

money for expenditures over which it had no control? Bankruptcy would soon issue from such a course. The only reason it is not so with the government is that the latter makes its revenue large enough by taxation to meet its expenditure, while in the case of a private concern the course is just the opposite—its expenditure must be kept within its revenue. But although the government is in this respect fundamentally different from a private enterprise the same business principles which are recognized as judicious in the latter are the only principles upon which the former should act. To go contrary to these would be to court loss of confidence on the part of those who endeavor to exercise judgment and discretion in human affairs.

By government ownership of the railways it is hoped that both rail and water facilities would form one harmonious unity, operated for the public welfare. There are certain kinds of transportation which can only be done, or can be done most efficiently, by railway; and there are other kinds of traffic for which water transportation would seem to be more suitable. With the great system of inland waterways we have potential facilities which our government is wisely developing. Immense sums have already been spent in improving these waterways and the harbors upon them and yet, because the railways and waterways are not co-ordinated into a unified system much of the benefit from the navigation on the Great Lakes has not been conserved. Whenever definite steps have been taken by the government to enlarge or improve the canals and to preserve and extend navigation facilities of all kinds, the railways have consistently opposed anything which seemed likely to divert traffic to the water. Large interests have been secured by them in the water fronts of the important shipping centres, and for their own advantage they have been diligent in preserving these lands best adapted to navigation uses. Naturally, it has never been the policy of the railway companies to welcome their rivals. They have invariably sought to restrain such rivalry. But under government control and ownership these conflicting interests could be harmonized so that each would fulfil its own particular function with the greatest economy and acceptability to the public. And why should not the public receive the greatest advantage from the transportation facilities which are maintained by the contributions of the public?

Another important factor supporting the contention in favor of government ownership is that thereby the wastes of competition would be eliminated. It was long held that competition was the life of trade and that every business was naturally competitive. But we have outlived that day and can see that certain kinds of enterprise are naturally more monopolistic than competitive. Legislative bodies in Canada, as well as elsewhere, have, however, not abandoned the view that prevailed in the early railway era that the public interests can be most effectively guarded by authorizing the construction of two or more lines along the same general route. To have two or three separate and competing railway companies, each with its own complement of necessary facilities, and the multiplication of lines, stations, offices and officials with the vast expense connected with their maintenance, is to conduct the business in the most uneconomical method possible. The railway companies themselves early recognized this wasteful policy and endeavored to get together into working agreements; but legislatures, ignorant of the real nature of the railway business, have, under the strong pressure of railway interests, sanctioned the construction of new lines where the existence of the latter

has been a sheer waste of public funds, thinking thereby that they were upholding competition in furtherance of the public welfare.

How great has been this duplication or triplication of lines in Canada a casual inspection of our railway system will reveal. The fact that railway magnates themselves have been the aggressors in this movement does not alter the fact that legislatures should have resisted appeals of this kind. Nor can we say that such appeals have yet ceased; on the contrary, the financial forces are even now arrayed to secure similar additional concessions for the building of unnecessary lines of railway, while other portions of the country are in great need of the facilities of transportation. Under a system of government ownership this great waste of capital could be avoided if we had those in the government who were invariably willing to exercise as much economy in the management of the country's affairs as a business man shows in the conduct of his own private business.

Another motive leading to government ownership is that by this means equality of treatment would be given to all persons and all localities; in other words, that there would be no longer any personal or local discrimination. The reason for it would have disappeared, since government is intended to look after the welfare of all alike. It must be acknowledged that our railways have in the past been the means of building up large shippers to the detriment of the small shippers; and before the formation of our board of railway commissioners it is unquestionable that preferential treatment was given to favored persons and localities. Even at the present time, one has but to examine the decisions and judgments of this board to see the volume of complaints of this kind which come before it for adjudication.

If all the work of this arm of the government could be avoided and equitable conditions and rates be furnished to all communities and individuals without fear or favor, a long step would have been taken in the promotion of sound business morality. In most instances, the existing inequalities have been due to the fact that powerful interests recognized the fact that by their strong representations to the railway companies the latter would frequently accede to their wishes; but if the railways were owned and operated by a government whose members could resist all pleas of private interests there would be no more occasion for this kind of favoritism. Under this system there would surely be the much desired equality of opportunity for all.

Government ownership would be desirable also from the financial standpoint; at least this is claimed by those who advocate this method of administration. Under ordinary conditions, the credit of the government is so good that it can borrow all the funds it needs at 4 or 4½ per cent., perhaps less; while private companies have to pay 5 to 6 per cent. for their capital requirements. In the financing of a great enterprise this saving would amount to a large sum in the aggregate; so that the amount of the fixed charges to be paid would be considerably lower. Again, since the government would operate the road at cost, no dividends would have to be paid. The savings effected from these two sources alone would be very great; consequently, under government management the revenues would not need to be so great and the result would be seen in either lower rates or increased service to the public. This assumes, of course, that public management will be as economical, efficient and productive as private management.

An argument, which is being worked to the fullest extent under existing war conditions, is that for purposes