

Editorial

PARLIAMENT AND THE TRUSTEES.

One of Mr. A. H. Smith's chief objections to the report of his two colleagues on the Railway Inquiry Commission, is that "there is no means by which one parliament can bind its successors to a given policy, especially in so simple a matter as changing the organization of a government board." *The Canadian Engineer* does not believe that any parliament would dare to change the organization of such a board appointed under present circumstances.

Should the Drayton-Acworth report be approved by parliament, and the board of trustees formed along the lines suggested, no government could afford to throw a political monkey-wrench into the wheels. Appeal to the people by the opposition or by the trustees themselves would be instantaneously effective, and that government would suddenly cease.

Another great safeguard is the fact that the five members are to hold the entire stock of the Dominion Railway Co., all shares being registered in their own names jointly with that of the Minister of Finance, and that they are to hold it in trust for the Dominion and not transferable to any other person excepting a successor in office. And the latter must be another trustee duly elected according to the provisions of the charter of the company. The Drayton-Acworth system of organization of the board of trustees appears to be ingenious. It is not infallible nor parliament-proof, but at all times public opinion must be depended upon to check parliament. One might argue that parliament would hand over the Dominion Railway Co. and all its assets to Sir Wm. Mackenzie, or some other person, free of charge.

Public opinion, properly roused, is a greater safeguard than any constitution, by-laws or Parliamentary Acts. We believe that Mr. Smith, in his objection to the majority report of the commission, has failed to rely sufficiently upon the force of public opinion.

MACKENZIE AND MANN.

Many people have labored for years under the impression that Sir William Mackenzie and Sir Donald Mann, or the firm of Mackenzie, Mann & Co., Limited, made fat cash profits on their contracts for the construction of the Canadian Northern Railway. To those people some of the revelations of the Railway Inquiry Commission will be a pleasant surprise.

In the Drayton-Acworth report it is made clear that all charges of misappropriation of railway funds by Mackenzie and Mann are entirely unfounded. Mr. Hanna, the vice-president of the railway, and Mr. Mitchell, its comptroller, both gave evidence on oath before the commissioners, both stating that neither the contracting firm, nor Mackenzie nor Mann personally, ever made any profit on their work for the Canadian Northern Railway other than certain "fully paid" common stock. No contractor's commissions were deducted. All work was turned into the railway company at cost and there was no allowance for the main contractors. It was stated that the sub-contractors were not affiliated interests. Mr. Hanna

swore that neither Sir William Mackenzie nor Sir Donald Mann drew any salary and that neither of them was ever on a Canadian Northern voucher list, nor on a voucher list of any of the Canadian Northern subsidiaries, to the extent of a dollar.

The report says, "The result of our inquiries leads us to the conviction that both Sir William Mackenzie and Sir Donald Mann had a firm belief in the ultimate success of their undertaking and in their own ability to carry it to a successful conclusion." On another page the report says that the Canadian Northern Railway was skilfully financed and economically constructed, the big mistake consisting entirely in the road's too rapid extension out of its original profitable field in the prairie provinces.

To sum up, it appears that Mackenzie, Mann & Co., Limited, turned in \$204,000,000 worth of work to the Canadian Northern Railway at exact cost, taking as sole profit on same, some portion of the \$100,000,000 common stock of the railway which they now hold. The remainder of this common stock was probably taken for other services to the road. It is evident that in any settlement of the railway problem, the Canadian Northern common stock should not be treated as mere "water." The stock was not paid for in cash, but it represents services of undoubted value,—whether to the full extent of a hundred million dollars or not is debatable,—but certainly some large value which, in justice to the builders of the road, should be treated as partially ranking with the system's other securities.

RAILWAYS AND THE PUBLIC DEBT.

In referring to the Drayton-Acworth report, Mr. A. H. Smith says in his minority report: "Their plan would add about a billion dollars to the direct debt of Canada." We cannot see how Mr. Smith arrives at this conclusion. It is even possible that the Drayton-Acworth scheme might more nearly result in deducting a billion dollars from the real national debt of Canada.

What Mr. Smith, no doubt, refers to is that Canada has invested \$968,451,737 in railways, and he infers that if the country were to take over direct liability for all these roads, it would add that sum to the country's debt. As a matter of fact, the country has already expended, and now has or has had included in its debt, the sum of \$442,906,297 out of this \$968,451,737. This sum of \$442,906,297 is made up of \$157,294,329 subsidies to the C.N.R., G.T.P., G.T.R. and C.P.R., and \$285,611,968 cost of roads now owned outright by the government. Another considerable portion of this \$968,451,737—a sum amounting to \$158,189,933—is the result of the sale of lands given by the government, and while perhaps properly included in the total of public aid to railways, this cannot be properly considered a part of the debt of such railways. As a matter of fact, most of this land would have been practically worthless had there not been built the railways to which the land was given.

The only real increase of the national debt would come in the direct assumption of the outstanding loans and guarantees to existing private corporations, plus that portion of the new capital expenditure of the Dominion