

be prohibited from expending money or incurring liability or acquiring property not in the operation of its railroad or in the legitimate improvement, extension or development of that railroad" and that no securities be issued by an interstate railroad except for those purposes and without the approval of the Federal Government. 12/

The leading historian of the Interstate Commerce Commission summed up the purposes of Section 20a as follows 12a/:

While this extension of the Commission's authority was designed, indirectly, to protect the investing public against the dissipation of railroad resources through faulty or dishonest financing, its dominant purpose was to maintain a sound structure for the rehabilitation and support of railroad credit, and for the consequent development of the transportation system. It aimed to render impossible the recurrence of the various financial scandals, with their destruction of confidence in railroad investment, which had become notorious, and to prevent the subordination of the carriers' stake as transportation agencies to the financial advantage of alien interests.

12/ Ibid.

12a/ 1 Sharfman, Interstate Commerce Commission
190 (New York 1931).