

The Brain Growers' Guide

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RAILWAY COMMISSION REPORT

It will be remembered that a royal commission was appointed some time ago by the Dominion government to enquire into the transportation problem in Canada and recommend a solution. The commissioners were Sir Henry Drayton, chairman of the railway commission; W. M. Ackworth, a statistical and financial expert from London, England; and C. H. Smith, president of the New York Central Railway. Their report was presented to the House of Commons last week. Drayton and Ackworth recommend that the government take over all the railways of Canada except the C.P.R. and operate them under one system as a public utility free from political interference. They recommend, however, that the C.P.R. be left alone as it is already efficient and giving good service. Smith, as might have been expected, recommends that all the roads be left under private ownership, and that government financial support be continued until the Canadian Northern and Grand Trunk Pacific have become successful financially. No one would have expected the president of the New York Central Railway to favor nationalization. If he favored it in Canada it would be pretty hard for him to oppose it in the United States where he is one of the biggest railway men at the head of the great New York Central system. However valuable Smith's opinion may be upon financial and operating questions, his views on nationalization would certainly be biased. No railway magnate that we have ever heard of would favor having his own business taken over by the government unless at a profit to himself, which is a very natural attitude and one that in no way belittles the ability of these men.

The majority report signed by Drayton and Ackworth is a lengthy document and only the summary of it is yet published. The full explanation given by these men in support of their recommendations is not available. Apparently they have assumed the attitude of railway doctors and have found according to their report that the Canadian Northern and the Grand Trunk Pacific as well as the original Grand Trunk itself are in such a hopeless financial condition that there is no chance of their getting on to their feet without huge expenditure from the public treasury. In the light of these facts they recommend nationalization despite the fact that they do not think nationalization is a good thing for the country. They point out that nationalization of these poverty stricken roads will link them up with the Intercolonial and the National Transcontinental which are already government owned and will make a huge system greater even than the Canadian Pacific and which should shortly be financially successful. They also figure that a lot of duplication could be eliminated with considerable economy to the country at large. They would have the new government system in charge of three permanent competent railway experts, free from political interference. Another member of the board of management would be one representing the employees and the fifth a financial expert. Neither of the two latter would give their entire time to the work.

While all the arguments advanced by these two commissioners in favor of nationalizing everything except the C.P.R. seem sound, these arguments are equally as strong in favor of taking over the C.P.R. at the same time. The C.N.R. and G.T.P. are short of money, short of rolling stock, short of equipment, short of management and short of success, while the C.P.R. is long on all of these essentials. To take over these poor roads will entail just as much responsibility and effort and graft as to take over the C.P.R. also.

The C.P.R. is one of the finest railway systems under the sun. It is well financed, well operated and gives a good service with enormous profits to its shareholders, totalling last year \$49,000,000. The loss on all the other railways was only \$20,000,000. If all the railways of Canada were nationalized therefore and operated with the same efficiency as in the past there would be a profit from the outset. The present management of the C.P.R. is quite capable of managing a national system which would include all the railways. If the people of Canada are to become proprietors of the two lean railways there is all the more reason why they should take over the fat one at the same time.

RAILWAYS AND POLITICS

The chief arguments which will be advanced against the nationalization of railways of Canada are: First, they will not give as good service; second, there will be too much political interference.

On the question of service it is claimed by many of those who claim to know that the service on the publicly owned railways in Europe is not as good as on the privately owned railways in Canada and the United States. The chief reason for this less efficient service is not attributed to political interference generally, but to lack of governmental enterprise as compared with private enterprise. While there may be some truth in these statements we can find more instructive comparisons in Canada. The telephone systems of Manitoba, Saskatchewan and Alberta under public ownership are lacking neither in efficiency nor enterprise nor integrity when compared with the privately owned telephone systems in other parts of Canada. The hydro electric power systems in Winnipeg and in Ontario are superior from the standpoint of efficiency, cost and service to similar privately owned electrical plants in this country. Our Canadian postal service is highly efficient and has generally not been crippled by political interference and mismanagement. These outstanding examples, of which there are others, indicate that public ownership in Canada is not a failure and is not necessarily a political football. Furthermore, if all our railways were nationalized and placed under the management of the men now in charge of the C.P.R. there is no good reason to believe that those men would not work as faithfully for the state as they are now working for private capitalists. Just across the line there would be the highly organized privately owned systems of the United States, which would afford competition in service and rivalry in enterprise sufficient to spur the management of the Canadian government system to its greatest efforts. From the standpoint of service there seems no strong argument against the nationalization of all Canadian railways.

On the matter of graft, corruption and patronage, a large number of clear thinking men hesitate to endorse nationalization of railways. They look upon the Intercolonial as a sample of what would follow if all the railways were operated by the government. It is no doubt true that under public ownership there would be a certain amount of graft, political interference and patronage. But it is not conceivable that the graft and waste and extravagance could be compared with that which has taken place in Canada under private ownership. The C.P.R. was the first cause of wholesale corruption in our political life. It was practically conceived in iniquity and nourished by the public treasury. The Pacific scandal which drove Sir John A. Macdonald from power in 1873 was the first big effort at corrupting a government in Canada. Since

that time it has become so common that it receives comparatively little attention. The C.P.R. received from the public treasury in cash, land grants, completed railways and other numerous concessions enough to build the entire railway from Halifax to Vancouver and equip it. The C.P.R. has been a powerful influence in Canada's political life for the past thirty years. Under both political parties the C.N.R. has been a leech on the public treasury ever since it was started in 1896 and has received concessions of all kinds from both political parties at Ottawa and from both political parties in the provincial legislatures in every province save Prince Edward Island. It is the general belief of the Canadian public that the C.N.R. and its promoters have done more to corrupt the political life of Canada than all other influences combined, except probably the protective tariff. The G.T.P. was another huge source of graft and extravagance. The Royal Commission estimates that the country's investment in railways reaches the enormous total of \$968,451,737. They have corrupted the political life of Canada to an enormous degree and they are today with their alliances almost all powerful in the political field. The unsavory political record of our privately owned Canadian railways would fill a large volume. It is absolutely impossible to conceive that under public ownership there could be the corruption or extravagance on anything approaching such a scale as has occurred under private ownership.

A DUAL RAILWAY SYSTEM

If the recommendation of the majority report of the Royal Commission is accepted there will be two great railway systems in Canada. One will be the Canadian Pacific Railway under private ownership as at present, the other will be a nationalized system including the Intercolonial, Grand Trunk, Grand Trunk Pacific, National Transcontinental and Canadian Northern. Many favor this hybrid system as against exclusive public ownership which they fear would lead to graft and corruption; but would not the dual system be still more dangerous? The C.P.R. is one of the wealthiest corporations in the world and is a big influence in politics. Under the proposed scheme the government system would be somewhat larger than the C.P.R. and it is reasonable to suppose that its management would not be as good as the men are not available in Canada outside of the C.P.R. In reorganizing the huge government system many changes would be made that would conflict with the best interests of the C.P.R. as a privately owned corporation. The C.P.R. would thus be forced into politics more and more in order to prevent what it would look upon as dangerous competition. The history of Canada shows us in clear unmistakable terms how a railway corporation can bedevil governments and the C.P.R. has had some experience in this line itself. If under the new system it were necessary for the C.P.R. to go into politics in order to maintain its large profits, does any person doubt that they would take such action? The strongest probability is that under such a hybrid system the C.P.R. would practically operate the government and the government railway system through its political influence. Such a proposition has in it a greater likelihood of political corruption than any of the solutions that have been advanced.

It is stated that a plebiscite of "Who's Who" in the United States found ninety per cent. of the thinkers of America in favor of land value taxation.