A Bright Spot in the Industry

Application of Principles of Service Betterment and Full Publicity Wins Increases in Railway, Gas and Electricity Rates in Record

Time Without a Dissenting Voice

T HINGS have been happening and happening fast in Charleston, S. C., within the last thirty days. And these events have been so favorable to the Charleston Consolidated Railway & Lighting Company, of which Philip H. Gadsden is president, that his friends will want to know "how he did it." But the facts will bear out the statement that there was nothing about the circumstances savoring of "putting something over," or of securing concessions which were not entirely merited or without the full approval and consent of all concerned. The instance does mark the result of a full capitalization upon the products of the hearings of the Federal Electric Railways Commission in an effective and constructive advertising campaign, coupled with substantial improvements in service.

Imagine the state of affairs—quite without historical precedent—whereby the public, organized labor, employees, newspapers and companies are all agreed in an effort to bring about increased rates for the local utility company, and you have a mental picture of the situation in Charleston. The principal events followed upon each other's heels about like this:

On Oct. 14 Mr. Gadsden appeared before the local Council and presented some of the broad aspects of the conditions in the electric railway and other public service industries. He was followed by B. A. Hagood, general counsel for the company, who informed the Council of the local utility situation and asked for increases in the rates for street car, electric lighting and gas services. On Oct. 23 the Council had a public hearing and there was not a voice raised in dissent of the proposed increase in rates. On Oct. 28 the Council met, suspended the rules and put the proposed measure granting increased rates through the first, second and third readings all in one evening, thereby saving four weeks time over the ordinary procedure in order to meet the company's contention that, to be effective, the relief sought must be prompt. At its next meeting, on Nov. 11, the Council ratified its action taken at the previous meeting and made the increased rates effective at once. The next morning the company had in force a 15-cent increase in the gas rate, a continuation of the 10-cent maximum for electricity but with a readjustment of the blocks, and a 7-cent cash fare with four tickets for 25 cents in lieu of a 5-cent fare.

A number of things had a bearing on the favorable outcome of the Charleston company's application for relief from the greatly increased operating costs. In the first place, Charleston has the unique distinction of never having had a strike on its street car system, and this fact has probably inspired a good degree of confidence in the management in the discharge of its obligation to furnish dependable, uninterrupted service. In the second place, the company is largely owned by local people and President Gadsden has been a resident of the city practically all his life and knows and is known to everybody. Again, the momentum of the granting of increases in other cities all over the country no doubt helped. The State Railroad Commission has no jurisdiction over local transportation, so that there was no element of divided authority or doubt of authority in the case. But the main two instrumentalities in carrying through the favorable action were the improvements in service and the education of the community in the facts. However, Mr. Gadsden is not one of those who would hold up the success attained in Charleston as an example which might be applied with equal success everywhere, but he does find pleasure in the thought that here is one case where the doctrine of service and education which has been so generally preached, has been very effective.

SERVICE BETTERMENT

Preparation for the application for increased rates began many months ago. Improvements were needed and it was decided that the company should demonstrate, in advance of the application, that it was determined to give the public adequate and satisfactory service. Accordingly, improvements were begun which will require an expenditure of $1,800,000. These comprised the purchase of eight new safety cars and a number of large center-entrance double-truck cars for use on the long line to the Charleston Navy Yard, extensive improvements at the power house which were needed for both the lighting and railway services, the building of a new railway substation, new city track, etc. Most of these improvements were completed and in operation, or well along toward completion when application for increased rates was made.

How these improvements were financed is a question which has probably arisen in the mind of the reader.
Statement from the Hearing in Washington on July 22, 1919, Before the FEDERAL ELECTRIC RAILWAY COMMISSION Appointed by the President to Make Recommendations for Relief in the Electric Railways Situation.

I think that the business judgment of this country is that the situation of the street railways of the country is critical and one that must receive attention as soon as possible on account of the enormous values involved. I think it is one of the most important matters before the country. From a financial point of view it seems the most acute internal problem that we have to face.

HOMER F. FERGUSON,
President of the Chamber of Commerce of the United States.

ONE OF THE ADVERTISEMENTS RUN IN CHARLESTON NEWSPAPERS TO MAKE THE MOST OF THE MATTER PRESENTED BEFORE THE FEDERAL ELECTRIC RAILWAYS COMMISSION

In this matter, too, the company was in a somewhat fortunate position. Among many other enormously costly projects carried out during the war, was the construction of a $20,000,000 port terminal near Charleston. A large block of power was required and the government asked the Charleston power company to supply it. To do this entailed an investment of about $700,000 in new power equipment and the company could not see its way clear to finance it. So the War Department purchased necessary materials and equipment up to $550,000, and the War Finance Corporation supplied the other $350,000. The company financed the additional improvements amounting to about $1,000,000.

Going back to the time at which the company decided that it must seek relief through an application for higher rates, the losses for the entire company were running about $25,000 a month on the average. Nevertheless, the members of Local 610, Amalgamated Association, wanted a substantial increase in their scale although their contract did not expire until Nov. 16, 1919.

With the help of W. D. Mahon they were induced to live up to their contract and were advised of the company's absolute inability to pay a higher wage until it could secure greater revenue from its service. This induced the trainmen to work for the proposition and they gained the support of the local labor federation so that when the matter finally came before the City Council, labor introduced a resolution asking the aldermen to support the company's petition. To complete this phase of the story, it should be said that the company has just signed a new contract at the expiration of the old one, granting the men 10 cents an hour increase in pay, time and one-half for overtime over nine hours and for work on five legal holidays, and fourteen days vacation a year with pay. The terms of this contract were reviewed in the issue of this paper for Nov. 15, 1919, page 951.

WASHINGTON HEARINGS WERE CAPITALIZED AT CHARLESTON

The effective use made of the material emanating from the hearings of the Federal Commission, and the publicity campaign covering the local situation which followed this, may probably be credited with having had the most far-reaching results in educating the community to the justice of the company's application for increased revenue. Beginning on Aug. 4, a half-page display advertisement presenting a statement made before the Federal Commission was run in the evening paper and the following day in the two morning papers. This same scheme was followed throughout the campaign, thus giving equal space to all papers and presenting the same advertisement in all papers. The full series of advertisements devoted to statements before the commission, all of which were prepared with a standard heading as seen in the accompanying illustrations, included eleven insertions in each of the three papers and ending with the issue of Sept. 6. These advertisements presented statements by the Committee of One Hundred, by Edward N. Hurley, A. Merritt Taylor, Francis H. Sisson, Lucius S. Storrs, Homer F. Ferguson, Thomas A. Edison, Dr. Thomas Conway, Jr., and Frank J. Sprague.

These advertisements having paved the way for a presentation of home conditions, because the people were now well aware that the condition was general in character and the consequence of the war and not of the local management, they were followed by a series of twenty-one display advertisements in each paper covering local conditions, beginning with the issue of Sept.
NOTICE TO THE PUBLIC

City Council Has Granted an Increase in Street Car Fares, within City limits and the Increase will be effective

Thursday, November 13, 1919

Cash Fare -- 7c or 4 TICKETS -- 3c

Tickets are not purchasable from the
CONDUCTORS ON CARS

At its Orleans St. Office, or on the
Railroad Car Company, at Broad Street
Dr. Loomis Drug Store, King and Calhoun Streets

Charleston Consolidated Railway & Lighting Co

THE CLIMAX OF THE STORY

20 and ending with that of Nov. 6, and all appearing under the caption, “Learn the Truth.”

The contents of these advertisements may be summarized as follows:
1. Announcement that the company would present statements in the papers to show that it was operating at a serious financial loss and the causes of this condition.
2. Presented statistics showing the number of companies that had been forced into receivership; the numbers dismantled, abandoned, etc.
3. Presented figures pertaining to the railway costs and earnings.
4. Directed attention of the public to the fact that the railway was not the only part of the company’s business suffering from high operating cost and that the receipts in the gas and electric division also were inadequate to meet cost of operation.
5. Presented figures relative to costs and earnings of the gas department.
6. Asked the question “Are costs higher?” and then presented a long list of comparative figures of costs in 1914 and 1919, for various materials and supplies, most of which applied to the railway division.
7. Shown the increase in operating expenses in the electric division.
8. Gave a comparative statement of revenue and expenses for all three divisions of the company per car-mile, per cubic foot of gas, and per kilowatt-hour, by division.
9. Gave comparative gross revenue and salaries and wages paid for the entire company for the first nine months of 1914 and 1919.
10. Showed that the company was suffering a very serious loss and carried the message that to be effective must be prompt.
11. Carried the same message, but applied to the railway division alone.
12. Carried the same message, but applied to the gas division alone.
13. Carried the same message, but applied to the electric division alone.
14. Presented a statement of the gross revenue and operating expenses for the first nine months of 1919, by divisions and totals for the company.
15. Placed before the public the improvements which were being made and the cost of these as divided among the three divisions.
16. Gave a detailed tabulation of these improvements and the cost of each job.

It is interesting to note that nothing less than one-quarter-page space was used in this publicity campaign, running from this up to a full page. The entire cost of the space thus used was under $2,000.

In addition to the educational campaign carried on through purchased space in the newspapers, the hearings before the Federal Commission were further capitalized upon by distributing the daily bulletins sent out to all member companies by the publicity committee of the Committee of One Hundred from Washington, to the 500 members of the Chamber of Commerce, to a long mailing list of other business men, to the Mayor and Board of Aldermen and even to the Governor and other State officials. All of these bulletins were mailed separately to the individuals. Also, a letter printed in pamphlet form was distributed to all employees of the company, informing them of the situation and enlisting their active support in educating all of the people with whom they came in contact as to the necessity for increased rates.

No “KICKS” SO FAR

Perhaps it will be said that as the railway commissioner of the Federal Electric Railways Commission, Mr. Gadsden was in a strategic position to see the opportunity which the hearings of that body afforded for reaching the public of any community with the true situation faced by the electric railways. He was; but the big thing is that the opportunity was not lost. The increases sought have been secured and since the case was entirely devoid of the usual antagonism and “soreness” toward the increase, there is every reason to believe the company will derive very nearly if not quite the full theoretical increase in revenue. In the few days passed at the time of the writing of this article, both company men and newspaper men report that they have heard nothing in the way of a “kick” and have, on the contrary, heard a number of people voice the feeling that they were glad the company got its increases, that it fully deserved them.

General Harries at Berlin

GENERAL GEORGE H. HARRIES
Former President American Electric Railway Association, While Head of the United States Military Mission in Berlin, to Which Place He Was Appointed Immediately After the Armistice.

THE accompanying view shows Gen. George H. Harries, vice-president of H. M. Bylesby & Company, while head of the United States Military Mission in Berlin after the armistice. At the Atlantic City convention of the American Electric Railway Association, General Harries gave an account of some of his experiences while in Berlin. He has recently given talks on the same subject before the Society of Illuminating Engineers in Chicago, Chicago Electric Club, and the Commercial Club of Omaha.