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RAILWAYS AND PUBLIC OWNERSHIP.

Within the last few days, both Sir Henry Drayton and Mr. W. M. Acworth, the two commissioners signing the majority report of the Royal Commission on the railway situation, have expressed in public utterances their disbelief in Government ownership and operation of railways. In their majority report also, the full text of which is now available, many pages are devoted to arguments against Government ownership and operation, and to examples of its shortcomings and failures as a result of direct Parliamentary control. The Commissioners were evidently gravely concerned to avoid well-known evils arising from public ownership and operation, in arriving at a possible solution of Canada's railway problem. But have they succeeded in avoiding them entirely? The Commissioners propose the formation of a company to be known as the Dominion Railways Company, to be operated on commercial lines by a board of trustees, non-political, permanent and self-perpetuating, on behalf of the Dominion Government. This railway company, which would include the Grand Trunk, Grand Trunk Pacific, Canadian Northern, National Transcontinental and Intercolonial, would be under the control, in the same way as privately owned lines, of the Dominion Railways Commission, which the commissioners incidentally recommend, should be given largely increased powers of control over the extensions and financing of the railways. A weak point of this scheme, as Mr. A. H. Smith, the minority commissioner, very clearly points out, is that there is no certainty of its continuance. The sovereign power of Parliament cannot be overridden (however incapable its members may be in exercising that sovereign power), and one Parliament cannot bind the action of its successors. A scheme like this might be got nicely under way, but there is no certainty that in a few years' time, a subsequent Parliament might not change the whole system of control, giving full rein to the most undesirable products of public ownership and operation as we know them on this Continent. That the majority commissioners have done their level best to ensure the railways being taken out of politics is admitted. But unfortunately that best does not give the assurance of entire freedom from political control which is a *sine qua non* before any public ownership scheme can be seriously considered. There is no guarantee, in short, that the Government railways would not be used in one way or another in the

interests of the particular political party which happened to be in power.

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Mr. Smith raises another very important point when he writes in his minority report:—"The Canadian Pacific stood as an example of success to be repeated by newer railways. Unfortunately, too little attention appears to have been given to the underlying facts which actually made that road what it was. Experienced men apparently believed that a second Canadian Pacific might be had if they could but lay a transcontinental road, build great hotels, passenger terminals and operate ocean steamers. These things were only the outward evidence and not the cause of Canadian Pacific's prosperity." The cause of Canadian Pacific's continued success, Mr. Smith diagnoses as not only the skill and enterprise of its builders and managers, but the fact also that through liberal direct aid, it was able to begin business with a small charge against its earnings on account of borrowed capital. The majority commissioners admit the serious burden of the charges for borrowed capital which their combination of railroads would have to shoulder, and that at best, it will be some years before ends can be got to meet. In view of the uncertainty of the industrial outlook for the immediate future, it would certainly be unwise to entertain any but the most modest expectations on this point. Again, how are skilful and enterprising trustees for this enormous undertaking to be not only obtained, but retained? The trustees would presumably be paid handsomely enough, but would the positions be such as to attract and retain the highest type of railroad man, in face of the great prizes offered by private enterprise. Yet with anything less than first-rate management, the last state of railway affairs in Canada would speedily become worse than the first.

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There is wisdom in Mr. Smith's remark that remedial measures are often more efficacious than revolutionary ones, and more equitable. We doubt very much if the conservative business opinion of the country is in favor of the taking over of the Grand Trunk by the Government, or that Montreal and Toronto business men desire to deal with Government officials in preference to the railwaymen they are at present accustomed to transact business with. The sources of the Grand Trunk's difficulties, past and present, are well known, and it does not

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