

ARMOUR EXPLAINS.

WHAT HE DID SAY ABOUT ST. PAUL AND
WHAT HE THINKS OF IT.

Mr. Philip D. Armour, who is the recognized head of the Board of Directors of the Chicago, Milwaukee and St. Paul Railroad, is restless under the abundant criticisms that he and his colleagues have been subjected to because of their abolition of dividends on St. Paul stock. Yesterday he telegraphed this "explanation" from Chicago to one of his Wall-street brokers, who gave it to the press:

"The bitter attacks upon me personally in relation to this St. Paul matter are unjust and have absolutely no foundation. I have never sold a share of the stock short in my life, nor have I, in interview or otherwise, stated that the company would pay a dividend on its common stock for the past six months. There is not a paper in the land that has not proclaimed that we have not earned it. There is not a man, woman, or child who could read that have not known of the bitter rate war in the whole Western system, but the public in their speculation seem now to have lost all sight of the good crops, large tonnage, and prospective earnings. The property was never, in a better physical condition and our tonnage, present and prospective, very large, and there need be no question about the intrinsic value of the property. No fair-minded person should criticize its managers for passing a dividend which was not earned. When I returned from Europe about July 1 and a bull movement seemed to prevail in St. Paul, I was charged with the leadership of it. I then denied emphatically either buying or selling a share since I had returned and which I now confirm.

"The property itself is all right, and as good as I have ever said it was, and time will prove it, but this rate war, like a fever, has had to have its run, and when over, which it will be, St. Paul will come to the front and take its position as a great property. It is capitalized at a less amount per mile than any of the great systems, and I cannot believe that any investor will think less of it because its managers deemed it wise to pursue the proper and conservative course which they did in declining to pay a dividend for the past six months. I have put forth every effort that I knew how since I have been a Director in St. Paul to build up and benefit the property, and no man who is at all familiar with the matter will state otherwise, and many of the rumors and statements attributed to me were absolutely without authority or foundation."

On the 4th of July last Mr. Armour in a similar statement proclaimed that the St. Paul stock was never worth more and the road never more prosperous, and he declared with his usual emphasis that dividends were not only being earned, but would be paid.

CHICAGO, Sept. 17.—Mr. Armour, in an interview to-night, says of the passing of the St. Paul dividend and the tumble in the value of that stock: "There is nothing particularly to explain that has not been made perfectly clear to every stockholder and observant reader. The reason the company did not pay a dividend simply is because the road has not earned any dividend to pay. That is all there is about it. As to the road generally it never had a greater or grander future. It is a great and grand property, and I claim that its stock is worth more to-day to investors than if we had declared an unearned dividend. As a rule stockholders expect a dividend on stock that ranks high and of a corporation doing a good business, do they not? Of course, but there are exceptional circumstances about this thing which are of a distinctively temporary character. The system had to meet competition from other roads, and any one who has taken the trouble to read the regularly published reports of the business of the road knows or ought to know that it has not earned any dividend, and therefore the manly and honest way to meet the issue was to decline to declare a dividend when not earned. Permanent investors will be much better pleased with this course of action than any equivocal one, and it is only the speculators and downright gamblers who, thinking that the road was making a barrel of money, did all the kicking and howling. One thing I wish to add: I have been quoted as saying that the road certainly would pay a dividend. I said no such thing. What I did say was that if the road had earned a dividend it would pay one. This remark was not only misrepresented, but grossly distorted and sent all over the country by a lot of men who have the speculative craze. The road is precisely like my business here. It costs just so much to run the concern. If we don't make a profit we haven't any to pay. I don't know any other sound or successful plan of business which can be safely or permanently followed."

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