

The Railways

RAILWAY matters are engaging much of the attention of the Government at Ottawa. Strong opposition is being raised to the recent order of the Board of Railway Commissioners authorizing an advance in traffic rates, and an appeal is being made to the Government to set aside the order. If the Government grant the request questions will naturally arise as to usefulness of the Board of Railway Commissioners. It was because the Government of the day recognized that neither they nor any other Government were competent to settle such matters that the present Railway Act was passed and the Board appointed.

More serious, perhaps, is the movement which is being pressed upon the Government to "nationalize" all the railways of the Dominion. That is a big order, which may well give cause for hesitation. Parliament has already taken quite a stride in the direction of this nationalization. The Intercolonial, owned and operated by the Government, has grown into the quite extensive system of "Canadian Government Railways." The Canadian Northern, a transcontinental line with numerous subsidiaries, is being taken over by the Government. Even if no further move be made we shall have nationalization on a large scale. Perhaps the difficulties of the Grand Trunk Pacific may afford reasons for including that road in the Government system. The Government will, in either case, have on hand enough railway matters to keep them busy, without undertaking the still graver responsibilities of acquiring and operating the Canadian Pacific and the old Grand Trunk system. The scheme of acquiring all the railways, which finds much favor amongst people who like to be considered "progressive," is one involving such tremendous financial responsibilities as must make serious folk look upon it just now with some anxiety. Canada has some lessons to learn in this matter of railway nationalization. She will do well to learn them better and acquire a valuable experience before plunging so deeply.

The Montreal Tramways

WHILE no official announcement has been made, rumor from Quebec, received with faith in quarters likely to be well informed, says that the Commissioners who for many months have had under consideration question of a new franchise for the Montreal Tramways Company have made a report which has thus summarized:

"There is to be a five cent fare extended over a somewhat larger area than at present, an annual payment to the city of not less than \$500,000, and the company is allowed to appropriate for the benefit of its bond and shareholders 6 1/4 per cent on a capital of \$38,000,000. When the net profits exceed these charges the surplus is to be divided into three parts, one-third being paid the city, one-third the shareholders, and one-third set apart for the purpose of reducing car fares."

Criticism must be largely deferred until there is more definite information respecting the character of the report, but if the outline given is substantially correct one can see that the general lines of the proposed arrangement seem to be equitable. If there is room for ad-

verse criticism it will be in relation to the details. The essential elements of a new agreement are, efficiency of service at fair rates, an assured moderate return on the bona fide capital invested, a full share of the profits to the City as a partner in the enterprise, and a division of surplus profits between the two partners, the City and the Company. All these elements seem to have been considered in the plan proposed. When we come to the details further explanation must be awaited. No mention is made of any concessions on the purchase of strips of tickets or to workmen or school children, but presumably these features will not be overlooked.

It will be interesting to learn how the figure of \$38,000,000 is reached as the basis of the arrangement. The mere fact that that amount is the capital as it stands on the books of the Company will hardly be sufficient. If there has been a thorough inquiry into this part of the subject and it has been shown that the Company are bringing into the partnership with the City a property of the real value of \$38,000,000, no fault can be found with the basis. There may be questions as to the allowance of 6 1/4 per cent on this capital. The rate is not too high as a return on share capital, but it seems to be too high on capital secured by bonds, and it is pretty certain that the bulk of the real capital in the enterprise is represented by bonds. The money market draws a proper distinction between the rate of interest on bonds secured by first mortgage—a "gilt edge" security carrying practically no risk—and dividends on share capital which may involve considerable risk. It is not easy to see why this distinction between the two classes of capital is not to be observed in the proposed arrangement. Considering that the shareholders are to have the benefit of a portion of the excess profits that are pretty certain to arise, the allowance at the first stage of 6 1/4 per cent on their share capital is a generous one. But why should the Company have to be allowed the same rate on the bond capital? At this moment probably a bond issue, if it could be made at all, would have to bear something like the rate mentioned. But a contract to be made between the City and the Company for a very long period should not be based on a war time financial situation. An allowance of the ordinary "gilt edge" security rates on so much of the capital as is represented by bonds, 6 1/4 per cent on the remainder of the capital, and a share of any excess profits that may arise, would be a very liberal arrangement for the Company.

The Irish Question

THE Irish Convention at Dublin, which has been carrying on its work very quietly, is admittedly approaching its end and there is much anxiety concerning its outcome. The little that has been given out by the chairman of the Convention lately has created an impression that the delegates will fail to agree and a fear that the gathering will accomplish nothing. Rumor says that the Ulster men are still holding out against Home Rule of any kind. A confirmation of this rumor is, in the minds of many, found in the resignation by Sir Edward Carson of his office as a member of the War Cabinet without portfolio. Sir Edward is the recognized leader of the Ulster party which has so long fought the Home Rule movement. When the Coalition Government was formed Sir Edward took office. He has served as Attorney-General and as First Lord of the

Admiralty. In the recent reorganization of the Government he left the Admiralty to take the post in the War Cabinet which he now resigns.

On first view Sir Edward's resignation seems to indicate that a settlement of the Irish question is as far away as ever. But there is another view that may be taken. It is within the bounds of possibility that Sir Edward's retirement is intended to assist the Convention in reaching a solution of the old problem. Sir Edward is himself, by his record, tied to the Anti-Home Rule cause. He led the Ulster Protestants almost to the verge of rebellion against the Crown just before the war began. If the Convention should agree on a modified Home Rule scheme, Sir Edward would feel that, as a Minister, he could not support it. And yet he may have reached the conclusion that the movement can no longer be resisted. As a Minister he would hardly be in a position to discuss the question with the freedom that he desires. As a private member he can have that freedom, and his opposition would be of less consequence than it would be if he remained in the Cabinet. That he will cordially support any kind of Home Rule is not to be expected. But he may be doing the cause a service by taking up a position in which, while he will be able to maintain his consistency, his attitude will not be an insuperable objection to the acceptance of any scheme that the Convention may agree upon. As a member of the Cabinet he would have to take full responsibility for any measure that is to be enacted. As a private member he may feel that his duty will be done if he files a protest and lets the bill go without further conflict. The appointment of a committee of the Convention to confer with the Government is a hopeful sign. We still look for a solution of the old Irish problem—not a solution that everybody will cordially endorse, but one that the Empire generally will be disposed to regard with approval, as the fruit of the Convention.

The Food Controller

HON. MR. HANNA had a thankless task as Food Controller, and it is not surprising that, finding the duties of the office heavier than he had contemplated, he has tendered his resignation. Probably the public expected too much of Mr. Hanna. The chief cause of his appointment was the widespread feeling among the people that excessive prices were being charged by many of the dealers in the staple articles of food. Only to a limited extent did he adopt a policy of price fixing, and perhaps there was some disappointment on that account. But price-fixing is not as simple and easy a matter as many people suppose it is. Mr. Hanna at all events gave the public abundance of good advice, much of which has been turned to useful account. If he relied more on persuasion than on compulsion, who shall say that he was not wise in doing so? He had a difficult task to perform and probably he was as successful in it as anybody else could have been. The large amount of organization work done by Mr. Hanna will be available to his successor and will prove helpful in the wider field of control which we fear will have to be covered in Canada soon. The restrictions to which our Canadian people have had to submit are but small as compared with those of Great Britain. We shall probably have to adapt ourselves soon to more stringent regulations.