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CHAPTER 10

PULLMAN CAR TRANSPORTATION

§ 10a. Available Information

This adjunct of the railway industry has been covered in moderate detail by the Interstate Commerce Commission in its statistics for each year since 1910. The reports for dates preceding 1916 are for fiscal years; hence, in order to reduce the information to a calendar year basis, the simple, though somewhat inaccurate, expedient of averaging the items for the two overlapping fiscal years has been adopted. For 1916 and later periods, the accounts have been kept for the calendar years, and therefore require no adjustment in this respect. No complete information for years preceding 1911 is available, but the rough estimates shown in the accompanying tables have been based upon the annual financial reports of the Pullman Company as they are quoted in Moody's *Manual of Industrials* for 1919.

§ 10b. The Share of the Stockholders

Following the customary procedure, the first step is to ascertain the total disbursements to investors of income arising from the operations of this industry. To arrive at this figure, the receipts from other corporations in the form of dividends or interest on funded debt have been subtracted from the dividends paid by the Pullman Company. The amounts shown by the reports of the Interstate Commerce Commission to have been "carried forward to the credit of profit and loss" are regarded as net corporate savings for the year. These savings, plus the net amounts disbursed in the form of dividends, are assumed to represent the entire share of the stockholders in this industry. Table 10A sets forth the facts in this connection.

In Table 10B the same items have been adjusted to show the purchasing power of the income of the stockholders if prices had remained stationary at the level of 1913. This method gives a far clearer picture of the changes which have actually occurred in the share under consideration, than does a comparison of the crude money income for the various years.

A study of the two following tables shows that, while the nominal share of the stockholders has been diminishing to a moderate degree, the fall in the purchasing power of this share has been very marked. Although

TABLE 10A

THE ESTIMATED[a] SHARE OF THE STOCKHOLDERS IN THE VALUE PRODUCT OF PULLMAN TRANSPORTATION IN THE CONTINENTAL UNITED STATES

(Values in Thousands of Dollars)

A	B	C	D	E	F
Year	Gross dividends paid	Received from other companies as dividends or interest on funded debt	Net dividends paid B — C	Corporate savings[e]	Total share of stockholders D + E
1909	$8,100 *ac*	$190 *d*	$7,910	$9,500 *af*	$17,410
1910	8,875 *ac*	190 *d*	8,685	7,850 *af*	16,535
1911	9,442 *ab*	191 *ab*	9,251	2,414 *ab*	11,665
1912	9,440 *ab*	196 *ab*	9,244	3,126 *ab*	12,370
1913	9,440 *ab*	190 *ab*	9,250	3,308 *ab*	12,558
1914	9,468 *ab*	188 *ab*	9,280	2,486 *ab*	11,766
1915	9,501 *ab*	189 *ab*	9,312	2,607 *ab*	11,919
1916	9,529 *b*	180 *b*	9,349	2,174 *b*	11,533
1917	9,544 *b*	247 *b*	9,297	3,862 *b*	13,159
1918	9,544 *b*	337 *b*	9,207	787 *b*	9,994

[a] Averages of the quantities for the two calendar years overlapping on the fiscal year.

[b] Data taken from last page of each of the respective annual *Preliminary Abstracts of Statistics of Common Carriers*, Compiled by the Interstate Commerce Commission.

[c] Dividends as shown by Moody's *Manual of Industrials* multiplied by 0.965, this being the ratio thereto, in 1911, of the amounts reported to the Interstate Commerce Commission as paid in dividends.

[d] A guess based on the records for the succeeding six years.

[e] Entitled by the Interstate Commerce Commission "Balance Carried Forward to Credit of Profit and Loss."

[f] The average surplus for 1911, 1912, and 1913 shown by the Interstate Commerce Commission reports was 2.349 times as great as that shown by the report in Moody's *Manual of Statistics*. The items in the latter report for 1909 and 1910 have therefore been multiplied by 2.349. It is not unlikely that the results thus obtained are considerably in error.

figures showing the actual investments have not been compiled, it appears that the total amount invested in the industry has been constantly growing larger through accumulations of surplus or savings, hence the decline in income per unit of invested resources is, necessarily, steeper than the fall indicated by the figures recorded in the last column of Table 10B.

TABLE 10B

THE PURCHASING POWER OF THE STOCKHOLDERS' SHARE OF THE INCOME OF THE PULLMAN COMPANY

A	B	C	D	E	F	G
Calendar year	Net dividends paid by Pullman Company [a] (Thousands)	Index of prices of consumption goods purchased by families spending $25,000 annually therefor [b]	Purchasing power of dividends at prices of 1913 (Thousands) B/C	Corporate savings of Pullman Company [a] (Thousands)	Index of construction costs [c]	Purchasing power of corporate savings at prices of 1913 (Thousands) E/F
1909	$7,910	.973	$8,129	$9,500	.920	$10,326
1910	8,685	.988	8,790	7,850	.962	8,160
1911	9,251	.995	9,297	2,414	.941	2,565
1912	9,244	1.000	9,244	3,126	.967	3,233
1913	9,250	1.000	9,250	3,308	1.000	3,308
1914	9,280	1.010	9,188	2,486	.969	2,566
1915	9,312	.996	9,349	2,607	.998	2,612
1916	9,349	1.074	8,705	2,174	1.200	1,812
1917	9,297	1.198	7,760	3,862	1.453	2,658
1918	9,207	1.364	6,750	787	1.550	508

[a] See Table 10A.

[b] Computed by means of a special study; see Table 2E.

[c] Arithmetic average of indices; wages of building laborers (see § 7e), weighted 9 and the Bureau of Labor Statistics indices shown in Bulletin 269 weighted as follows: Metals and metal products 5, Doors, Small plate glass, Window-glass, Maple (hard), Oak (white quartered), and Lead Carbonate, each 1.

§ 10c. Share of the Employees in the Net Value Product

The next problem is to ascertain the number of the employees and the share of the total value product which they receive. Part of the pay of Pullman employees comes in the form of tips directly from the passengers and hence does not appear on the records of the company. This is, nevertheless, quite evidently part of the value product of the industry, for it is considered by everyone as part of his expenses of travel. An estimate for tips is therefore included here as part of the share of the employees. The figures appear in Table 10C.

TABLE 10C

THE ESTIMATED SHARE OF THE EMPLOYEES IN THE VALUE PRODUCT ARISING FROM PULLMAN TRANSPORTATION

Year	Number of employees at work on June 30th	Average rate of pay per day for employees	Total wages paid to employees (Thousands)	Total tips paid to porters [h] (Thousands)	Total share of employees [i] (Thousands)
1909....	13,800 [a]	$1.65 [d]	$ 7,910 [ae]	$2,352 [ae]	$10,262
1910....	14,770 [a]	1.68 [d]	8,820 [ae]	2,520 [ae]	11,340
1911....	15,024 [b]	1.73 [be]	9,175 [f]	2,563 [e]	11,738
1912....	15,129 [b]	1.84 [be]	9,827 [f]	2,724 [e]	12,551
1913....	20,812 [b]	1.96 [be]	14,399 [f]	2,854 [e]	17,253
1914....	20,110 [b]	1.96 [be]	13,914 [f]	2,823 [e]	16,737
1915....	19,106 [b]	1.94 [be]	13,084 [f]	2,925 [e]	16,010
1916....	19,894 [b]	2.04 [b]	14,326 [f]	3,053	17,379
1917....	19,276 [bc]	2.23 [b]	15,174 [f]	3,802	18,976
1918....	18,985 [bc]	3.05 [b]	20,440 [f]	3,883	24,323

[a] Assumed to vary in proportion to total revenues, using the quantities in 1911 as a base.

[b] Taken from last page of each of the annual *Preliminary Abstracts of Statistics of Common Carriers*, published by the Interstate Commerce Commission.

[c] Average of the numbers reported employed at the beginning and at the end of the year.

[d] Total wages divided by total number of employees.

[e] Averages of the quantities for the two fiscal years overlapping on the calendar year.

[f] Product of the items in the two preceding columns multiplied by 353, this figure being the estimated number of days per year for which an employee is paid. Most of the employees work by the month, but a minority are employed by the day.

[g] Assumed to vary in proportion to operating expenses, using the quantities in 1911 as a base.

[h] Assumed to equal 20 cents per berth passenger; number of berth passengers as recorded in the Annual *Preliminary Abstracts of Statistics of Common Carriers* published by the Interstate Commerce Commission.

[i] Sum of items in two preceding columns.

Table 10D combines the data of Tables 10A and 10C and shows the relative shares of the value products of this industry going respectively to the employees and to the stockholders. The figures in the last column show a rapid increase in the fraction of the value product which the employees receive as their share, the increase in 1918 being very striking.

TABLE 10D

THE ESTIMATED VALUE PRODUCT ARISING FROM PULLMAN TRANSPORTATION AND THE DIVISION OF THIS PRODUCT BETWEEN THE EMPLOYEES AND THE STOCKHOLDERS

Year	Thousands of dollars			Per cent of the value product going to the employees
	Share of stockholders[a]	Share of employees[b]	Total value product of the industry	
1909	$17,410	$10.262	$27,672	37.1
1910	16,535	11,340	27,875	40.7
1911	11.665	11,738	23,403	50.2
1912	12,370	12,551	24,921	50.4
1913	12,558	17,253	29,811	58.0
1914	11,766	16,737	28,503	58.7
1915	11,919	16,010	27,929	57.3
1916	11,533	17,379	28.912	60.1
1917	13,159	18,976	32,135	59.1
1918	9,994	24,323	34,317	70.9

[a] See Table 10A.
[b] See Table 10C.

§ 10d. Average Annual Earnings of Employees

An increase in the relative share of the product does not necessarily indicate an absolute gain in the average well being of the workers. Table 10E represents an effort to show whether the economic condition of the employees in the Pullman industry has improved or grown worse during the decade under consideration.

TABLE 10E

THE ESTIMATED NUMBER OF EMPLOYEES ATTACHED TO THE PULLMAN INDUSTRY AND THE PURCHASING POWER OF THE AVERAGE INCOME WHICH THEY DERIVE THEREFROM

A	B	C	D	E	F	G	H
Year	Number of employees actually working [a]	Estimated fraction of employees actually working [b]	Estimated number of employees attached to industry B ÷ C	Total earnings of employees [a] (Thousands)	Average earnings per employee E ÷ D	Index of prices of goods consumed by manual and clerical workers [c]	Average earnings in purchasing power F ÷ G
1909	13,800	.962	14,340	$10,262	$ 716	.955	$749
1910	14,770	.982	15,040	11,340	754	.978	771
1911	15,024	.969	15,500	11,738	757	.984	770
1912	15,129	.953	15,880	12,551	790	.994	795
1913	20,812	.979	21,250	17,253	812	1.00	812
1914	20,110	.935	21,500	16,737	778	1.01	771
1915	19,106	.904	21,130	16,010	758	1.03	736
1916	19,894	.975	20,400	17,379	852	1.10	774
1917	19,276	.979	19,680	18,976	964	1.29	747
1918	18,985	.984	19,300	24,323	1,260	1.58	798

[a] See Table 10C.
[b] A rough estimate derived by means of a special study; see § 2d.
[c] The U. S. Bureau of Labor Statistics index carried back by means of a special study; see Table 2C.

Table 10E makes it clear that while the Pullman employees received a much higher average money compensation in 1918 than in 1909, the purchasing power of their income from labor was but slightly higher at that date than in the first year mentioned.

§ 10e. The Annual Output per Employee

Average earnings are of great importance from the standpoint of the employees. The employer, on the other hand, is likely to view labor largely in its relationship to production. He is interested in the amount of work accomplished per employee hired. Apparently the best measure of this ratio obtainable from the records of the Pullman industry is the number of car days in proportion to the number of employees. Car days are used instead of car miles because the Pullman employees have little to do with moving the cars in which they work. The number of employees actually working rather than the number attached to the industry is chosen as a divisor, not only because the figures for the former are more

TABLE 10F

THE RELATION OF THE NUMBER OF CAR DAYS TO THE NUMBER OF EMPLOYEES ACTUALLY AT WORK IN THE PULLMAN INDUSTRY

Year	Number of car days	Number of employees actually at work [d]	Car days per working employee
1909	[b]	[b]	[b]
1910	[b]	[b]	[b]
1911	1,614,843 [ac]	15,024	107.5
1912	1,888,515 [ac]	15,129	124.8
1913	2,162,321 [ac]	20,812	103.9
1914	2,153,147 [ac]	20,110	107.1
1915	2,150,990 [ac]	19,106	112.6
1916	2,181,166 [c]	19,894	109.6
1917	2,374,029 [c]	19,276	123.2
1918	2,187,735 [c]	18,985	115.2

[a] Averages of the quantities for the two fiscal years overlapping on the calendar year.

[b] Data incomplete, hence no significant ratios can be computed for these years.

[c] Taken from the last page of each of the annual *Preliminary Abstracts of Statistics of Common Carriers*, published by the Interstate Commerce Commission.

[d] See Table 10C.

accurate, but also because the employer pays wages only to those actually at work.

While the output per employee varies greatly from year to year, there appears to be no definite trend either upward or downward. One is not justified, therefore, in concluding that the output per Pullman employee has either increased or diminished during the eight years covered by this study.

§ 10f. Relative Growths of Pullman Service and Population

The final inquiry in this investigation has as its end an attempt to answer the question, "Is the Pullman service keeping pace with the growth of population?" Table 10G throws light upon this matter. For this purpose, car miles have been compared to population; for, apparently, the car mile is the factor in which the public is most interested. The fact should be noted, however, that any changes in the per capita volume of service measured on this basis are to be ascribed as much to the railways as to the Pullman companies, since the coöperation of both is necessary to produce Pullman car mileage.

TABLE 10G

PULLMAN CAR MILEAGE PER CAPITA IN THE CONTINENTAL UNITED STATES

Year	Number of car miles (Thousands)	Population of the United States [d] (Thousands)	Car miles per capita
1909	[a]		
1910	[a]		
1911	641,723 [bc]	93,811	6.84
1912	674,375 [bc]	95,338	7.07
1913	704,341 [bc]	97,278	7.24
1914	700,623 [bc]	99,194	7.06
1915	708,323 [bc]	100,428	7.05
1916	714,916 [b]	101,722	7.03
1917	775,407 [b]	103,059	7.52
1918	697,213 [b]	104,182	6.69

[a] Information lacking; hence, no significant ratios can be computed for these years.
[b] Taken from the last page of each of the annual *Preliminary Abstracts of Statistics of Common Carriers*, published by the Interstate Commerce Commission.
[c] Averages of the quantities for the two fiscal years overlapping on the calendar year.
[d] Estimated by means of a special study; see § 2a.

Table 10G shows that Pullman service varies with demand and fluctuates to a considerable degree. The years 1917 and 1918 showed large oscillations, presumably due to war conditions. The figures as a whole, scarcely indicate either an upward or downward trend in the amount of service furnished per capita.