

tion of the entire body of servants in the integration of their activities. In order to acquire a knowledge of any of the higher positions in the railway service a long period of educative and disciplinary experience is required; and in the case of the highest official, upon whom devolves the responsibility and control of the entire system, it would be a gross delusion to think that one without any railway experience, or even one with experience in only one aspect of the service, no matter how great might be his ability along other lines, could adequately measure up to the demands attendant upon this office. Moreover, under our form of popular government administrative officers are frequently changed and with changes in the heads of departments there are many changes also in the important clerkships under them; and until these new men learn the details of their business their work bears the impress, to say the least, of immaturity and incompetence. Such conduct in connection with the railways of the country would be disastrous from every point of view. Expediency, under these circumstances of political change, would lead the officials of a railway to make a good showing in connection with the business over which they were given the temporary control; but in order to make a good showing in governmental enterprises we have seen the permanent upkeep and expansion curtailed in order that the affairs might show a favorable balance of profit. This tendency of managements; whether municipal, provincial or national, leads to a continuously short-sighted policy of retrenchment in necessary expenditures; and when due correction is made of the "favorable balance," upon grounds of prudential disbursement, the result would, in many instances, be a deficit.

Initiative is Checked.

Again, the relation of the executive to the directorate in governmental enterprise is not such as to lead to efficiency. The constant ebb and flow in industry and commerce which are so marked a feature of all our economic life necessitate frequently immediate action on the part of railway officials. We have seen this exemplified in many ways in the past few months, by the exigencies attending the moving of the crops last autumn and the provision of a supply of coal and agricultural necessities during the present winter. Under these conditions, the railway manager requires to have large authority and discretion vested in him, so that he can meet the unforeseen situations most effectively. But, were he the servant of government, he would not be allowed to act upon his own initiative, for under our government executives are restricted in their power so that the rights and liberties of the people may not be abused but fully conserved. To circumscribe an executive in this way, and cause him to act under a diffused authority which is so remote from him that he cannot secure immediate consultation, is to paralyze all his efforts, be they never so wisely conceived, and to induce indifference and inertia. Of course, the same characteristics tend to be produced in the men who are working under such an executive. This is one of the most incisive arguments against government ownership. How can a railway manager secure results unless he has full discretion as to methods to be pursued and the personnel and promotions of the men who are to be his most intimate and trusted associates?

Incentive of Self-Interest.

Finally, the management, under government ownership, has lost all the incentive of self-interest, which is such a potent factor in securing the great results that have flowed from private ownership. Giving due consideration to the evils which have followed private owner-

ship, will anyone say that the unprogressiveness and lack of interest of government employees, the great army of whom know that promotion is for them a question of remote possibility, does not bring as great, if not greater, evils for the community? In the case of a great corporation, each employee wants to do his best in order to secure the promotion and other recognition that he desires. Only in this way can he secure this result, for it is very rare that, in a private concern, an incompetent will be advanced over the head of a competent individual. But promotion is not obtained in this way in government service, for here all the elements of personal influence and political favoritism which are commonly included under the term "pull" are invoked in order to bring preferment to a particular candidate.

To be sure, where civil service rules are applied the above methods are modified in a degree. But lack of immediate and personal self-interest on the part of government employees tends to retard or prevent the latter from displaying the inventiveness and resourcefulness which characterize the servants of a private corporation and which are such an important feature in the development of industry and enterprise. The inability of the individual to secure recognition tends to degrade the standards of personal efficiency in government service; and this would have very unfortunate ulterior results were the railways to be taken over by the government.

Financial and Political Objections.

In addition to the foregoing objections from the standpoints of control and active management, there are also financial and political reasons why government ownership is undesirable. Granting that the government could borrow, at the rate of, say, $3\frac{1}{2}$ per cent., all the money required to refund the outstanding bonds of the companies, those persons and institutions which now hold these bonds would have to accept in lieu of them the government bonds bearing the lower rate of interest. This reduction in the earnings of the securities would bring financial difficulties to banks, insurance companies and private individuals as owners of these securities. But it is greatly to be doubted if the government could borrow all the money it required for such a large financial venture as the purchase of the country's railways and of adequate facilities in the way of rolling stock and terminals to handle the increasing volume of traffic.

It is able, under ordinary times, to borrow at such low rates simply because it has not abused its credit. But the facts which have been brought before us on account of the war have put an altogether new look upon the problem of finance. Even those great countries like England and France with almost unlimited credit have had to pay much higher interest rates for their increasing necessities; and Canada, in order to secure her latest borrowings, has had to offer a rate of interest enormously greater than we have assumed above for purposes of argument. If these high rates had to be paid by the Dominion for the capital required to finance the purchase and equipment of her railways, the financial argument for government ownership would be utterly ludicrous. As an addendum to this, we must note that if the Dominion government took over the railways, the provinces would lose in taxation a considerable amount of money—in 1915 the tax bill was \$3,049,727.62.

The political argument against government ownership of the means of transportation is also strong. In Parliament, representatives from the various and widely scattered sections of the Dominion meet to consider measures for the country's welfare; but each of these