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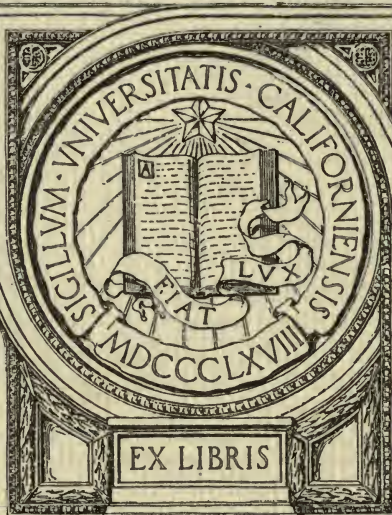
# SEVENTY YEARS OF AMERICA'S GREATEST RAILROAD

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The Pennsylvania Station  
New York



# Seventy Years of America's Greatest Railroad

THE PENNSYLVANIA

1846 - 1916



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#1

*New York*

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Life  
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## Foreword

The greatest industrial achievement of the United States is its railroad system.

Other countries have achieved greatly in manufacturing, in farming, and in mining. But in no country in the world has a transportation system been developed equal to that of the United States.

The railroads in this country carry their freight at a cheaper rate, they pay higher wages to their labor, they pay out a greater percentage of their earnings in the form of taxes, than the railroads of any other country in the world.

In magnitude of operations the Pennsylvania surpasses all other railroad corporations in the world. When it is realized that to this magnitude of operations are joined a wonderful organization, extraordinary efficiency and economy in management, and adherence to the highest ideals of public service—it will be seen that in this Company there is visualized, dramatized and expressed to the world one of the really fine achievements of American life.

The following pages regard the Pennsylvania Railroad not so much from the point of view of the investor as of the public. Generally speaking, the figures given relate to the Pennsylvania Railroad System as a whole, for it is these figures that have the most significance to the public which the Pennsylvania Railroad serves.

## Foreword

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In so far as investors are concerned, the figures given will indicate both present facts and tendencies, not only with reference to the Pennsylvania Railroad, but as showing how the condition of the Pennsylvania Railroad illustrates the situation of the railroads of the country.

The information given is of course not guaranteed, but is obtained from sources which are believed to be accurate. At times round numbers have been used deliberately, because in that way the fundamental facts might at times be set forth somewhat more graphically.

Herein are set forth not only the favorable but certain unfavorable indications in present railroad conditions as they affect not only the Pennsylvania Railroad but all other American railroad systems.

Once the American people realize certain fundamental impediments which now bar the way to railroad progress, these impediments will surely be removed. Private ownership of railroads, seen in the case of the Pennsylvania Railroad to be so eminently in the public interest, has assuredly come to stay in the American Republic. Private ownership will always in the future be coupled with public regulation, regulation which will be consistent, and which, while assuring to capital a proper return, will safeguard the people against discrimination and unjust burdens.

Under such a scheme of regulation the American railroad system will continue to prosper and the American people will continue to enjoy that extraordinary economy and efficiency of service which have done so much to make the prosperity of this country what it is.

## Foreword

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The Pennsylvania Railroad retires from service its every employee on his seventieth birthday.

No one who takes an intelligent and constructive view of this country's future can resist indulging the hope that the seventieth birthday of the Pennsylvania Railroad itself may but be the beginning of a new career which shall multiply the excellences in service, in conduct, and ideals which the Pennsylvania as the world's greatest railway, has displayed throughout its history. Nor can one resist hoping that experience with this great monument of private ownership devoted to public service may serve as a guide to a system of Government regulation and private ownership of all our railroads which will save this country from the deadening, hampering, stultifying effects of Government ownership.

STRONG, STURGIS & Co.

*30 Broad Street, New York*  
*April 13, 1916*





# Seventy Years of America's Greatest Railroad

## I

### The Pennsylvania Railroad as an Achievement

The Charter of the Pennsylvania Railroad Company was granted April 13, 1846.

On its seventieth birthday the operations of the Pennsylvania Railroad System surpass in magnitude those of any other railroad system in the world.

This Company has paid interest on stock subscriptions or dividends on its stock continuously for seventy years; it has never defaulted a financial obligation; its name has become a synonym for financial stability and integrity.

\* \* \*

To-day the Pennsylvania Railroad System represents a property investment of \$1,465,734,682. Against that investment securities have been issued and are now outstanding amounting to \$1,354,037,794.

Thus the property of the Pennsylvania Railroad System to-day represents in actual investment \$111,696,888 more than the total outstanding capital obligations.

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In addition, the System has made large investments which are represented in its own outstanding obligations. In fact, for the Pennsylvania Railroad Company alone, its income from investments is more than sufficient to pay the interest on its funded debt.

### Property More Than Capital

While the Pennsylvania System was increasing its capital obligations by a little less than \$400,000,000 from 1905 to 1915, it was at the same time increasing its property investment much more than \$500,000,000.

During the seventy years of its activities the Pennsylvania Railroad Company has received in operating revenues approximately \$4,000,000,000, and it has paid out in wages over \$2,000,000,000.

Payments for the wages of Labor have amounted to \$4 for every \$1 paid as the wages of Capital.

Up to April 13, 1916, its seventieth birthday, the Pennsylvania Railroad Company has paid out in dividends on its stock over \$503,000,000, nearly four million dollars more than its total outstanding capital stock, which now amounts to \$499,203,700.

### No Watered Stock

The Pennsylvania Railroad Company has no watered stock; in fact, a considerable quantity of its stock represents a greater amount paid into the treasury of the Company than is actually represented by the par value of the certificates.

## Seventy Years of America's Greatest Railroad

The Pennsylvania Railroad has always been a people's railroad. The original subscriptions for stock were made as the result of a house-to-house canvass.

The Directors and Officers of the Pennsylvania Railroad have always been trustees both for the investors in the property as well as for the public they served.

At the present time, the largest stockholder in the Pennsylvania Railroad is said to own less than two per cent. of the total stock, and it is estimated that the stock owned by all directors, officers and employes of the Pennsylvania Railroad amounts to less than five per cent. of the total.

The management of the Pennsylvania Railroad is beholden, therefore, to no financial interest, and to no dominating shareholder or coterie of shareholders. The management is responsible in the highest and best sense to the public.

### An Institution of Pennsylvania

The Pennsylvania Railroad Company, the parent company, is essentially an institution of the State of Pennsylvania. All the rails and property of the Pennsylvania Railroad Company itself are located within the State of Pennsylvania.

All lines of the Pennsylvania System running outside the State of Pennsylvania are owned by the parent Company either through stock ownership or under lease.

Every director of the Pennsylvania Railroad must be a resident of the State of Pennsylvania. The result has been that nearly everyone interested in the conduct of the management or the operation of the Pennsylvania Railroad System has had an eye single to the welfare of that institution.

# Seventy Years of America's Greatest Railroad

## Those Who Own the Railroad

The Pennsylvania Railroad Company is to-day owned by 93,936 stockholders, of whom 45,906, or 48.87 per cent., are women.

Holding a minority interest in various subsidiaries of the Pennsylvania Railroad there are some 22,000 shareholders.

Thus the number of people who have risked their money through the Pennsylvania Railroad in providing public service amount to about 115,000.

The total capital stock of the Pennsylvania Railroad System in the hands of the public amounts to \$625,684,179.

The funded debt of the System in the hands of the public amounts to \$728,353,615 or 53.79 per cent. of total outstanding capital obligations.

This funded debt is held throughout the world, and those holding it number upwards of 100,000 persons, who in this form have loaned for public service through the Pennsylvania Railroad a share of their savings.

The Pennsylvania Railroad System employs at the present time 225,000 men. It pays to them wages amounting to approximately \$200,000,000 a year.

\* \* \*

It thus develops that upwards of 440,000 people—stockholders, bondholders and employes—derive the whole or a portion of their income for service they render to the public through the Pennsylvania Railroad.



# Seventy Years of America's Greatest Railroad

## Pennsylvania Stock an Investment

Pennsylvania stock is not a speculation—it is an investment. A story is told to illustrate this point. A wealthy old man lay dying and he called his sons and divided among them his various stocks and bonds. It was noticed however that he tucked a bundle of Pennsylvania shares under his pillow, and those gathered about asked him what he meant to do with the shares. “Keep them, my boys,” he replied, “Pennsylvania shares are negotiable everywhere.”

An interesting episode will illustrate the importance of Pennsylvania Railroad finance in all parts of the world. Just after the European War broke out, American exchange on London went up to a very high rate, and for the time there was a virtual cessation of payment of American dividends to English shareholders. It had been the custom of the Pennsylvania Railroad for many years to pay its dividend in London by checks drawn on the London Joint Stock Bank the same day it was sent out from Philadelphia. The checks were made out in dollars but the company made it a practice to cable the rate of exchange at any time prevailing, and the London Joint Stock Bank marked on each check the rate at which that check would be paid in pounds sterling.

In 1914, on the last day of August, a regular dividend date, when the usual dividend was due to be mailed from both Philadelphia and London, a foreign exchange market did not exist. It was virtually impossible to send money in large sums from this country to England. American exchange could be sold in London only at a heavy discount.

## Seventy Years of America's Greatest Railroad

### Fidelity to Foreign Shareholders

Nevertheless the Pennsylvania Railroad determined to follow its usual custom and pay the dividend in England on the appointed day at a nominal rate of \$5 per pound sterling, although the actual rate then prevailing was very much higher. The dividend was to be paid in checks good for gold if demanded.

Late on that day an American was standing in the midst of a crowd in London watching a bulletin board on which war news was being flashed. In among the bulletins from the front the American suddenly found this item flashed before him:

"The Pennsylvania Railroad Company announces that its dividend checks, converted into sterling at forty-eight pence to the dollar (\$5 to the pound), without other deduction than income tax, have been posted in London to English shareholders by its financial agent in London.

"It is interesting to note that this is perhaps the first dividend on an American railroad ordinary share which has been distributed to English shareholders since the outbreak of the war, and it is a great satisfaction to find that the Pennsylvania Railroad Company has shown such a liberal attitude toward its shareholders in England by fixing the conversion into sterling at forty-eight pence to the dollar."

This American standing in that crowd, after reading the news, heard a fine-looking Englishman near him remark, "the best managed railroad in the world."



# Seventy Years of America's Greatest Railroad

## Dividend to the Public

Dividends to Pennsylvania shareholders have never amounted to the whole of the earnings which might have been distributed. Since 1887 the Pennsylvania Railroad System has put back into its property out of earnings as much money as has been paid out during that time by the Pennsylvania Railroad Company in dividends.

This money put back into the property out of earnings is in the nature of a dividend to the public; it has meant the provision of a quality of service for the public which did not result from increased earnings. The rate of dividend to stockholders has always been modest, and the strength of the Company has rested upon the continuity rather than the size of dividends.

## Pennsylvania System Dividend

The Pennsylvania Railroad System after paying all expenses, fixed charges, etc., was able, in the year ended June 30, 1915, to pay out dividends on stock in the hands of the public amounting to \$41,972,713, or 6.71 per cent. upon the total outstanding capital stock.

The total income for the year was \$74,965,120.

Interest on the funded debt on all funded obligations in the hands of the public amounted to \$26,604,931. Thus the income for the year was sufficient to pay the interest on the funded obligations nearly three times over.

A Pennsylvania Railroad bond, or a bond bearing the guaranty of the Pennsylvania Railroad, remains among the soundest of the world's industrial investments.

## Seventy Years of America's Greatest Railroad

Herr von Gwinner, one of the directors of the Deutsche Bank, speaking before the Prussian House of Peers on May 30, 1910, said:

“If the Pennsylvania Railroad Company were financially administered in the same manner as our Government railways, its shares would constitute the most speculative investment on earth; in one year they would pay two per cent. dividends, in the next year, perhaps seven per cent.; whereas, a well-administered undertaking like this company is trying to offer permanently stable dividends.”

# Seventy Years of America's Greatest Railroad

## II

### What the Pennsylvania Railroad Is

The operations of the Pennsylvania System represent approximately one-eighth of all railroad operations of the United States. The System serves thirteen states and the District of Columbia. It has 11,823 miles of line and 26,705 miles of track.

The lines of the System penetrate Delaware, the District of Columbia, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Virginia and West Virginia. In this territory 50,000,000 people live—half the entire population of the United States.

The lines of the System go south to Washington and to Cincinnati, they run north to Buffalo, to Toledo, to Mackinaw City, Michigan, and to Chicago, and they go west to St. Louis. The territory embraced by this net-work is the richest producing section of the United States, with its heart at Pittsburgh, from which more railroad tonnage emanates than from any other district in the world.

# Seventy Years of America's Greatest Railroad

## The Romance of Railroading

The trains of the Pennsylvania System haul more freight and carry more passengers than those of any other railroad in the world.

For two years past not a passenger has been killed on the whole Pennsylvania Railroad in a train accident.

During the past eight years the Pennsylvania lines east of Pittsburgh have carried nearly 850,000,000 passengers on over 6,000,000 passenger trains, and of these trains only five have suffered wrecks which cost the death of any of the passengers carried on them.

This is railroading. It was for this sort of thing that the Pennsylvania Railroad—any railroad in fact—was created.

## The Pennsylvania Ideal

Speaking to a gathering of commercial men lately, Mr. George D. Dixon, one of the Vice-presidents of the Pennsylvania Railroad, said:

“We cannot get along without your co-operation and friendship and confidence; and we want you to know deep down in your hearts that this is the spirit in which we are running the Pennsylvania Railroad.”

## In the Vanguard of Progress

This Company has from the outset been in the vanguard of progress in the railroad operating art.

## Seventy Years of America's Greatest Railroad

Its locomotive testing plant at Altoona has developed remarkable improvements in economies in the construction and the operation of steam locomotives.

It was the first railroad company to utilize the air brake.

\* \* \*

The Pennsylvania Railroad was the first to develop the use of the all-steel passenger car in the United States. To-day it has on its lines more all-steel passenger cars than any other railroad in the country and probably half as many as there are on all the other railroads in the country.

Its passenger trains are all operated by block signals, and the Pennsylvania Railroad has more four-track lines operated under automatic signals than any other railroad in the world. The signal system of the Pennsylvania Railroad east of Pittsburgh represents an estimated investment of approximately \$20,000,000. It takes a normal force of 1,800 men continuously at work to maintain the Pennsylvania signal system, and it costs no less than \$1,500,000 a year to keep these signals in order.

The Pennsylvania was the first American railroad to utilize the Bessemer steel rail.

### What the Pennsylvania Owns

The Pennsylvania Railroad owns

7,373 locomotives;

6,706 passenger cars, and

276,619 freight cars.



## Seventy Years of America's Greatest Railroad

The value of its rolling equipment, if purchased new to-day, is fully equal to the outstanding capital stock of the Pennsylvania Railroad Company, approximately \$500,000,000.

The Pennsylvania System carried in 1915 over

39,000,000,000 tons of freight one mile, and  
4,000,000,000 passengers one mile.

This was approximately one-eighth the transportation service supplied in the whole United States.

### Built on Ideals and Organization

Aside from the ideals which have from the outset dominated its management, the Pennsylvania Railroad has been built upon the rock of Organization. Its early managers devoted themselves to perfecting an organization which should function with the greatest possible efficiency. The result is a model to the railroad world.

The Pennsylvania Railroad has had a unique record in maintaining the confidence and good-will of its employes. It maintains a pension system for its retired employes, and since January 1, 1900, when the pension system was established, the system has paid out to retired employes over \$12,000,000. More than 9,000 men have been beneficiaries of the Company's pension system.

A compilation as of January 1, 1916, showed that there are now on the pay-rolls of the Pennsylvania Railroad 4,366 men who have been in the service of the Company



## Seventy Years of America's Greatest Railroad

forty years and upwards. More than one thousand men have been in the service of the Company upwards of fifty years.

Most of the men who serve the Pennsylvania Railroad make it their life-work. The Presidents of the Pennsylvania Railroad Company have from the beginning been men trained by the Pennsylvania, and devoting the whole of their railroad experience to the service of the Company.

Mr. Samuel Rea, the present able and respected President of the Company, started at the bottom. Of the Vice-presidents of the Pennsylvania System, both east and west of Pittsburgh, all but one have devoted their entire business experience to the service of this railroad.

### Progress in Recent Years

The Pennsylvania System in recent years has been extending its lines somewhat, but more important still, in so far as the public is concerned, it has been making of itself a better railroad.

Its actual property investment per mile of all track (including double tracks, sidings, etc.) was \$43,994 in 1905. In 1915 the investment per mile of track was \$59,222, an increase of over \$15,000—more than  $33\frac{1}{3}$  per cent. in the actual investment for each mile of railroad track.

While the Pennsylvania was increasing its investment, public authorities were assessing taxes at a greatly accelerated ratio. For instance, taxes on the entire Pennsylvania System in 1905 amounted to \$5,431,450. In 1915 they were \$15,915,160, an increase in ten years of nearly 200 per cent.

## Seventy Years of America's Greatest Railroad

### “Pennsylvania Standard” Maintained

From the stockholder's standpoint, as well as from that of the public, it is important to know that no matter what other conditions have confronted it, the Pennsylvania Railroad has throughout the past ten critical years maintained its tracks and equipment upon a basis which can be best described as “Pennsylvania Standard.”

In 1905 maintenance of way expenses were \$1,384 for every mile of track operated, and in 1915 they were \$1,801. Out of all operating revenues, the Pennsylvania System spent for maintenance of way in 1905, 12.08 per cent. and in 1915, 13.52 per cent.

For maintenance of equipment, the System expended in 1905, 16.85 per cent. of all operating revenues, and in 1915 for the same purposes, 19.19 per cent.

### Unit of Charges to Public Reduced

During this same period the average charge to the public for each unit of service rendered has been steadily decreasing. The average rate per passenger per mile in 1905 was 1.906 cents, and in 1915 it has been reduced to 1.871 cents.

The average rate received for each ton of freight carried one mile was 0.642 cent in 1905, and 0.636 cent in 1915. The average rate per ton mile received over a period of fifteen years was 0.618 cent.

It is of significance to note that while in 1911 there was an unappropriated surplus of \$86,652,826 carried forward by the Pennsylvania System, at the end of the year 1915 the surplus carried forward as unappropriated had dwindled to \$56,162,740.

# Seventy Years of America's Greatest Railroad

## III

### What the Pennsylvania Railroad Shows as to American Railroad Conditions

The experience of the Pennsylvania over the past fifteen years is of great importance, as revealing fundamental conditions now surrounding and governing the progress of American railroads generally.

It has often been stated that the financial difficulties of American railroads were of their own making. It is instructive, therefore, to see what lesson the Pennsylvania teaches; for here is a railroad whose stock is not watered, whose management has been admittedly efficient, and whose accounting has been continuous.

It will prove illuminating to compare Pennsylvania figures over a period of ten years. The data given below are for years ending June 30, and cover the Pennsylvania System as a whole and eliminate all inter-corporate duplications.

## Seventy Years of America's Greatest Railroad

### Investment

	1905	1915	Increase Per Cent
Actual property investment	\$935,839,751	\$1,465,734,682	56.62
Total capital obligations	\$962,255,695	\$1,354,037,794	40.71

### Service to the Public

Passengers carried one mile	3,009,514,722	4,363,574,164	44.99
Freight tons carried one mile	26,660,530,041	35,719,873,998	33.98

### Earnings

Gross operating revenues	\$248,232,611	\$342,595,302	38.01
Net operating income after paying taxes, rentals, etc.	\$67,675,464	\$63,440,357	*6.25

\*Decrease

The net income from operations, which in 1905 amounted to 7.23 per cent. on the property investment, was reduced to 4.33 per cent. in 1915.

It should be pointed out, however, that at the moment the System is earning at the rate of more than six per cent. on property investment.

# Seventy Years of America's Greatest Railroad

## Earnings on Capital Outstanding

In so far as security holders are concerned, the most important factor is the amount earned on capital stock and on total capital obligations.

In 1915 only 7.20 per cent. was earned on all Pennsylvania System capital stock outstanding, after paying all fixed charges.

\* \* \*

The seriousness of the tendency which has been operative in recent years may be indicated by the following figures:

### Net Corporate Income for Year on Pennsylvania System Capital Stock Outstanding

	Per Cent.
1900.....	10.68
1901.....	14.43
1902.....	15.16
1903.....	14.07
1904.....	10.36
1905.....	11.73
1906.....	14.10
1907.....	14.20
1908.....	12.37
1909.....	12.05
1910.....	13.17
1911.....	10.15
1912.....	10.31
1913.....	9.64
1914.....	7.61
1915.....	7.20



## Seventy Years of America's Greatest Railroad

This tendency toward reduced income on capital stock outstanding has great significance. The meaning is that generally speaking railroad expenses now increase more rapidly than earnings. The margin of protection to shareholders is steadily declining.

If that fact is true with reference to the great Pennsylvania System, must it not be the case with other railroads?

The Pennsylvania Railroad Company earned in the last calendar year (the greatest year of its history) about eight per cent. on its capital stock.

After paying interest on bonds, dividends, etc., the Company devoted what remained—some \$10,500,000—to various expenditures not likely to add to earning capacity.

Not a cent was carried forward to the credit of profit and loss. This is the first time in many years that a Pennsylvania Railroad Annual Report shows nothing whatever carried forward to surplus account.

### Present Earnings

Present Pennsylvania earnings are upon an exceptional basis, and the full benefit of the economies made possible by the vast expenditures undertaken during the presidency of Mr. Cassatt is now being realized.

Illustrative of the remarkable character of the present operating situation are the earnings for the Pennsylvania System for February—the greatest February in American railroad history.



## Seventy Years of America's Greatest Railroad

	February 1916	February 1915	Increase in 1916 Per Cent.
Operating revenue	\$28,275,676	\$20,780,208	36
Operating expenses	21,740,875	17,955,892	21.1
Net operating revenue	\$6,534,801	\$2,824,316	131.4
Ratio of expenses to revenue	76.9	86.4	<i>d</i> 9.5

*d* = Decrease.

Even early in the month of April, 1916, the great rush of traffic continues. Loaded freight cars moving pass Lewiston Junction, a typical point, for the first seven days of April number 27,948, an increase of 7,335, or 35.6 per cent. over 1915.

If these conditions could be permanently maintained, the situation would be highly satisfactory. The fact is, however, that such results cannot be more than temporary unless there is a change in the fundamental conditions which now govern railroad operations.

The Pennsylvania Railroad is to-day being operated with marvelous efficiency and economy. But it is impossible to overlook the serious tendencies which are at work in America's railroads.

The President of the United States has recommended that Congress carefully consider the railroad problem, and appraise the circumstances in which the railroads now find themselves.

# Seventy Years of America's Greatest Railroad

## Railroad Expansion Ended

The circumstances are unique:

Railroad building in this country has practically ceased. The year 1915 saw less new railroad construction in this country than in any year since the Civil War, and the beginning of the year 1916 also saw less new track under way than on any New Year's Day in fifty years.

Though industrial companies are now extending plants and issuing large blocks of securities, it is difficult if not impossible to induce investors to embark in new railroad enterprise.

In 1915, out of \$693,482,770 in new railroad securities listed on the New York Stock Exchange, only \$91,535,070 were for new work. The rest was to refund old securities.

Of the new money raised, only \$12,910,570 was obtained through issues of stock where the investor takes his chances and becomes a partner rather than a creditor in the enterprise.

Simultaneously with this situation we find our railroad executives urging that our present system of regulating railroads through forty-nine masters—the Federal Government and forty-eight individual States—give way to a unified and consistent scheme of regulation under a single master.

## The Fundamental Necessity

The fundamental necessity is that some method be worked out of co-ordinating railroad earnings and expenses.

At no one point is there focussed responsibility for regulating both earnings and expenses, so as to make it certain that expenses shall not increase faster than earnings.

## Seventy Years of America's Greatest Railroad

If the same authorities who are responsible for regulating rates were likewise responsible for regulating expenses, practical and intelligent recognition would necessarily be given to the fact that if expenses are increased provision must be made to meet the cost.

The situation which confronts the investor in American railroad securities is exceptionally puzzling:

For the year ended June 30, 1915, the railroads of the United States carried 66,000,000,000 more tons of freight one mile than for the year ended June 30, 1907, and carried 4,000,000,000 more passengers one mile than in 1907.

### Increased Cost of Our Railroad Plant

During the eight years in which the facilities to handle this increased traffic were being provided, and for that purpose, our railroads expended upwards of \$4,800,000,000 in new money.

In 1907, before this increased investment had been made, the net operating revenues of all railroads were \$840,589,764. After paying taxes amounting that year to \$80,312,375, the railroad net operating income—that is, all money available for paying interest on bonds, dividends on stock, making improvements out of earnings, and providing a surplus against further needs—amounted to \$760,277,389.

For 1915, preliminary estimates of the Bureau of Railway Economics indicate that the net operating revenues were about \$872,000,000; taxes were at least \$133,000,000; leaving net operating income of \$739,000,000.

## Seventy Years of America's Greatest Railroad

Thus, having rendered the increased service referred to, with the new facilities supplied at such great expenditure, the railroads, nevertheless, found that at the end of 1915 their net operating income was \$21,000,000 less than for 1907, before the \$4,800,000,000 had been spent.

### Unified Regulation Needed

A unified, consistent and responsible system of regulation is necessary in order that an effective method may be developed for meeting the proper costs of providing the facilities the people need.

If private capital shall continue to be attracted into railroad enterprise, the railroads must be permitted to earn revenues which will pay a satisfactory return. Otherwise capital will go into other forms of investment.

It will only be certain, however, that a fair return will be paid when there is a single regulating body supervising both earnings and expenses and able to determine whether a proper return has been earned, and if not, why not.

The public to-day has no authoritative method of finding out just why new money invested in railroads does not earn a proper return.

Likewise, even if the cause of the trouble were made clear, the people have not endowed any regulating authority with full and final power to see to it that adequate rates are provided to earn that proper return.

# Seventy Years of America's Greatest Railroad

## Give Regulation a Fair Trial

Until we have a unified system of regulation instead of our present inconsistent rule of forty-nine masters, the Federal Government and forty-eight States, the sound and valuable principle of private ownership under public regulation will not have had a fair trial

The failure of regulation up to now has not been due to the principle of regulation, for regulation when competent and impartial is most desirable.

The present failure of regulation is due to the fact that it is now contradictory, inconsistent, and self-destructive.

Successful regulation will be unified and consistent, stringent and definite. The investor, the manager and the public will know what to expect.

Such regulation will result in the continued development under private ownership of an efficient railroad system.

THE  
NATIONAL  
RAILROAD  
COMMISSION



*(The following are the names of the persons who have been elected to the various offices of the Association.)*





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