

## PRIVATE V. GOVERNMENT OWNERSHIP

## Democracies Fail Efficiently to Manage Government-Owned Businesses, Says Editor

"The mileage of railways owned and managed by private companies is still more than twice as great as that owned and operated by governments. In 1913, the latest year for which we have complete statistics, there were in the world 690,133 miles of railway. Of this, 464,421 miles, or 67 per cent., belonged to private companies, and only 225,712 miles, or 33 per cent., belonged to governments," said Mr. S. O. Dunn, Chicago editor of the Railway Age Gazette.

"There are," he continued, "over 305,000 miles of railway in North America, and of this more than 290,000 miles, or over 95 per cent., is privately owned and operated. In all the world outside of North America there are 385,000 miles, and of this, 211,147 miles, or 55 per cent., is owned by governments, while 174,000 miles, or 45 per cent., is owned by private companies. It will be seen, therefore, that the mileage in North America which is privately owned and operated exceeds the total mileage owned by governments in all the world, while even outside of North America almost one-half the mileage is owned and operated by private companies.

## Not on Business Principles.

"Whether a business is owned and managed by a corporation or owned and managed by the public, the owners, in order that it may be run successfully, must choose and retain managers solely because of their special fitness for their duties. Few democracies have ever shown an effective disposition to have business concerns owned by themselves organized, officered and managed in that way; and until they do show such a disposition it is folly to expect them to manage railways and other great industrial enterprises efficiently and beneficently.

"Political considerations tend to cause lines to be built and improvements to be made where they are not most needed to promote the economic welfare of the country. They cause men to be taken into, retained and advanced in the service largely regardless of their merits. They cause a greater number of men to be employed than are actually needed. They sometimes cause contracts to be let and purchases to be made which would not be countenanced if business principles alone prevailed.

"The conclusion necessarily suggested is that, under democratic conditions at least, state railways are less likely to be efficiently and economically developed and operated than private railways.

"One thing, however, which may be conclusively demonstrated is that, while private railways invariably are required to pay taxes to the public, the usual rule as to state railways is that taxes have to be collected from the public to make up deficits which they incur.

## Rates and Uneconomical Management.

"One of the extreme examples of this kind is afforded by the Canadian Intercolonial Railway. During the years from 1867 to 1914 the Intercolonial failed by \$9,600,000 to earn even its fair operating expenses. In 1914 the property was carried on the books at a cost of \$103,431,000. An estimate on the basis that it ought to earn operating expenses and 4 per cent. on actual investment showed that up to 1914, including the actual investment in the road and the total losses it had incurred, the road had cost the people of Canada over \$348,000,000. Assuming that it is actually worth to-day the cost at which it is carried on the books, its total cost to the taxpayers of Canada has been \$245,000,000 more than its present value. These losses have been partly due to the lowness of its rates and partly to its uneconomical management."

"The point at issue in counselling for permanent peace amongst nations is, first of all, that each nation must agree to abolish the metallic standard for its circulating medium of exchange (money), and substitute in its place the nation's productive resources upon which to issue its medium of exchange, and this to be issued, handled and controlled exclusively by the respective nations at cost of operation only. International exchange must be liquidated by commodities only. A nation's I.O.U. to another nation must hold good till the commodities are produced, or the I.O.U. liquidated through the international clearing house of the nations," states Mr. O. J. Wigen, Wynndel, B.C., in a lengthy letter to the press on "The Nations' Rebirth after the War."

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