

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.  
Telephone: Main 7404, Branch Exchange connecting all departments.  
Cable Address: "Montimes, Toronto."  
Winnipeg Office: 1206 McArthur Building. Telephone Main 3409.  
G. W. Goodall, Western Manager.

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## A REACTION FROM PUBLIC OWNERSHIP

IN spite of the practical increase of public ownership, there has recently developed a powerful undercurrent of belief in the superiority of private ownership. Such a belief can be stimulated not by theoretical argument, but by actual examination of comparative results. The arguments in favor of public ownership are incontestable, and, theoretically, public ownership and management is the logical method of operating an enterprise which is not distinctly competitive. This includes transportation, public utilities and some lines of manufacture. The defects of public ownership become apparent by actual demonstration, and Canadians have had sufficient experience in public enterprise to perceive that we have had our full share of failures of this kind. All parts of Canada have had to contribute to the recurring deficits of our government railways; some provinces have had to meet similar annual bills; and a large majority of our municipalities have encountered failure in the attempt to successfully operate enterprises. These results cannot be continually hidden, but, sooner or later, impress upon the taxpayer the foolhardiness of a burden unnecessarily self-imposed.

The practical expression of this opinion may not be far distant. Already much of the opposition of the government acquisition of the Grand Trunk arises from a distinct recognition that the national system cannot pay for many years, and that any addition to it will probably increase the annual drain upon the public treasury. In Toronto the purchase of the street railway system upon the expiration of the franchise in 1921 is no longer an accepted fact, but is still an open question. Even in the west, which has taken a lead in public enterprise, the superiority of private management is acknowledged, and recognition is given to the desirability of reaching an equitable arrangement with private enterprise. Such an arrangement is not impossible; its practicability has been demonstrated in the case of the Montreal street railway system. The disciples of "service at cost" have received much criticism at the hands of the public ownership press, but they are at least championing a fair method of harmonizing the legitimate interests of the in-

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vestor with the requirements of the public. That we have too many instances of profit-making on paper investments is unquestionably the case, but this is no argument for eliminating interest return on legitimate investments. The public control of many classes of enterprise has become essential as a result of a solidarity of modern economic organization. State ownership practically precludes the possibility of such control and opens up a vast field of incompetence and patronage unknown to private management. Taxpayers constitute the majority of the voting power in Canada, and their new viewpoint, based on actual experience, is already becoming apparent.

## ECONOMIC EFFICIENCY AND THRIFT

THERE is one aspect of the thrift movement which is too often, in general, overlooked. In the first place, thrift is not a virtue to be practised for a brief period, and for its own sake merely, but a sustained effort made by all the people for the rehabilitation and safeguarding of the economic life of the country. It is hardly necessary to point out that thrift and hoarding are poles apart; that thrift does not involve parsimony and a mean attitude to life, but the mobilizing of our financial forces for the attainment of certain definite objects. The capital saved must be put to productive uses, to the payment of war debts and of pensions, and the like. In this way it will return to industry and commerce and lead to the strengthening of the Dominion's economic life.

Advices from Ottawa foreshadow a big spending year for the fiscal period 1919-1920. No one will object to that even if expenditures reach the sum of \$800,000,000, as is forecast by some press correspondents at the Capital. A bold and vigorous policy must be pursued by the government in constructive expenditures: what must be sternly guarded against is the tendency to spend merely for its own sake. Mr. R. H. Coats estimated recently that the savings of the Canadian people during the year 1918, amounted to \$800,000,000, and that their total income for the same period was not less than \$2,400,000,000. Falling prices will reduce that income in terms of dollars, but not necessarily in terms