

private ownership of railways, as applied in various countries, has failed in many of the essentials of a national policy, on the other hand that government ownership has been attended with most desirable results, and as such should be the railway policy of governments.

We need not leave home to study the system of private ownership. The railway policies of the various governments of Canada furnish abundant matter at hand. The history of the construction of a railway in Canada may be summed up somewhat like this: a company desiring to build a railroad, applies to the government for a charter, receiving which it asks for the usual encouragement; this, oftener than not, means that for every mile of railway constructed the government gives a cash subsidy, a land grant, and liberal bonding and stocking powers. The company then obtains bonuses from the provinces and municipalities which will be directly benefited by the road, and with the tribute collected thus from the one people through three sources the construction of the railway, already half paid for, is begun.

This policy has proved a costly one, has not developed properly the resources of Canada and has given much dissatisfaction. The fault lies not with the governments but with the companies, who have abused at once the privileges extended to them and the trust reposed in them. On the strength of powers granted them by parliament they have sold bonds valued high above the cost of construction, watered stocks likewise, and have kept the proceeds of the sales. These bonds and atmospheric stocks are piled up as huge debts against the railroads, and the interest and the dividends on them go to swell the expense accounts of the companies, over which in turn the receipts must mount by way of high rates in order that the companies may pay other dividends on capital actually invested in the railroads. And while the government has a nominal right to control rates, this right is limited to the regulating a rate of profit which by a clever system of book-keeping that companies know well is never a large fraction over the expenses."

Here after showing that the C.P.R. has been actually paid for in cash and land by the Canadian people and yet retards to a great extent the development of the West, Mr. Donnelly directed his attention to Australia, quoting from the Australian Hand-book