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The Journal of Commerce

VOL. XLIV. No. 8

MONTREAL, TUESDAY, AUGUST 21, 1917

Price, 10 Cents

The Journal of Commerce

Devoted to

CANADIAN INDUSTRY, COMMERCE AND FINANCE.

Published every Tuesday Morning by

The Journal of Commerce Publishing Company, Limited.

Head Office: 35-45 St. Alexander Street, Montreal, Telephone: Main 2662.

Toronto Office: 263 Adelaide St. West, Toronto, Telephone: Adelaide 917.

HON. W. S. FIELDING,
President and Editor-in-Chief.

Subscription price, \$3.00 a year.

Advertising rates on application.

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Special Articles

THE ECONOMIC COMBINE OF THE ALLIES.

By W. W. Swanson, Ph.D.

BANKING AND BUSINESS IN THE U. S.

By Elmer H. Youngman.

CONDITIONS IN THE WEST.

By E. Cora Hind.

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The Railways---Control Without Control

THE ground upon which the nationalization of railways is usually advocated is that such public utilities, instead of being under control of private corporations, should be owned and controlled by the people's government. Public control, as against corporation control, is the essence of the movement which has made so much progress in the country. It is evident that Canada is to have a large measure of this public ownership. Opposition to the principle would be futile. The thing is to be tried on a larger scale than hitherto. Whether experience will justify the change is a question which we must all be content to leave to the future. It is interesting to note that some of those who seem to yield a willing assent to the movement are laying down, as essential to its success, principles which are diametrically opposed to real public control. They hold with much emphasis that the railway must be "kept out of politics," forgetting that in keeping the railway out of politics they will be keeping it out of the public control which the nationalization movement seeks to establish. A lengthy article in our Montreal contemporary, the Financial Times, well illustrates the difficulties of the situation which the nationalization movement is creating. The Canadian Northern proposals, our contemporary remarks, "are regarded without enthusiasm because there exists throughout the business community a very profound distrust of public ownership so far as it involves any risk whatever of political management, and while the Finance Minister has given explicit assurances of his intention to keep the Canadian Northern out of politics, there is a strong feeling that conditions may be too strong for him, and for the 'business men' of the Cabinet, unless adequate precautions are promptly taken." There is much ground for that feeling, and very little ground for believing that any "precautions" that can be taken will be adequate for the purpose. Our contemporary advises that a very eminent railway manager—probably he will have to be from the United States—be placed at the head of the railway and given large powers. "Above all he must be strong and independent enough to kick the most insistent or persistent of politicians off his doorstep." How this railway dictator should carry on business is further stated by our contemporary:

"This executive officer would naturally be responsible to the Board of Directors which it is proposed to retain as the governing body of the Canadian Northern corporation. These directors will be appointed by the Government, as holder of the entire stock of the company. We suggest, as a further guarantee that the

road will be kept out of politics for some years at least, that the new Board be nominated as early as possible, that it consist entirely of business men without any politicians among them, and that it be made permanent and self-perpetuating for a stated period, say ten years. This means that its members will hold office undisturbed for that period, and will co-opt the successors to any vacancies which may arise, thus absolutely eliminating any interference by the Government of the day. By limiting the period to ten years instead of making the system absolutely perpetual, the temptation to subsequent Governments to revoke this arrangement during the crucial period of the railway's lifetime would be lessened, as a strong incentive would be set up for leaving it alone during the specified period. At the end of ten years the legislation could be re-enacted or a new method of dealing with the question could be devised.

"Give Wide Powers.

"The executive head of the railway should be president of the Board of Directors and should be responsible to the Board alone, and his responsibility even to them should be limited by clothing him with very wide personal powers. In the event of his death or resignation the Board should appoint his successor. In certain specific instances, or with the consent of the Supreme Court, the Board might be empowered to demand his resignation.

"And No Tight Purse Strings.

"The position thus outlined would, we believe, offer to any able and ambitious railway executive an opportunity for success and distinction which he would be glad to embrace, and which would call out the best that was in him. We are assuming that sufficient financial resources would be placed at his disposal, on his assuming office, to ensure that he would be genuinely independent, and would not have to crawl to the Government every year or two for the funds to carry out necessary extensions."

We have quoted our contemporary's views at some length, because they are in harmony with much that is now being written as to the conditions which should be attached to Government ownership of the railways. But a little thought on the part of those who understand how public business is done will suffice to show that these conditions, which are held to be essential to the success of the movement, are impossible of attainment. They might be practicable in Berlin or in any other place where Prussian autoocracy prevails; they are quite impracticable in this country, where every day of our lives the principles of democracy are being promulgated.

Let it be remembered that the "politicians" who are to be kept away from the railway