

Editorials

A BLANK CHEQUE

Members of the opposition have stated in parliament that the government legislation for arbitrating the value of the capital stock of the Canadian Northern Railway is tantamount to handing Messrs. Mackenzie and Mann a blank cheque. The argument is not entirely illogical. A maximum limit should certainly be placed upon the possible award by the arbitrators. Legislation giving arbitrators such unique and unlimited authority to commit the country to the expenditure of huge unknown sums of money, without any repeal or recourse by the government, establishes a dangerous precedent in Canada.

The government has just admitted the correctness of the principle of limiting the railway expenditures that can be authoritatively made without seeking further sanction of parliament. The government has agreed to a limit of \$25,000,000 as the amount which may be spent for rolling stock, interest payments, improvements, etc., without going back to parliament for further approval. If the government sees the necessity of placing a maximum limit upon the purchases of rolling stock for the C.N.R., it should far more readily see the necessity of placing a maximum limit upon the purchase of the capital stock of the railroad. Whatever sum of money may be spent for rolling stock will inure to the benefit of the country. The government will have the rolling stock and the people will have the benefit of it. There will be definite value received for the expenditures; the money will be transformed into valuable assets.

OUTLINE THE TERMS OF ARBITRATION

In the issue of August 9th, we urged that the government should establish more clearly the basis upon which the arbitration should be conducted. This point has now been partially met by Sir Thomas White's announcement last week that, if the arbitrators take the physical value of the road into consideration, the determination of the value of the stock should be upon normal pre-war prices of labor, material and equipment, and not upon present abnormal prices. So far, so good; but the government should go much further. The wording of the announcement in regard to the pre-war prices intimated that if physical value be considered by the arbitrators, it should be upon the basis of reproduction cost. Why should the country pay for stock in the C.N.R. valued on a reproduction basis? The plant and equipment of the C.N.R. has been in use for many years and has created earnings in which the country has not shared. The value of the C.N.R. should be upon a basis of reproduction less depreciation, and the government should make this quite clear before the C.N.R. bill becomes law.

Hon. Mr. Bennett, of Calgary, suggests that the government introduce an amendment making it clear that the actual value of the stock itself, and not the control value of the stock, be the value to be considered by arbitration. This is a point well worth the consideration of the government. At the same time the government

might make it clear that the arbitrators should not take good-will into consideration. When a firm goes into receivership, good-will usually goes into the same melting pot as the prospective earning value of its capital stock.

ENGINEERING HELP IS NEEDED

The basic idea of the government's taking over the C.N.R. is sound, provided that the government will go further in the matter, and ultimately take over the G.T.R. and G.T.P., and merge the Grand Trunk and the Canadian Northern systems, so as to avoid further duplication of railroad effort, and so as to effect many possible economies.

A plan to take over the C.N.R. would be worthy of general popular support provided that the interests of the people were to be thoroughly safeguarded. The bill now before parliament does not adequately protect the country. It is loosely drawn. There is urgent and immediate necessity that the government introduce amendments; first, clearly defining the maximum amount that may be awarded by arbitration; second, definitely defining the precise terms and method of arbitration.

Failure to be clearer in the latter regard is no doubt due to lack of knowledge by members of parliament of the technical side of railroad affairs, and of arbitrations which involve engineering works and property. The government would be well advised to consult railroad and valuation engineers of authority and standing, in regard to the arbitration.

Railroading is not entirely a legal matter, nor is the buying of railroads. These are technical matters, more within the province of the engineer than of the lawyer. It is hoped that the government will yet take cognizance of this fact and secure the assistance of capable consulting engineers to aid the government counsel in their arguments before the board of arbitration.

PLACE YOUR ORDERS NOW

Municipal engineers and others who are planning roads, bridges, sewage disposal plants or other construction work for next year, would do well to place their orders for machinery and materials right away.

Everyone knows how scarce labor is and how costly it is; also the difficulty which the manufacturers are having in getting delivery of raw materials, and the high prices which must be paid for them. The purchasing agent of a big concern advised us recently that there is only one safe rule for buying under present conditions, and that is to place all orders at once at current market prices, not only for present requirements, but also for future requirements so far ahead as can be foreseen.

Broadly speaking, no prices are coming down; everything is increasing, and unless unlooked-for events take place between now and next spring, the cost of machinery and all materials will be higher than now. The engineer