

Remarks of Cyrus Eaton, Chairman of the Board  
The Chesapeake and Ohio Railway Company  
Before the Annual Meeting of Shareholders  
Cleveland, Ohio, April 23, 1970

Since 1954 it has been my privilege to speak to my fellow stockholders at our annual meetings. I am well aware that no one remembers a single word I have said these past sixteen years.

I have offered a lot of sound advice that has gained considerable acceptance in academic and journalistic circles, but has not yet been adopted in political, economic, industrial and financial quarters. Time is working on my side, however, and I think that I am making progress.

History does not repeat itself, but historians do, so I am going to do a little repeating if you will bear with me.

In the past, I have warned that our banks are not adequate in size to extend the volume of credit needed by American industry, public utilities, railroads and municipalities. The present uncertain condition of the economy underlines the urgency and the validity of that statement. We again face a financial crisis, with money, at the highest cost in history of the nation, available only to corporations of the highest credit and not available at all to individuals or corporations of average credit.

Another question I have taken the liberty to raise in the past is the necessity for understanding and friendship with the communist countries. Half the population of the world today is communist. I prefer capitalism and democracy, but we must accept the fact that half of the human race has adopted communism. I believe we would make more progress by trading with these people and trying to get along with them, rather than seeking to force them by bombs and guns to accept our point of view. We must bear in mind that every other capitalist nation in the world, including Japan and West Germany, is vigorously expanding its trade with the communist countries.

I am encouraged in my position because only this week Henry Ford, head of the great Ford Motor Company, visited the Soviet Union, and, on his return, announced that he is going to

establish a motor company in that country if he can get the approval of our State Department. I congratulate Henry Ford on his good judgment.

In my opinion, we have made a mistake in our international policies, and I hope we will see a change. I am heartened by the statement of Louis Lundborg, chairman and chief executive officer of the Bank of America, the world's largest bank, last week before the Senate Foreign Relations Committee. His conclusion is that the Vietnam war is a tragic mistake. Those are brave words for an American capitalist to speak.

We have gone at it the wrong way. In the face of unprecedented credit stringency, we are spending \$30 billion a year in a vain attempt to coerce a little country in Southeastern Asia to adopt our form of government and our system of economics. We have been in the war long enough to demonstrate that we cannot win it. It will not be ended by the White House, the Pentagon or the State Department. It will be terminated only when, in response to the demand of the people of America, Congress refuses to vote any more money for its conduct.

At earlier meetings I have lamented the legislative restrictions and limitations placed on the railroad industry. We need reform in that field. Across the border, the Canadian Pacific Railway, a highly successful enterprise which operates from coast to coast, also owns and operates airplanes, boats and trucks, and is engaged in developing natural resources. The Canadian Pacific is encouraged by the Canadian government to do these things that our railroads in America are forbidden by law to do. In the highest interest of the American economy, Congress and the state legislatures will be compelled to amend the transportation laws and regulations so that all railroads, including those not so fortunately placed as the Chesapeake and Ohio, can operate at a profit while furnishing essential services to their communities.

I have in the past stressed the great importance of better understanding among stockholders, management and labor. We must discover ways of making partners of the people who work for us. One of the great demands on railroad management is to find out ways to persuade the fine men and women who work for us, and their unions, to get along with us. You may recall that in the past I

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have said that what I would like to see is every employee of the railroad a stock owner. I would also like to see their unions invest in us.

Now looking to the future, we are, I think, about to receive clearance for the consolidation of the Chesapeake and Ohio with the great Norfolk and Western, whose officers you have just met. It is a gigantic undertaking to create one of the greatest corporations in the world, and it is a challenge to those who will be executive officers and directors of the combined company. It will require statesmanship of the highest order to deal with federal, state and municipal governments, to create a partnership between stockholders and employes and to adopt the great advances of modern science that apply to every department of railroad transportation.

Those great tasks of our combined system will be undertaken by men much younger and much more vigorous than I and, as a stockholder, I have great confidence in the future. If I were sixty years younger, I would be applying to Greg DeVine (head of C&O/B&O) or to Jack Fishwick (of N&W) for a job on the railroad, but I am too late. I have confidence that we will, from the talent of both of these railroads, create a team that will make a tremendous success of the single great system. And I want to live long enough to see every railroad in America operating at a profit and paying ample dividends to its stockholders.

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