

Railway Financing

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and helping support the railways and other privileged classes in this effort. However, that's another story. The great question at the moment is whether or not the agricultural interests are going to hold together on this clear cut issue of freight rates. Are they going to stop along as they have been doing forever, helping their opponents win the victory over them, or are they going to eventually "become wise" and cease to play the game for the owners of the privileges?

Railways and the People

Let us now examine for a moment the relationship existing between the railways and the people. It is really less than a century since steam railways came into use, and the great growth all over the world, in railway circles, has taken place within the past half century or so. Consequently we have had but slight experience as yet, in the matter of adjusting the relationship between the railways and the people in such a manner as to assure to each satisfactory results without undue advantage to either. By the time the end of the present century is reached, no one can doubt we will have reached a much fairer and more satisfactory relationship than now exists. Whether this will be through government ownership and operation, government ownership and private operation, or private ownership and operation under government control, is impossible to say. At present, the tendency seems to be towards the latter and we already have our railway commissions exercising control—theoretically if not practically—over almost all the acts of the railway.

Right here arises a point which requires further attention. Why is it, it may rightly be asked, that we should consider we have a right to dictate, through a commission, how the railways should operate their business and what tolls they should levy? If we have a right to interfere in the operation of railways and to dictate how they shall be conducted, why should we not also have the right to dictate to the farmers, the grocers and merchants and manufacturers in like manner?

The question is a perfectly fair one and undoubtedly requires an answer which is not manifestly a subterfuge. Some offer the answer that a railway is a common carrier. But that is, to the average man, no more an answer than if no answer whatever were given. We must show that there is some essential difference, else by insisting upon the right to interfere with the railway, we create a precedent whereby we admit the right of outside interference in our own businesses. This latter we are not prepared to admit, knowing that such would be inimical to our best interests and to the best interests of the country at large. Must we then admit that we have no right to interfere with the railways? I think not.

Who made the Railways?

There is an essential difference between the creation and ownership of railways and the creation and ownership of agricultural, commercial or manufacturing industries. The essential difference lies in the fact that the latter group is, or is assumed to be, and should be, the result of individual effort, unassisted by government (the people). Did anyone ever hear of a railway which was constructed from start to finish and operated without the people being called upon to contribute either in grants of money, land, or rights or privileges of some character? Yet the railway is owned by its shareholders, and the profits, if any, are drawn by them and not by the people at large who in large part created the railway.

If the word ownership is to have any moral or economic significance, if we are to continue to use it to designate the rights to an article produced or paid for solely by the person claiming those rights, it would seem necessary to add a new word to the English language. That new word must express the position of modified proprietorship of him who holds that which was produced or paid for by some one else. Else must be weakened the sacredness or inviolability which we all have demanded must attach to rightful ownership. For instance, the ownership which a thief exercises over a stolen article must not be the same ownership which the real owner should exercise over it, even though the thief were strong enough to retain possession. Otherwise ownership becomes a meaningless term. In like

manner the ownership by private individuals of a railway built or paid for wholly or in part by the government—the people—cannot in good morals be permitted to carry with it the same inviolability as would properly attach to it if the government had had no hand therein. Otherwise what fool would ever build a railway or a house or a factory at his own expense?

Give All: Get Nothing

All this has been more or less recognized by governments in their business relationship with railways. Practically always this governmental assistance is given subject to the railways fulfilling certain obligations to carry out their undertaking in such and such a manner and to operate more or less in accordance with the interests of the public and even subject to governmental control. Now-a-days most intelligent people allow that there is something very unbusinesslike in the relationship between government and railways. Surely it must have occurred to the government when granting railway franchises, that if it is to render assistance to the railways the transaction should at least be on a business basis, and that it

should receive a quid pro quo in stock or security holdings for all such assistance rendered.

We must not forget, of course, that railways are still in their infancy. Fifty years ago, or so, a railway undertaking was looked upon in something the same light as an airship undertaking would be to-day. It was not easy to get capitalists to put their money into an experiment of the nature of a railway, any more than it is easy today to finance an experiment requiring large amounts of capital. Hence, no doubt, as the government found that enormous advantages followed upon the construction of railways, it was prepared to treat them in a handsome rather than in a business-like manner.

In addition to all this, because of the very nature and requirements of the railway, its relation to the public must, of necessity, be different to that of an ordinary industry. Even though the organizers of a railway were prepared to carry out their undertaking without any financial assistance from government, it would be impossible for them, to do so without acquiring certain privileges or powers which private individuals may not exer-

cise. Railways must, to all intents and purposes, be possessed of the rights of eminent domain. Should anyone interested in the agricultural or manufacturing industry require land in order to carry on such industry, he can only acquire it by purchasing it from someone else. No matter how great or important his needs, he cannot compel the other man to sell to him. Not so a railway. A railway may, within certain limits, go where it pleases and assume possession of what land it pleases, leaving the question of price to be arbitrated, if necessary. This is a power to which the railways owe their existence. Withdraw it and it is doubtful if any other railway would ever be built.

Still another difference is to be seen in the privilege granted by the people, by which the railways are enabled to operate. This includes the privilege of crossing the public highways and streets and, up to the present, to exercise exclusive possession over the right-of-way from one end of the country to the other, without returning to the community any really adequate annual remuneration therefor.

In every essential respect, consequently, we find that the business of a railway

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