prices began to rise steadily on the unfettered market, and complaints were made that the quality of the material became worse at the same time."

"The plan of complete control was not adopted because it would have meant the creation of an immense department with a small army of officials, and would probably have proved more costly than it was worth. There is evidence that that has happened in Germany. The board, moreover, considered that the object may be achieved just as effectively by the production of a quantity of standardized cloth sufficient to keep down to a reasonable level the prices of most if not all other cloths on the market by providing a good basis of comparison."

"The full details of the scheme have not been worked out yet, but it may be stated that careful consideration is being given to the best means of securing an equitable distribution of the raw material for the making of the standardized cloth and of the cloth and the clothes themselves when made. The manufacturers and wholesale clothiers and their organizations will have a large hand in this. It is expected that the wholesalers will make greater use of the American 'bespoke' system, and that standardization will be carried into sizes and cuts as well as into the quality of the cloth."

"In the case of the flannel to be standardized the principle will only apply to the price, not to the specification. Each individual manufacturer, therefore, in free competition with his fellows, will be allowed to do what he can on the fixed margin of profit, and for the sake of his future success, if for no other reason, it is believed that he will do his best."

The War Office Contracts Department has commandeered all the men's garmets in stock in the Hebden Bridge and Todmorden wholesale clothing works. It is estimated that over 20,000 garments are held up through this action.

It is believed that when the War Office has ascertained the extent of the stocks in the country they will release all the garments they do not require for army purposes, and that a standard price for retailing these to the public may be fixed.