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Government Control of Railroads.

PRESIDENT Roosevelt last week indulged in another of the speaking tours with which from time to time he varies the even tenor of Washington routine. In his Decoration Day address at Indianapolis, and also in the lesser speeches that punctuated the homeward journey, the President urged the citizens of the republic to "combine sanity with courage" in combatting "the abuses of great individuals and especially of great corporate wealth." It is noteworthy that a somewhat greater emphasis has been given of late in the Rooseveltian creed to the desirability of "courage" being directed by "sanity" in its endeavours towards bettering economic conditions by legislative enactment. As to railroads, the Indianapolis speech brought no surprises in its statement of the presidential attitude. It gave recognition to the great services rendered by railroads, and to the need for their continuing extension and improvement. The support of capital being essential to such growth, there must be no chance of any reckless law-making that will prevent money thus invested from earning its due rewards. But he wants railway funds devoted only to railway purposes. While he would not prevent railway companies from controlling the stock of subsidiary lines, he deems it contrary to public policy to allow them to control parallel or competing lines. He grants, however, that subject to Government supervision, even competing railroads should be allowed to make traffic agreements when they will be in the interest of the public as well as the railways. The President contends for "just and reasonable regulation of rates," but recognizes that any arbitrary and unthinking movement to cut them down may be equivalent to putting a complete stop to the effort to provide better transportation.

As to the general principle of federal regulation of common carriers, the conviction is expressed that the movement embodying it has come to stay. "There can be no swerving from the course that has been mapped out in the legislation actually enacted and in the messages in which I have asked for further legislation. There must be vested in the Federal Government a full power of supervision and control over the railroads doing interstate business; a power in many respects analogous to and as complete as that the Government exercises over the national banks. It must possess the power to exercise supervision over the future issuance of stocks and bonds."

That no ultra-revolutionary ideas regarding capitalization were advocated in the speech is evident from its acknowledgement that "there has been much wild talk as to the extent of the over-capitalization of railroads. In the consensus of opinion of investors the total value of stocks and bonds is greater than their total face value, notwithstanding the 'water' that has been injected in particular places." While its determination is favoured, it is recognized that "physical valuation is no panacea; it is no sufficient-measurement of a rate; but it will be ultimately needed as an essential instrument in administrative supervision." Nor will "the effect of such valuation and supervision of securities be retroactive. But the public interest requires guaranty against improper multiplication of securities in the future." The hope is expressed that one of the chief means for betterment of existing conditions will be the securing of as complete publicity in the affairs of railroads as now obtains with regard to national banks. In conclusion the President stated with emphasis that "there need be no fear on the part of investors that this movement for national supervision and control over railways will be for their detriment."