

# The Practice of Public Ownership in Canada

Dr. H. L. Brittain, Director of Citizen's Research Bureau, Toronto, Presents Report on "The Nation in Business," Showing Present Extent of Commitments and Responsibility of Citizens.

Canadian citizens have an investment of approximately \$1,000,000,000 in publicly-owned and operated enterprises—railways, telegraph lines, telephones, grain elevators, water works, light and power plants, etc. This investment has been made through the various Governments—Dominion, Provincial and Municipal. While the latest and most accurate figures procurable have been used in this compilation, in many cases they apply to periods from six months to one year previous to date. In that time investments in public service enterprises have increased considerably. This figure, therefore, may be taken as a conservative estimate.

Canadian citizens have adopted a large and courageous programme of public ownership. No citizen can dodge his or her share of the responsibility for its success or failure. **The best friend of the country and public ownership is he who acknowledges his responsibility, insists on competent administration of all publicly-owned enterprises, bears clearly in mind the dangers which lie in their path and refuses to be silenced by charges of disloyalty raised by interested parties.** Politics, as that much abused word is commonly understood, is exceedingly inhospitable to independence of thought, speech or action. Politics, in this sense—National, Provincial or City Hall—must be kept entirely divorced from the operation of citizen-owned public service enterprises. The knowledge and practice of politics in its noble sense, i.e., the science and art of government, cannot be too widely disseminated and cannot be other than advantageous to all corporate undertakings.

Underlying the administration of any and all business enterprises are certain sound business principles. These principles hold, irrespective of the ownership. When citizens, in their governmental capacities, go into commercial business they operate under the same immutable laws of administrative efficiency. If they ignore them, the results are certain and inescapable, but, inasmuch as governments are not persons, but governing corporative collections of persons, they pass the loss on to the citizens through their taxing power. But this only prolongs the day of reckoning. There are limits even to the taxing power. That limit is, on one side, the paying ability of the citizens and, on the other, the degree of ease with which citizens can transfer their interests to other communities where the burdens of taxation are not so heavy.

The best safeguard of public ownership is a frank recognition of the fact that a government possesses no magic wand which can reverse administrative principles or change deficits into surpluses by a gesture. There are certain well defined monopolies which, in the nature of things, must be operated by the civic or other government. There are certain other undertakings partaking of the nature of a monopoly which should be operated by the public if the public can effect the proper machinery for their administration. There are others which may be operated by the public to its own advantage if the public are sufficiently wide awake, disinterested and pertinacious to compel the observance of sound principles of administration.

Canadian Citizens, through their Dominion Government, have an investment of approximately \$670,000,000 in such enterprises as railways, steamship lines, grain elevators and telegraph lines. The greatest portion of this amount, of course, is in steam railways.

Although the Dominion Government began its ownership of railways as a condition of confederation, with the building of the Intercolonial Railway, which was completed in 1876, it is only within the past two or three years, with the taking over of the Grand Trunk Pacific and the Cana-

dian Northern Railways, that this enterprise has reached enormous proportions. The Grand Trunk Railway, which is being acquired, will greatly add to the total amount invested, as estimated above. While the Federal Government has been more or less forced into its present expansion along this line, it would seem that, with the carrying out of the present enlargement, sufficient scope will be secured to give the policy of public ownership of railways a thorough test.

The Mercantile Fleet, which is being built with the idea of developing Canadian export trade, is operated by a company under the charter name of the "Canadian Government Merchant Marine," the Directors of which company are members of the Board of Directors of the Canadian National Railways. The investment in this enterprise is now \$58,179,563.00. The steamship operations are more or less necessary in order to "round out" the railway operations.

Those owned by the Dominion Government were not established for the purpose of entering into competition with privately owned lines, but were built in connection with the railways, or to supply places not already served, or to give communication to remote settlements and out-of-the-way districts. The investment in telegraph lines now amounts to \$2,629,000.

The deficit on operation for the fiscal year ending March, 1919, was \$508,375.00 for these telegraph lines, on a total expenditure of \$739,707.00. It might be noted, however, that signal service messages, meteorological service messages and fisheries bulletins are carried free on these lines.

The Canadian Grain Act, 1912, gave the Dominion Government power to erect and operate terminal grain elevators, and five of such elevators are now in operation at: Port Arthur, Ont.; Saskatoon, Sask.; Moose Jaw, Sask.; Calgary, Alta.; and Vancouver, B.C.

Although this is a public service enterprise of the highest type, it has not been included in the total of \$670,000,000 previously mentioned. Its service is so basic and its use so universal that it might well be considered one of the "ordinary" departments of the Government. However, it differs from them inasmuch as its operating expenses are raised by direct fees for services rendered, instead of by taxes. While this service would seem, at present, to be operated at a profit, it must be taken into consideration that in operation expenses as they are now made up, no allowance is made, as would necessarily be the case in private business, for interest on investment in buildings used for postal service purposes or for depreciation of same, etc.

The investment of the citizens in public service enterprises, through their Provincial Governments, totals about \$124,000,000, made up as follows:

Province.	Nature	Enterprises	
		Amt. Invested	Total Invest't for Province
British Columbia	None	None	None
Alberta	Telephones	\$11,394,589	\$11,394,539
Saskatchewan	Telephones	7,857,385	7,857,385
Manitoba	Telephones	11,047,473	
	Elevators	1,195,385	
			12,242,858
Ontario	Hydro-Electric Development	62,000,000	
	Railways	22,334,918	
			84,334,918
Quebec	None	None	None
Nova Scotia	None	None	None
New Brunswick	Railways	8,193,855	8,193,855
Prince Edward Island	None	None	None

In New Brunswick and Ontario—as in the case of the Dominion Government—a considerable amount has been invested in railways. These were usually undertaken by the Provinces to serve certain districts not reached either by Dominion or privately-owned lines. On this account such