



# The Semaphore

Official Organ of the Great Northern Railway Club



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## Address by C. E. Elmquist

At the Club meeting, January 9th, Mr. Charles E. Elmquist, St. Paul attorney, ex-member of the Minnesota Railroad and Warehouse Commission, gave an illuminating talk on co-operation and co-ordination of men and management, and their relation to the public in the conduct of the business of public service corporations. Mr. Elmquist was connected with the government inquiry into the condition of the traction companies of the country in 1919. Witness after witness painted a desperate condition of affairs, until one from Philadelphia appeared before the commission and testified to a situation there that made it the one bright spot in a dark and gloomy background.

Conditions in Philadelphia were so unique, said Mr. Elmquist, that it was thought advisable to investigate on the ground. He arrived on the day of the Company picnic, and found employes and officials with their families on a frolic in one of the parks. They were there by the thousand, playing together like one great, happy family. That same night, there was a banquet, attended by about 300 of the men, and an equal number of the management and prominent citizens. This, too, was a love-feast, where everyone vied in singing the praises of the other. Mr. Elmquist said that at a time when traction companies generally over the country were close to bankruptcy, the Philadelphia company, paying the top average wage for traction employes—65 cents per hour, was meeting its interest charges, taking care of the sinking fund, keeping up the maintenance and paying dividends—all on a 5-cent fare. The corporation was sound and prosperous, the employes were happy and contented, and the public was not only satisfied but proud of the service. This same company was on the verge of bankruptcy in 1911, the men

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The above picture of a Glacier Park goat is remarkable in that it is a "close up" taken by an ordinary kodak. The Rocky Mountain goat is exceedingly shy and wary—and rarely can be photographed with anything but a telescopic lens—at a distance of from 2,000 to 4,000 feet. We are indebted to Mr. W. J. Hilligoss for the picture. He borrowed the film from his son that we might obtain a cut of it.

## M. L. Countryman, Jr. Talks on Corporations

One of the most interesting and instructive talks to which the Club has listened was that of Mr. M. L. Countryman, Jr., Company Attorney, at the luncheon January 23rd. His subject was "Corporations," their origin and reason for being, their organization, manner of functioning and ownership. It is not easy to give an exposition of the kind briefly, and in non-technical terms readily understood. Mr. Countryman achieved this very happily, however, by eliminating the non-essential and reducing his consideration of the subject to its salient points alone.

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## Mayor Nelson Talks to Club

Mayor Arthur E. Nelson of St. Paul addressed the noon meeting of the Club Wednesday, January 16th, and the members were there in force to hear him. Our President introduced him as the best mayor St. Paul ever has had, and the applause when His Honor arose to speak clearly indicated that the Club was unanimously of the same opinion.

The Mayor's principal topic was "High Municipal Taxes and Their Causes." He showed by comparative figures that the per capita cost of carrying on the City of St. Paul is on a par with other cities of its class. In a few of them, the rate is lower, in more of them it is considerably higher. He explained that the jump in the 1923 tax rate over that of 1922 is due to several causes; one, an increase in the county levy; ninety-four cents out of every dollar of which is paid by the citizen of St. Paul; another—an increase in the State levy; and a third, a large item in the budget appropriated to a sinking fund for the liquidation of \$8,000,000 bonds issued for public improvements, which, in the main, are not worth a dollar to the present generation. As a shining example, he instanced the Robert Street Bridge, the replacement of which is already begun. The bonds for the new structure will be retired in 1945 on a basis of \$250,000 yearly, interest and sinking fund; while the bonds for the old bridge will not be paid off until 1948. The reason of this is that at the time the old bridge was built and the bonds issued to pay for it, no provision was made for a sinking fund for the retirement of the bonds at maturity. They had to be re-funded to run another thirty years. The Mayor advocated a law, making it a criminal offense for officials to issue bonds for public improvements without providing for the payment thereof at maturity.

In closing, Mayor Nelson paid his

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# The Semaphore

Official Publication of the  
GREAT NORTHERN RAILWAY CLUB

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Address all communications to the Editor. Copy for each number must be in by the 5th of the month of issue.

## Editorial

As Mayor Nelson in his address pointed out, taxes are high everywhere. We cannot have a first-class city or town without adequate schools, good lighting, proper policing, and fire protection, which are paid for out of the general fund. In addition to these, there are sewers, paving, curbs, and sidewalks, also ornamental lighting systems, which, for the most part, are paid by assessments against the property assumed to be benefited; but, in some instances, especially in the case of sewers, to assess the total cost against the abutting or contiguous property would amount to confiscation. A proportionate amount, therefore, is charged to general fund, or is raised by the issue of bonds, the principal and interest of which are paid by general taxes.

The high surtax, under the present income tax law, has driven the possessors of great wealth to heavy investments in tax exempt securities. The demand thus created is a temptation to the cities and towns to vote in improvements which are not strictly

necessary; and probably would not be made, were it not that the money is so easily secured, and, indeed, some unscrupulous security dealers continually urge the municipalities to make expenditures of the kind in order that these dealers may have bonds to sell.

The Great Northern Railway Company has never opposed a needed improvement, but as a heavy taxpayer in the communities into which its lines extend, on which a heavy proportion of those bond issues fall, its officials feel that the road is acting not only in justice to itself, but is doing the community a good turn, in warning the municipality to be cautious and conservative in the matter of expenditures of the sort. Where an improvement should be made and the community will be adequately benefited thereby, we not only will do nothing to obstruct it, but indeed will actively further it. Our executives feel that this attitude of the Railway Company warrants them in believing that the local government will favor us with the haul of the material used in the improvement.

The Literary Digest says that the lesson of the latest conspicuous railroad wreck, that of the 20th Century Limited at Forsyth, New York, is that "Chance taking must bring disaster sooner or later." The article quotes from an editorial of the Railway Age: "Death loves a shining mark. The 20th Century Limited, with a fine record for fast and safe operation, comes to grief, as is likely at any time to be the case with any other train, until railroads not only have perfect equipment, but are manned by employees who never take chances."

This train was running in two sections. The first section struck a motor car at a grade crossing. The motorist took a chance and lost. The train stopped; it was a foggy night; the enginemen of the second train ran by the first warning signal, took a chance and lost. The second train telescoped the rear end of the first section. Nine killed and thirty injured was the toll. Says the writer in the Railway Age: "There will be much said of automatic train stops, automobilist's carelessness, and the duty of doing away with grade crossings, but the immediate lesson is a perfect engineman, an experienced and conscientious fireman in every fast train; men who *never take chances.*"



It was a sure bet from the jump that we couldn't get away with it—makin' this friendly co-operation thing a he-male-man monopoly. The girls have got the bug. They couldn't stand for us havin' all the fun and frolic—the glamour and glory, indissolubly linked, as it were, with the activities of the Great Northern Railway Club. I hear they've started a similar organization among the gentler sex. Go to it, ladies! Likewise and similar, come on in—the water's fine.

"Bill," says the Editor to me the other day—"Bill, you're a powerful persuadin' sort of a hybrid. Wish you'd use some of it to coax the ginks out on the line to send in items for the 'Semaphore'." This editor chap's a deservin' little feller, an' he needs help—needs it bad. I don't know any better way to start co-operatin' and co-ordinatin'. Send in the stuff, boys. You'll win his world-without-end-everlastin' gratitude, which is goin' some, I'll say.

Don't any of you girls with a \$30 a week job, now that it is leap year, get foolish and propose to some cookie-munching shiek whose dad is providing the spending money. The c. m. s. probably will fall for you; but "dad" may decide to sit on his pocket-book, in which case you'll find that while leap year is all right in its way, the look-before-you-leap year has it beat a mile.

## BE PROUD OF IT.

The essence of Mr. Perkins' talk to the Club on January 29th—the message he had for us—was that loyalty and co-operation, to be successful, must find root in pride in your company, and that that pride cannot be found apart from a fair degree of familiarity with the history of the company and of the men who made it—men whose labors and achievements have left to us succeeding them a heritage which is our privilege, and indeed our duty, to carry on—possibly to improve—for those who will take up the task when we shall have laid it down.

## M. L. Countryman, Jr. on Corporations

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Going back to the genesis of the corporation—its invention by the law to meet the exigencies of a fast growing civilization, he showed that the activities of the individual or the necessarily limited group of a partnership were, in the nature of things, inadequate to the larger phases of business, in that neither the individual nor the partnership could command capital sufficient to launch and successfully carry on an enterprise of any great magnitude or extended scope. Further, the partnership was not attractive to investors in that, each partner having an equal voice in the management and being individually liable for all the debts of the firm, there were present always the dangers of confusion or friction in management and the possibility of loss by all through the incompetence or dishonesty of one. Manifestly, it was necessary to find some agency, or instrumentality for conducting the business, that would be free from these objectionable features. This means was the corporation—a legal fiction or imaginary entity invented by the law to represent the group of persons furnishing the means for establishing the enterprise, in which the liability of the individual was limited, control of the organization exercised only by the majority in interest and then only as permitted by the laws of the state, and the management restricted to a deputed few whose powers were likewise limited. This instrumentality could be created only by the law acting through the legislative body of the state, and when so created, it could act in its corporate name in many respects as an individual by virtue of the law.

In this country, the development of the railroads was possible only through the medium of the corporation. No individual or partnership could have supplied the capital necessary to finance the enterprise or successfully conduct so complex and extended a business. We all know that the railroads made possible the growth and development of the country and that inasmuch as they could exist only through corporate organization, we are indebted, in the final analysis, to the corporation for about all that we possess and enjoy. It has been, then, a beneficent factor in our amazing advancement, and not the baleful influence which the

apostles of discontent would have us believe.

Mr. Countryman then turned to the manner of the corporation's creation—the law's requirements covering its organization and functioning. He explained how, in the earlier years, it was created by a special act of the legislature, and exhibited what he termed the "birth certificate" of the Great Northern. The advantages of corporate organizations as a means of developing the country proved so great that it was soon considered wise to make it possible for all persons to obtain the right to incorporate under like conditions, and the legislature was prohibited from creating corporations by special acts, and we now have general laws covering the creation and government of the corporation. Then followed a brief outline of the procedure for corporate organization and of the laws by which the state exerts its control over railroads and other public service corporations.

In closing, he pointed out that while the actual ownership of the business is in the stockholders through the corporation, that ownership is largely without significance, as it carries none of the ordinary rights of ownership, but is limited to the mere right to share in the net profits of the undertaking in the form of dividends. The real beneficiaries of the carrying on of the enterprise, for all practical purposes, at least, are the employees who find their opportunity to earn a livelihood in the operation of the railroad and for whom the existence of a corporation to make possible the successful operation of the railroad affords jobs and the chance for personal advancement and enjoyment of the good things of life. The employees come first—without them there would be no railroad, and without the railroad they might be without work. The stockholders may participate in the earnings of the business only after the employees have been paid. The stockholder's claims are secondary, and attach only after the employee has received the fruits of his labor; and yet the business cannot grow and expand so as to afford him these opportunities unless the employees can operate the road so efficiently that in addition to paying expenses, it will yield sufficient return to the stockholders to make the enterprise attractive to capital needed for such expansion and growth. In this, he saw the true reason why the employee should consider his interest identical with those of the railroad corporation and not in

any sense adverse or opposed, nor the interests of the railroad in any degree inimical to his own. Indeed, the prosperity of the one marches hand in hand with the prosperity of the other, and it is impossible that there can be any divergence of interests.

## A Club Emblem

We have suggested to the President the adoption of a Club emblem. Something in the form of a pin or button to be worn on the coat lapel or vest-point as suits the individual taste. A design similar to the insignia heading the editorial column appeals to us. However, that would be for the Club as a whole to decide. They probably can be produced in quantity lots to cost the member about \$1.00 each. Why not vote on it, anyway?

## BE SURE TO REGISTER

If any one of our Minnesota readers, eligible to vote, has not yet registered, he should do so at once. Don't wait until the last minute; but get it done and over with. You will not have to do it again, so long as you retain your present domicile.

## Visitors Welcome

Any Wednesday you happen to be in St. Paul, come up to the noon meeting of the Club on the 13th floor of the General Office Building. We meet at 12:15, and you will find a warm welcome awaiting you. The luncheon service is designed to take care of the Club members, and visitors as well. Come for the luncheon if you can; if you can't make it at that hour, come in later for the talks. If you are on the Great Northern payroll, you will need no other recommendation to our hospitality. Just tell the first member you meet who you are and where you hail from. Unless we miss our guess, you will feel at home in two minutes, and we venture the hope that you will carry away a pleasant memory of your visit, and will vote the Great Northern Railway Club—a live bunch of real *he-men*.

## Get This!

The next time the Club stages a frolic, gentle reader, you want to park friend wife and the kiddies over to mother's, put out the cat, lock the back door and come in to St. Paul. Fun? Nothin' but!

## Mayor Nelson Talks

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respects to the citizens who do not vote, yet condemn politics as being vicious, and complain of the inefficiency of those in office. "A stream is no purer than its source," he said, in commenting on the fact that only 60 per cent of the electorate vote. We cannot expect the government to be any better than the vote that elects it. We have a minority government instead of a majority government, and it devolves on the 40 per cent, who were too lazy or too pure to vote, to get out and clean things up if they do not want our government to be run by those who have axes to grind, personal ends to gain, and are not particularly concerned in efficiency, economy, or anything of the kind in government which does not work to their advantage.

The Mayor believes that the majority want good government, and that the majority can have it, but only if it gets out and votes for it.

## Address by C. E. Elmquist

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disgruntled, the property woefully run down, and the public exasperated by the wretched service. At that time, direction of the company's affairs was turned over to T. E. Mitten. He immediately inaugurated his scheme of co-operation and co-ordination of men and management, with the results we have mentioned above. This scheme has become known as the "Philadelphia Plan." Its more conspicuous elements were voluntary meeting of all wage increases; the creation of a sort of advisory board elected by secret ballot from the employees, who sat in with the management and had a voice in shaping the policies of the company; the establishment of an insurance fund administered by the men; and, through all, the creation of a genuine spirit of co-operation between men and management, and the co-ordination of both.

In 1921, when certain stockholders sought to oust President Mitten, the men voted to devote their insurance fund, then \$1,800,000, to purchase the company's stock on the open market, and vote it in support of President Mitten. This rendered abortive the attempt to displace him. Since that time, the company has voluntarily raised the wages of the employees; and, with their consent, the increase

is set aside to the credit of each employee and devoted to the purchase of stock for him—or her. The employees now own 19 per cent of the stock; and it is predicted that within another five years the employees will hold the balance of power in the corporation.

Mr. Elmquist concluded with the remark that the Philadelphia Plan is an undoubted success, in that it has accomplished the three primary objects of the public service corporation—satisfactory service of the public, contentment and well being of the employee, and an adequate return to the investor. He said that he understood that the Great Northern is endeavoring to work out something of the kind—and has already put into effect an insurance scheme. He commended the other features of the Philadelphia Plan to the careful consideration of both the men and the management, and maintained that their adoption would mark a long step toward the solution of the difficulties confronting both the company and the employee.

## AN INVITATION

The Club extends a hearty invitation to all retired veterans or others on the pension roll to take lunch with us any Wednesday noon as the Club's guest.

## Concert and Dance

Remember the frolic? I'll bet you do! Here's another date to keep in mind—March 1st. Early in January, Jack Boyd conceived the idea of a Glee Club among the members and got it going in a hurry. They have been practicing like a Grand Opera chorus, which explains the mysterious music that has pursued us nightly down the elevator shafts. On the evening of March 1st, the Glee Club is to give a concert and dance in the Cafeteria on the 13th floor. In addition to regaling us tired business men with harmonious melody, they are offering the added attraction of the dance. Boys, the *girls* are to be there! No stag affair, this! Will you be there? Will I? Oh boy! That's the idea—and bring friend wife, or the little girl at the desk yonder you've been wanting to make a hit with for lo, these many moons. Now is your chance. Here is where you get in on the ground floor. Nothing like a good start for a fleet race and a "Garrison" finish. Remember the date—March 1st, and make good with the girlie.

## Great Northern Stock

The Treasurer's Office of the Company will be glad to execute orders for stock under the partial payment plan recently inaugurated by the Company. Any employee, whether he has already bought stock or not, is entitled under the Plan to have the Company carry him up to 25 shares at any one time.

## Hockey

If you hear some one in the elevator say to a friend "Are you going to the game tonight?" don't think the inquiry relates to a poker game; the chances are they are talking about hockey. The general offices are well represented at every game. Like the famous drink, "There's a reason." We've had the wonder of the hockey games, Frank Goheen, in the traffic department for the past three years, until recently he left to get into outside work. He left behind him a bunch of friends in the building, most of whom go out to the Hippodrome to see him in action. His place in the traffic department was taken by Wilfred Peltier, who already has given a good account of himself in the games played. Just to make it a little more attractive, "Jimmie" McGeever, of the Vice President's office, put on his skates one night and did a few stunts between the periods. He's scheduled for two more appearances in February, and he won't be alone, either. No, he's not getting married—she's just a skating partner. Do you wonder why we've got a little personal interest in the hockey games?

## Page Aunt Jemima

The first contribution from out on the line, *the very first*, comes from the Branch Agent at Pendroy; and like Silas Wegg in Dickens' "Our Mutual Friend," he "drops into poetry" to show his friendliness, thus:

We had a derailment near Bynum,  
The first excitement this Annum;  
No one got hurt,  
'Cept Williams besmirt,  
With pancake dough all over 'im.

The last line of the verse seems to have run off the track, much as did the car of pancake flour; but at that, we intend to frame it and hang it conspicuously in the "*sanctum sanctorum*" as the first manifestation of the spirit of co-operation we are laboring hard to achieve.

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