

The Brain Growers' Guide

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THE ANNUAL RAILWAY HANDOUT

Canada is now witnessing at Ottawa the annual performance of that well-known farce, "The Great Railway Hand-Out." Some months ago it was announced from Ottawa that there would be no further donations to the C.N.R. and the G.T.P., but this announcement merely served to convince the general public that the hand-out was certain to be made, so little faith have our people in our politicians. The government officially announces that the Grand Trunk Pacific is practically bankrupt and is in a hopeless mire of debt. The Canadian Northern Railway is also losing money at an enormous rate. These two railways are going behind at the rate of about \$20,000,000 a year and there is practically no hope whatever that they can be operated successfully in the future. The government has introduced a bill providing for a loan of \$15,000,000 to the C.N.R. and \$8,000,000 to the G.T.P. This \$23,000,000 is politely called a loan, but so far as the people of Canada are concerned it might just as well be dumped into the middle of the Atlantic Ocean, because there does not seem the slightest likelihood that it will ever be repaid and it will only stay off for a short time the inevitable collapse of these two transportation companies. The Borden government is not entirely to blame for the present railway situation. It is very largely a legacy from the Laurier government. In the old days the Laurier government, as well as the provincial governments of Grit and Tory persuasion, poured out the money to the G.T.P. and the C.N.R. in endless millions in the way of bond guarantees. A great portion of the money was wasted in costly and in many cases useless railways, and now comes the time of reckoning. The government and its newspaper supporters are in favor of taking over these two roads and operating them as public utilities, but they do not wish the public to assume the great burden of debt which they are carrying. On the other hand they express a fear that if these roads are allowed to go into the hands of a receiver the public credit of Canada will suffer to a demoralizing extent. We must confess that to the ordinary mind it is hard to understand why these two railways should not be allowed to pass into the hands of a receiver and have the "high finance" squeezed out of them the same as any other commercial institution. The government announces that the railways are not actually worth the amount of their indebtedness, and as they are not paying, the only thing would be to write down their value to a place where it would pay because the greater portion of these railways are necessary to the public. There is no use keeping them on the books at a fictitious value and deluding ourselves that they are worth the figures these roads represent. It would be much the same as a farmer buying a handsome four horse team at \$1600 and after using them for ten or twelve years still keeping them on his books at the same price he paid for them. That kind of financing would soon ruin the farmer and it will have exactly the same effect if we treat these railway companies in the same way.

The government has provided \$150,000 to investigate the railway situation in Canada during the next year. We had an idea that the situation had been investigated from every possible viewpoint before, but if there is anything the government has not found out we hope they will get to the bottom of it this time. The people of Canada must assume the burden of this railway debt anyway and it is better to do it now rather than to throw any more money into the hands of these railway promoters who are apparently growing very rich themselves while the roads are

growing very poor. While these two poverty stricken railways are losing \$20,000,000 a year, it should not be forgotten that the Canadian Pacific Railway has been enjoying a profit of from \$20,000,000 to \$45,000,000 a year. It should not be forgotten also that the cash subsidies, completed railways and land grants and other concessions given to the C.P.R. in years past have been worth to that company at least \$300,000,000. If the government is going into public ownership of railways, obviously the only sensible thing to do is to take over the profit making railway along with the two losing railways. The profits on the C.P.R. are greater than the losses on the other two, so by taking them all over the government would have a profitable railway proposition at once. A capable management for this great government scheme of railways could easily be secured from the present management of the C.P.R. The heads of that institution know how to operate a railway profitably, and the government could afford to pay them even larger salaries than they are at present drawing. There is no reason to believe that they would not give the public equally as good service as they are now giving to the corporation which employs them.

Of course, it may be expected that if the government does take over these roads they will pay more than they are actually worth and allow a very handsome rake-off to the present shareholders—that is the way governments usually do things in Canada. But even allowing for all the graft and the rake-off, it would seem better to have this in our own hands and have our railroads operated for the benefit of the people instead of for the benefit of a handful of gentlemen, who no doubt are very deserving in their way, but are hardly entitled to wallow in the public treasury as they have been doing for years past. Nearly every nation in the world operates its own railways, the only important exceptions being Canada and the United States. Private ownership in Canada has cost the people more than in any other country on earth and public ownership could not help but be a vast improvement.

CO-OPERATIVE CREDIT ASSOCIATIONS

It is seldom that representatives of the various interests with which the organized farmers come into contact are willing to discuss in public their mutual problems. For this reason our readers will welcome the article in this issue by Vere Brown, of the Bank of Commerce, dealing with the organization of co-operative credit associations as viewed from the bankers' standpoint. Mr. Brown has taken a very active part in the establishment of the Joint Committee of Commerce and Agriculture, thru which organization the farmers and the various business interests can discuss their mutual problems and bring about better working relations and better feeling. As superintendent of one of the largest banks operating in the rural West Mr. Brown has accurate information on the financial standing of a very large number of farmers doing business with the local branches of his bank. He is to be congratulated on the frankness with which he has discussed the subject under consideration. While everyone will not agree with all of his conclusions in this article, he has presented some vital facts and offered suggestions that should assist considerably in bringing about better relations between farmers and the banks. There will be general agreement on the desirability of farmers obtaining their short time or "floating" credit from the banks and doing all their other business on a strictly cash basis. The most expensive credit which the farmer enjoys is

that obtained by purchasing his various supplies from retailers to be paid for after harvest. By obtaining the necessary credit at the bank and purchasing all these requirements for cash the farmer would reduce the cost of living very considerably. In order to get the necessary credit from the banks it is quite natural and reasonable that the banks should require good security, and this security can be given in the best form and most satisfactorily thru local organizations as has been done in Ireland and many other countries of continental Europe. As shown in a recent article on the Elfrs Livestock Association and in another article in this issue on the North Battleford Association, it is apparent that the present chartered banking system can be adapted to sufficiently long credit for livestock production. It would seem that on the same principle the short term or "floating" credit should be arranged thru similar co-operative credit associations whether organized under the Joint Stock Companies' Act or under special co-operative credit legislation which might be secured for the purpose. Mr. Brown intimates that the banks are ready for such a movement. The next thing to discover is how far farmers in local communities can go in pooling their assets by which to form absolute security on which to secure credit for their members. The individualistic spirit is very strong in this country and is one of the chief factors in preventing the development of co-operative movements. Farmers are coming to realize very strongly, however, that only thru co-operation and mutual confidence can they bring about the improvement in conditions essential to agricultural success. The organization of such co-operative credit associations as Mr. Brown describes would be a big factor in community development and also tend to greater profits in farming. This whole subject is to be a matter of discussion between the leaders of the organized farmers from the three provinces and the Western Bankers' Association in Winnipeg in the month of July, and with the spirit actuating both parties it is highly probable that something very beneficial will result from the conference.

A FAIR PROPOSITION

Dr. Michael Clark, M.P., speaking at a Free Trade League meeting in Winnipeg last month, made the following statement:—

"I sometimes tell them in the house of commons that I wish the apple growers of British Columbia and the manufacturers of Ontario would take a leaf out of the book of the grain growers of the plains and the cattle raisers of Alberta. What is that leaf? Why it is this: That we raise such fine wheat and such beautiful beef that we defy competition, let it come from where it may. That is the kind of man the world has got to beat, and that is the kind of country one would be proud to inhabit."

In a nutshell this is the trade policy of the organized farmers of the West. They are producing their wheat and their beef in open competition with the world. They have received no favors, they ask no favors; all they want is a fair field in which to sell their products in fair competition with the products of any other country on earth and at the same time they ask to be permitted to buy their implements and their necessities of life wherever they can get them the cheapest. But it makes it very hard when they not only meet open competition, but have to carry the other interests on their backs.

In another part of this issue we are asking for complaints from farmers against the treatment accorded them by local banks or loan companies. We are not looking for attacks on these institutions, but plain straightforward facts to be placed before the conference