

COLD DOUCHE FOR SIR HENRY.

The appointment of a strong, outstanding figure in the railway world as head of Canada's National Railways has not lessened the jocosities of the Montreal Press. The Montreal Herald, after challenging The Globe to give a single instance in the whole world where the nationalization of railways has proved a success, declares that "Government ownership of a great business enterprise means a dry-rot permeating the whole system—a dry-rot that kills enterprise and murders the enthusiasm of even the ablest and most conscientious employees. It is not only that political pull, patronage and influence is ever at war with business efficiency. The trouble goes deeper than that. Government ownership kills initiative of the right sort. It fosters the 'initiative' that calls for huge expenditures to attract votes or to please political heelers, but it destroys initiative that makes for real service, real economy, and real business-getting."

It is interesting to turn from this gloomy picture to the actual record in real economy and real business-getting of the Canadian Pacific, the great outstanding example of private ownership at its highest standard, and the National Railways during the six months of 1922 ending June 30. During the period in question the net operating revenue of the Canadian Pacific was reduced to the extent of \$3,203,798. Gross revenue for the six months was \$3,169,461 less than in the corresponding period of 1921, while the operating expenses were cut to the extent of \$4,955,663, a reduction of 6.9 per cent. The operating deficit of the Canadian National Railways was reduced during the same period from \$16,169,450 to \$8,938,998. To do so the management of the National cut operating expenses 18.5 per cent. The Grand Trunk, a public ownership railway, reduced operating expenses 13.9 per cent., and had an operating surplus of \$4,200,946 for the six months.

It may be said that the Canadian Pacific saw the storm coming sooner than its rival and cut its expenses to fit its income, and that the National had much more material on which to wield the pruning knife during 1921, and was therefore able to reduce expenses to a greater extent than the C. P. R. when the need to do so became urgent. If this explanation be accepted for the very "real economies" practiced by the National Railways during the first six months of 1922, what shall we make of the "real business-getting" capacity displayed by the National lines, especially the Grand Trunk, in securing an increasing volume of traffic recently at a time when C. P. R. gross has been falling off? The railway strike across the border gave the National lines a great deal of extra freight to haul between the Mid-West and the ocean, but the National had no monopoly of the business. It would appear that in going out after freight traffic the National has not yet reached the dry-rot stage, nor has enthusiasm been murdered. From all parts of the country, indeed, comes the news that the members of the staff of the National are "on their toes," determined to disprove the theory of the Press

of Montreal that the man who is a faithful and energetic employe so long as he works for a private company becomes a conscienceless loafer the moment he becomes an employe of his fellow-citizens.

The official figures of railway earnings and expenditures in Canada during the first half of 1922 should do something to counteract the effects of the cold douche with which the Montreal Press welcomes Sir Henry Thornton, the new head of the National Railways. It is quite within the range of possibility, in view of the phenomenal grain movement now in progress, that the 1922 operating deficit of the National Railways, including the Grand Trunk, will be wiped out entirely before the end of the fiscal year.