NEWS ABOUT RAILROADS

ANNUAL REPORT OF THE BUSINESS OF THE ST. PAUL ROAD.

PRESIDENT ROSWELL MILLER GIVES FACTS AND FIGURES AND DRAWS SOME INTERESTING CONCLUSIONS—RATES SHOULD BE MAINTAINED.

In the annual report of President Roswell Miller of the Chicago, Milwaukee and St. Paul Railroad, just issued, a decrease of net earnings for the year ended June 30 is shown amounting to $94,886. The gross earnings for that period were $27,504,244, the operating expenses $18,366,500, and the net earnings $9,137,724. The increase of gross earnings was $1,098,516 and the increase of expenses $1,193,402. The increased expenses included $250,000 for the repair of damage by floods in Iowa, in the early part of the year, which made it necessary to rebuild forty miles of roadbed and to relay the track with new rails.

President Miller says in his report: "It is an unavoidable conclusion that when so large an increase of gross earnings produces no increase of net revenue the rates obtained for transportation are too low. This conclusion is often met by the assertion that existing rates would be sufficient for all needs if they were maintained. It seems idle to prescribe maintenance of rates in view of the fact that legislation has prohibited pooling—the only satisfactory method of providing for the necessities of railways whose disadvantages prevent them from competing on equal terms with railways that are more favorably situated, and the only efficient means of restraining within safe bounds the destructive competition that results from the existence of too many competitors.

"Maintenance of rates will not relieve American railways from the disastrous effects of the competition of foreign railways, for legislation has tied up American railways and leaves foreign railways free to carry off their traffic. American railways are compelled either to reduce through rates, under penalty of probably reducing intermediate rates, or pay subsidies to foreign railways, or lose the traffic. Maintenance of rates will not cure the evil effects of the unremitting efforts of State authorities to reduce local tariffs.

"It is often asserted," continues President Miller, "that present rates would be sufficient to meet all needs if the companies were not overcapitalized, but it can hardly be demonstrated that the principal lines of railroad in the West are overcapitalized, or even that their capitalization represents so much as the present value of their physical property. The principal lines of railway in the West cannot be duplicated for their present capitalization. This is the material point. There seems to be no good reason why the owners of a railway which it would cost more than its present capitalization to duplicate, should be deprived of the right to a fair return on the value of its physical property, any more in the case of railway property than in the case of mills, or farms, or factories, or newspapers, or any other property; nor should owners of railway property be denietd all benefit from appreciation of value, while owners of other forms of property have the benefit of an appreciation to which railways have contributed no small part."

President Miller expresses the belief that railroad legislation should be more favorable to the railroads.