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Canadian Northern and Government Ownership

Relief to British Columbia Finance—Proposed Measure to Be Treated as Temporary Expedient—Doubtfulness as a Permanent Policy.

The Dominion Government bill to take over the entire Canadian Northern Railway system and operate it certainly performs one useful service to the Province of British Columbia in that it entirely releases the Province from the financial worry of the possibility of being compelled to pay interest on the large amount of Canadian Northern securities guaranteed by British Columbia. The Dominion proposes to take over all the debenture securities and assume the obligations hitherto held by the various provinces of Canada.

On the question of Government ownership and operation of industry and transportation, by democracies at any rate, we must confess to serious prejudices. In our beloved Canada we cannot see how, when it is taken into consideration the present method of running a government, Canada can operate a transportation system as efficiently and as economically as a group of private individuals, who have got only one thing to consider, and that is to produce earnings. There are features, however, in the Canadian Northern system which make the matter of the Government taking it over the lesser of two evils.

At the present juncture the Canadian Northern system cannot pay from operating revenue its own fixed charges; in addition large supplies of capital will have to be expended to make available existing outlays and transportation efficiency.

Another favorable feature is that the Dominion Government will not have to make outlays to duplicate existing railway facilities in order that the Canadian Northern may compete with the other transcontinentals at all traffic points. The Government can force traffic agreements on an equitable basis from the Grand Trunk and the Canadian Pacific which would be denied the Canadian Northern while in private hands. It also is felt that if the people of Canada have to dip down into their pockets to make good deficits, it is right and proper that they should own the entire system. During this time of war, when financial conservation is uppermost in the public mind, it is natural to expect that the Government would seek to reduce its outlay of funds for other than war purposes to a minimum,

which would be the case if the railway were owned by the people.

For the present it would appear to be a reasonable solution for the Government to acquire the system, lock, stock and barrel. The solution must, however, be viewed as an expedient and recognized only as a temporary solution. By this we mean that the ownership of the railway may be permanent, but that its operation should be placed in private hands at the earliest possible date after the return

to normal conditions and after its solvency has been assured. This could be affected by leasing, under proper safeguards, to a responsible group of experienced railway operators, bringing back into the transportation problem the necessity for profit and consequently efficiency and economy of operation. So far democratic governments have shown little aptitude in this direction, and there is not any abundance of evidence to show that the immediate future will have a different story to tell.

The Monetary Times of August 10th gives a fairly comprehensive summary of the Canadian Northern situation. Speaking editorially, it says:—

"The proposal of the Government to acquire the Canadian Northern Railway system, leaving the Grand Trunk and the Canadian Pacific Railways as they are, and loaning the Grand Trunk Pacific \$7,500,000 does not follow the recommendations of its Railway Inquiry Commission. Mr. A. H. Smith's minority report recommended the following remedies for the existing railroad situation: 'Let the Canadian Pacific alone; let the Grand Trunk

operate the Eastern lines now held by that company and the Canadian Northern; let the Canadian Northern operate the Western lines, now held by that company and the Grand Trunk Pacific system; let the Government operate the connections or procure their operation by private companies; all of which should be done under arrangements that are equitable and yet look to the not distant day when the country will have survived the war and resumed its prosperous growth.'

"The majority report signed by Sir Henry Drayton and Mr. Acworth, recommended that the control of the Canadian Northern, Grand Trunk and Grand Trunk Pacific should pass into other hands; that the rights of the creditors of all three companies be preserved intact; that the

**THRIFT ESSENTIAL TO MEET
COLOSSAL EXPENDITURES.**

Great Britain's war bill now amounts to \$37,277,500 a day. Steady increase in expenditures since the outbreak of war has brought the total to a point where it now exceeds \$1,500,000 an hour. Throughout the United Kingdom rigid economy is being practised that the burden may be carried. Such economy is essential in Canada. With only eight millions of population, the Dominion has already increased its National Debt by over half a billion dollars, and it is estimated that \$600,000,000 will be required for National purposes this year. By the practise of thrift, every element in the country can assist in carrying the country's burden. National saving will strengthen national resources and enable the Dominion to maintain its splendid war record. Every man and woman should give support to the great campaign being waged by the National Service Board to encourage thrift, to promote saving, and to secure investment in War Savings Certificates. Thousands of men and women have written to the Board enquiring what they can do to help to win the war. The opportunity of war service is given to all. To refuse to accept it, is to abandon the men at the front.