

the railroad corporations making them. These agreements should, of course, be made public in the minutest detail, and should be subject to securing the assent of the Interstate Commerce Commission.

REGULATION HAS COME TO STAY. The movement to regulate railroads by law has come to stay. The people of this country have made up their minds—and wisely made up their minds—to exercise a closer control over all kinds of public service corporations, including railroads. Every honest manager of a railway will gain and not lose by the policy. The men more anxious to manipulate stocks than to make the management of their roads efficient and honest are the only ones who have cause to oppose it.

Nothing revolutionary sought. We seek nothing revolutionary. We ask for such laws as in their essence, now obtain in the old Commonwealth of Massachusetts, such laws as now obtain in England. The purpose of those of us who so resolutely believe in the new policy, in its thorough carrying out and in its progressive development, is in no sense punitive or vindictive.

As a matter of course, we shall punish any criminal whom we can convict under the law; but we have no intention of confounding the innocent many and the guilty few by any ill-judged and sweeping scheme of vengeance. Our aim is primarily to prevent these abuses in the future. Wherever evidence can be obtained, they shall be brought to justice, and no criminal, high or low, whom we can reach will receive immunity. But the rights of innocent investors should not be jeopardized by legislation or executive action. We sanction no legislation which would fall heavily on them, instead of on the original wrongdoers or beneficiaries of the wrong.

NO LAW TO CHECK DEVELOPMENT. There must be no such rigid laws as will prevent the development of the country, and such development can only be had if investors are offered an ample reward for the risk they take. We would be the first to appear in any court to have restrictions being placed upon the issuance of stocks and bonds, for such would simply hamper the growth of the United States; for a railroad must make its credit, and its credit will be brought to the market only by the issue of securities and the sale of them.

The man who builds a road and those who invest in it render a great public service; for adequate transportation facilities are a vital necessity to the country. We favor full and ample return on such investments, but we favor a policy of exploiting the many for the benefit of the few. We favor the railway manager who operates his railway upon a straightforward and businesslike basis, who has no interest in permanent investment, and who has an interest in its future; we are against only the man who cares nothing for the property after his speculative deal in securities has been closed, and who favors the railway manager who keeps in close touch with the people along his line rather than in close touch with the speculative market, who exploits his line to the advantage of himself, and who can legitimately get out of his railway as a permanent investment by giving a fair return to the stockholders and to the public good.

WHAT IS ASKED OF RAILROAD PRESIDENTS. Much is said about the inability of railroad presidents to agree among themselves as to what policy should be advocated and what plans followed in the effort to work out the problems which now present themselves. In so far as the law is concerned, all I ask of them is a willingness to comply fully with its spirit, and a readiness to move along the lines indicated by those who are charged with administering it. Our policy is built upon experience, and our primary purpose is to insure the future against the mistakes and delinquencies of the past.

WILD TALK OF OVERCAPITALIZATION. There has been much wild talk as to the extent of the overcapitalization of our railroads. The census reports on the commercial value of the railroads of the country, together with the reports made to the Interstate Commerce Commission by the railroads on their cost of construction, tend to show that as a whole the railroad property of the country is worth as much as the securities representing it, and that in the consensus of opinion of investors the total value of stock and bonds is greater than their total face value, notwithstanding the "water" that has been injected in particular places. The huge value terms are the immediate expenditures in recent years in double tracking, improving grades, roadbeds and structures have brought the total investments to a point where the opinion of the market is greater than the face value is probably true.

CONTROL OF ACCOUNTS. One of the most important features of the Hepburn act is the having given the commission absolute control over the accounts of railroads. The commission has just issued an order to the effect that on July 1 next all the railroads of the country subject to the jurisdiction of the commission must standardize their accounting methods, and the commission is now organizing a bureau of special examiners, whose duty it will be among other things, to see that the books of the carriers are kept in conformity with the rules laid down by the commission. Thus the means are already at hand and the machinery already created which, when perfected, will put the public in position to know the facts, so that the small investor can exercise an intelligent judgment when investing his money in the securities of a railway enterprise. We hope as one of the chief means for betterment of conditions to secure as complete publicity as possible in the accounts of railroads with regard to national banks.

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similar practices are possible and the tendency to resort to them is unrestrained by law. While there have been many instances of gross and flagrant stock inflation, and while, of course, there remain cases of overcapitalization, yet when the statistics of the weaker roads, the overcapitalized roads, are combined with those of the stronger roads, and considered in the aggregate, in my judgment they will not be found to impair the wholesome financial standing and position of the railroads as a whole; and while it is true that the stronger roads, which have enriched themselves by leading their properties with securities representing little or no real value, deserve our strongest condemnation, on the other hand our hearty commendation is due to those owners and managers—representing, I believe, the large majority—who have year after year worked faithfully, patiently and honestly in building up our system of railroads, which have knitted together in close commercial and social intercourse widely removed sections of the country and stand second only to the great business of agriculture itself in contribution to national growth and development.

FOR PHYSICAL VALUATION OF ROADS. Ample provision should be made by Congress to enable the Interstate Commerce Commission, by the employment of a sufficient force of experts, to undertake the physical valuation of each and every road in the country, whenever and as soon as in the opinion of the Commission the value of any road would be of value to the Commission in its work.

There are undoubtedly some roads as to which it would be an advantage for the Commission to have such a physical valuation as soon as possible. At the outset let it be understood that physical valuation is not a panacea; it is no sufficient remedy for the evils which have ultimately needed as an essential instrument in administrative supervision. It will be of use to the Commission in connection with the duty of determining the reasonableness of future capitalization, both as an element to enable such a body to come to a right conclusion in the matter, and also as an element to be placed before the investing public to enable this public in its turn to reach a conclusion, though of course, capitalization must be determined in large measure by future need rather than past investment.

How important physical valuation will prove as one of the factors to assist in fixing equitable rates I am not able to judge, but that it will be of a certain importance can be safely assumed because of the opinions of the Interstate Commerce Commission and of the Northern Pacific Railroad in advancing such a physical valuation as decisive on its side in a rate controversy. Such a valuation would necessarily help to protect the railroads against the making of inadequate and unjust rates, and would therefore be as important from the standpoint of the protection of the railroads as from the standpoint of the protection of the investing public. It is necessary to the enduring prosperity and development of the country that the railroads shall yield reasonable profits to investors.

WOULD NOT INJURE SECURITIES. The effect of such valuation and supervision of securities should be retroactive. Existing securities should be tested by the law in existence at the time of their issue. This nation would no more injure securities which have become an important part of the investment of the public, than it would consider a proposition to repudiate the debt of the nation. But the public interest requires guarantee against improper multiplication of securities in the hands of the public, and regulations for their issuance should be provided so as to secure, as far as may be that the proceeds thereof shall be devoted to legitimate business purposes. In providing for the overcapitalization we shall harm no human being who has honestly earned, or earned to the capital invested, the profit of interest payments which may be returned to the stockholder of the wage earner and the general public, which is concerned in the rates paid by shippers; it damages the small investor, it discourages thrift and puts a premium on gambling and business trickery.

DANGER OF POPULAR ANGER. The grave abuses in individual cases of railroad management in the past represent wrongs to the public, but those who are doing wrongs to fair dealing and honest corporations and men of wealth, because they excite a popular anger and distrust which from the very nature of things, will be difficult to control. It is not responsible for what the light showed.

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If they doubt this, let them study the history of the railway control movement in such a state as Iowa, where it would be hard to find a more prosperous and more intelligent community; a community of thriving farmers and thriving townpeople. Iowa did its share in the work of building railroads when the country was young and resourceful men like that gallant soldier and real captain of industry, Grenville M. Dodge; men who ran risks and performed feats for which it was difficult to make the recovery on the chances of a business which to-day happily involves no such hazards. Iowa was at length forced to undertake the work of regulating the railways with a direct physical valuation of the roads against her borders. The result was a great victory. The roads already built and prevent building more, but Iowa proceeded with the task, and it resulted, not in ruin and stagnation, but in increased prosperity and the honest investor. Instead of putting roads into the hands of receivers, it was followed by a prosperity that rescued many of them from receiverships.

THE RAILROADS AND THE BANKS. No state, of course, can do for the railroads what the national government has already done for the banks, and that government has done something analogous to what the railroads. National banks were bought and sold largely on the certificate of character which the government, as a result of its examinations and supervision, gave to them. To give another illustration, Iowa was amended to allow small banks to take out national charters, great numbers of state banks of that state were reorganized into national institutions. The investment public was reassured by the unlimited confidence the institutions on which the federal government had set the seal of its confidence and approval. The railroads have not been given this national character, under the seal of the national government, and therefore many people who invest money in the shares of banks are reluctant to buy railroad securities. Give them the same guarantees as to railroad securities which we now give them as to national bank shares, and now give them a new reservoir from which to draw the capital now so much needed for the extension and betterment of the railroads.

NOT HOSTILE TO CORPORATIONS. All this, my friends, is substantially what I have said over and over again. Surely, it is not to be necessary to give any shape or form to any hostility to corporations as such. On the contrary, it means a frank recognition of the fact that combinations of capital, like combinations of labor, are a natural result of modern conditions and of our national development. As far as in my ability lies my endeavor is and will be to prevent abuse of power by either and to favor both so long as they do well.

REMEDIES FOR CONGESTION. For several months past, if not all of our roads have been in a condition of extreme congestion. Doubtless this is mainly due to the fact that the rate of our railroads, that our property has increased at such a rate that the most sanguine and optimistic railroads have been unable to keep pace with its growth. But it is also true that ordinary methods of operation, which have been in a placid time of steady and regular movement, should at a time of crisis yield to the imperative necessities of public need.

VALUE OF PUBLICITY. I believe in proper publicity. There has been complaint of some of the investigations recently carried on, but those who complain should know that the investigations are done in public, and not upon the investigations which brought them to light. The administration is responsible for turning on the light, and it is not responsible for what the light showed.

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TIFFANY & CO. Safe Deposit Vault Thoroughly modern steel vault equipped with boxes in sizes suitable for securities, jewelry or other valuables Fifth Avenue & 37th Street

investments in railway properties to earn a liberal return, a return sufficiently liberal to cover all risks. We cannot get an improved service from the carriers of the country, unless we secure securities; and therefore nothing should be done unwarrantedly to impair their credit nor to decrease the value of their outstanding obligations.

MUST ASSURE SUFFICIENT REWARD. I emphatically believe that positive restraint should be imposed upon railway corporations, and that they should be required to meet positive obligations in the interest of the general public. I no less emphatically believe that in such regulating and controlling the affairs of the railways it is necessary to recognize the need of an immediate outlet for the surplus private funds, and the certainty that this will not be met without the assurance of sufficient reward to induce the necessary investment. It is plainly inadvisable for the government to undertake the direct physical operation of the railways, save in wholly exceptional cases; and the supervision and control it exercises should be both entirely adequate to secure its ends, and yet no more harassing than is necessary to secure these ends.

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GREETED BY THOUSANDS. President at Unveiling of General Lawton's Monument. Indianapolis, May 30.—President Roosevelt and party, accompanied by Vice-President Fairbanks, arrived at the Fairbanks home of the Mrs. McKinley at Canton, Ohio. The President's car was attached to passenger train No. 11 on the Cleveland division of the Big Four, due at 10:50. The President and Vice-President were met at the station by a large reception committee in carriages, at the head of which were Senators Beveridge and Hemenway and Representative Overstreet. They were driven on to the Fairbanks home. Vice-President Fairbanks, Governor Hanly and Secretary Loeb rode with the President. During most of the day President Roosevelt was the companion of Vice-President Fairbanks. Several hours were spent at the beautiful home of the Indiana statesman, luncheon being served there.

After the arrival at the Fairbanks home the members of the reception committee were introduced, after which the President received the ministers of the city and members of the 30th Indiana, General Lawton's old regiment. President McGreggor, of the Indiana Association of County Commissioners presented the President with a gold card bearing an honorary membership. Secretary of the President and the Vice-President at luncheon were forty guests, including Governor Hanly, Senators Beveridge and Hemenway, Representative Overstreet, members of the President's party, Mayor Bookwalter, Harry S. New, chairman of the Republican National Committee; Thomas Taggart, chairman of the Democratic National Committee; James Whitcomb Riley, Meredith Nicholson and officers of the Grand Army of the Republic and other organizations.

TRIBUTE TO HAMILTON. Paterson, N. J., May 30.—President Nicholas Murray Butler of Columbia University was the principal speaker at today's ceremonies in connection with the unveiling of a statue of Alexander Hamilton. This was presented to the city by a committee headed by W. B. Gourley. President Butler paid a high tribute to Hamilton, and named him with Washington as the greatest of our nation's statesmen. "We are accustomed to think of the political controversies of our own day as bitter, and of the political methods which accompany them as base and unscrupulous. The bitterness, the baseness and the dishonor of to-day are as nothing in comparison with the bitterness, the baseness and the dishonor which marked the life of Alexander Hamilton. He was a patriot, a scholar, a liar and a traitor. Man stopped at nothing to gain his political ends in life."

DR. THOMAS IN CONTEMPT. Walsh Issues Warrant for His Arrest, but He Was Not Arrested. Dr. Julian P. Thomas, the aeronaut who was arrested in Jerome Avenue on Wednesday night for speaking was threatened yesterday with a night in the Tombs on the charge of contempt of court, but could not be found until early this morning, and the warrant for his arrest was not served. When he was arrested Dr. Thomas left \$300 with the lieutenant in charge of the Highbridge station who had taken charge of the case. For his appearance in the Morrisania police court yesterday morning, Dr. Thomas had a message from the automobile races at Empire City track were of much more importance to him than the court, and that he was not in court he would not be found until early this morning.

MAY BE RENEWED DOCK STRIKE. Patrick Connors, president of the Longshoremen's Protective Union, announced yesterday that a meeting of the strikers would be held this afternoon to hear and act on the report of their committee on the proposed settlement of the dock strike. The meeting will not only stand out for their grievances, but also demand that the dock strike be extended to-day against the Panama and Quebec steamship companies, which settled with the strikers, but which were not in favor of calling the strike off and then conferring with the official committee. He said that would be satisfactory.

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