

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## THE RAILROAD REPORT

The commission's report on the Canadian transportation situation, presented in the House at Ottawa, on Wednesday, brings this matter into the front rank of our national problems, for prompt action. Whether or not the nation ultimately adopts the principle of nationalization of its railways, the entire subject should have the serious consideration of the people before any policy definitely receives a favorable decision. We have as part of our railroad system, a government road, a well-operated private road on a paying basis, a private road with a remunerative Eastern section and a Western section which it has disowned, and a private road of whose stock the government owns 40 per cent. Then there are the loans, bond guarantees, land grants and other considerations made by the government to the private roads. The nation and some of our railroad men have waded, waistdeep, without any great foresight, into the stream. What is the best way to reach the other shore?

The commission's report suggests solutions which have been previously in mind. Two of the commissioners tabulate strong arguments for the nationalization of the Grand Trunk, the Grand Trunk Pacific, and the Canadian Northern, to be operated with the government railways, leaving the Canadian Pacific Railway as a private road competing with the nationalized system. One of the commissioners, in a minority report, opposes public ownership and proposes that the Grand Trunk should operate its own and the Canadian Northern's eastern lines, that the Canadian Northern should operate its own and the Grand Trunk Pacific's western lines, that the Canadian Pacific should remain as it is, and that the government railways operate their connections or procure

their operation by private companies. Whatever decision is made by the people it would be serious at this juncture to make a mistake. The problem calls for thoughtful consideration free from political bias and free from re-cremations as to what this or that government may have done in error in the past. The manner of solving this problem will vitally affect the future of Canada and its tax burden. Those who support or oppose nationalization have an equal right to have their arguments thoroughly analyzed and considered in the light of things as they exist.

Nationalization of our railways will add to our national debt \$1,000,000,000, with annual interest charges of \$40,000,000 or \$50,000,000. This is a phase which cannot be passed lightly, however desirable a purchase can be made by additional debt of \$1,000,000,000. During the war, our debt has more than trebled. Before another year has passed, it will probably have quadrupled. Even now, we have, largely on account of the war, a national debt of almost \$1,000,000,000. Can we afford, and will it prove good business, to double that amount, giving us a national debt of \$2,000,000,000 or almost double the national debt of the United States prior to its entry into the present war? On the one hand, is a country of less than 8,000,000 people, still a borrowing country, already saddled in its youth with a large national debt. On the other hand, is a nation with approximately 100,000,000 people, a national debt no larger than our own, a favorable trade balance exceeding \$3,000,000,000 and, based on the loaning power of European belligerents, a loan capacity of \$42,000,000,000. Operated by private companies, the interest on the railroad debt would ultimately be borne by the companies without recourse to the government, provided the government shapes its course to that end.

Whether a much better service would be given at an equal or lower cost by a nationalized system competing with the Canadian Pacific Railway, than could be given by the transcontinental railways operated privately, is an open question. It is more easy to talk of overcoming the objection as to political interference in a nationalized system by appointing a non-political, permanent railway board of five trustees as proposed, than actually to remove a national system of railways, on this continent, out of political interference and patronage. Our railroad development as far back as its earliest days has been the medium of political interference and scandal. Can we remove these elements by removing all railroad corporations, with one exception, and placing a national system in the care of politics whose record under both parties for years past has been based largely on patronage and its resulting evils, and not upon the business-like solution of national problems?

The majority proposal to leave the Canadian Pacific Railway out of the scheme will appeal to many as unjust. That road is one of the best-managed on this continent and is paying its way. Will the advocates of nationalization be satisfied with a plan that leaves out the most profitable railway? Is it fair to penalize the Canadian Pacific Railway for its efficient operation by amalgamating the lame railroads, placing the latter under government ownership and operation, and leaving the Canadian Pacific Railway to compete with the public favors received by public-owned enterprises?

That the country is tired of handing loans and bond guarantees to railroad corporations, is probably true. That a protest should be made against such financing when in the middle of it, clearly shows that our governments and our people did not realize or figure, as would