

your public men devote the same energy and enterprise in the public service as they would in the service of their private interests; and while undoubtedly more of them are approaching this ideal than ever before, you would perhaps hardly claim that all of them have attained it yet.

Then a third objection, coming out of the foregoing, is that for a time at least—long enough to disappoint popular expectation and set up some more or less serious political reactions—rates would probably rise; and, moreover, they would tend to remain fixed with too great rigidity. Few are aware, I think, of the immense difficulty and labor involved in making and adjusting railway tariffs. Ratemakers cannot foresee everything. Mistakes are bound to occur and errors of judgment resulting in hardship are inevitable.

Under private ownership, a rate that is onerous or unjust can be quickly readjusted and a sudden change in conditions in a given locality can be promptly met with an appropriate rate. My impression is that it would take longer for a sense of these urgent day-to-day necessities to penetrate to government rate-makers, and also longer for the indicated changes to be made. Once again I admit that this is only a challenge to the efficiency of democracy, and one that I hope some day somewhere will be fully met, as indeed I am sure it will be.

No one has greater faith in democracy than I have, or would take longer chances on its methods; but, as I have said, I do not see any essential principle of democracy involved in priori in this question of railway management, and I am only recording the testimony of general railway history in noting this objection to government ownership.

#### Possibilities of Politics.

A fourth disadvantage is in the sinister possibilities of political organization implied in so large and sudden an increase in the number of government employees. What this would actually amount to in your case I do not know. Personally, I think not much; and yet this is one of the very points about which a foreigner can never be quite sure. It all depends on whether your public spirit has passed permanently beyond the point of tolerating machine politics at all, or whether your revulsion is merely against the crudeness of the old machine methods—whether, in short, you have become more conscientious or only more fastidious. If the latter, then the situation which suddenly increased your army of public employees to a million and a half, in round numbers, would doubtless permit the building up of a very formidable machine.

#### Advantages of Ownership.

So much for the general objections to government ownership. Now, on the other hand, railway property being the most easily socialized body of wealth, and one of the largest as well, if the twenty billion dollars of railway property were taken away from private control, your enormous and distressing inequalities of wealth would no doubt be largely limited. This is the first advantage, and it is considerable. Second, railway investment, which employs so much of your capital, would lose its speculative character by the substitution of bonds bottomed on the government's credit for bonds bottomed on the credit of a private company. This would remove one of the chief grounds you have for complaint against your railways as hitherto managed.

Unfair discrimination, in the next place—another just ground of complaint—would also disappear under government ownership. It is hard to conceive of a government in your country that would not administer its railways

impartially. The impersonal and general nature of government, which in other respects is rather against its efficiency in railway operation, is in favor of it at this one point. A government is raised above the temptations to favoritism which have beset private companies in the throes of competition, and also above the temptation to narrow the local views of industrial and commercial development.

Therefore, too—this is the fourth advantage, and very important—under government ownership rates can be adjusted with reference to a maximum development of the country as a whole. Germany gives an excellent example of what can be accomplished in this way. The privately owned railway is bound to be most of all interested in the development of the section that it serves; but if the government took its railway work seriously and intelligently, no section would thrive at another's expense through conflict of transportation interests. There would be a harmonious and balanced development of all sections, because the government is able to view the country as a whole, and is indifferent to a forced or unrelated development in any part.

#### MONTREAL RAILWAY SHOWS INCREASES.

An article on page 29 of this issue intimates that Montreal Street Railway's earnings show decreases. This is the result of an error made in the comparison of returns, for the company's earnings are really showing increases.

#### IMPERIAL BANK OF CANADA

The reserve fund of the Imperial Bank of Canada now stands at \$7,000,000, an amount similar to the paid-in capital stock of the bank. An amount of \$211,830 was taken from profits of 1913 to bring up the reserve fund to that substantial sum, in anticipation of premiums on new capital stock since collected. The profits for the twelve months of the bank's operations, ended April 30th, 1914, after deducting management charges and interest due to depositors and after making full provision for all bad and doubtful debts and for rebate on bills under discount, were \$1,236,984. Adding to these profits the balance at credit of profit and loss account last year, namely, \$1,003,988, the sum for distribution was divided as follows: Dividends at the rate of 12 per cent. per annum, \$834,783; contribution to office extension and guarantee fund, \$27,500; written off bank premises and furniture account, \$74,601. The bank also made a provision of \$250,000 for depreciation in securities and for contingencies. After these various payments, a substantial balance of \$1,265,919 was carried forward.

The Imperial Bank, which has long been regarded as one of the most conservative and progressive of Canada's chartered institutions, has total liabilities to the public of more than \$63,000,000. Its interest bearing deposits exceed \$49,000,000 and deposits not bearing interest \$9,000,000. In addition to loans to provincial governments of \$25,000, loans to municipalities of \$3,656,000, and call loans of \$4,050,000, the bank has other current loans and discounts in Canada of \$41,000,000. These figures give a slight indication of the extensive credit the bank is granting at its head office and at its numerous branches throughout Canada. The financial statement of the institution has been generally received with considerable satisfaction, especially in view of world-wide financial problems as indicated by the president, Mr. D. R. Wilkie, who also pointed out that:

"Conditions in Canada and abroad are not too promising, and we have considered it advisable to provide for further possible shrinkages in the value of investments and for contingencies; we have laid aside the sum of \$250,000 to provide for these. Within the past two years stock and bonds dealt in on the World's Exchanges have depreciated in value considerably. The shrinkage during the past year of the leading financial, industrial and railway securities actively dealt in on the Exchanges of Montreal and Toronto represents no less a sum than \$188,000,000—Canada has borne her full share of this loss."