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RAILWAY POLICY.

The present plight of the Canadian Northern cannot be entirely blamed upon the war, though undoubtedly the war has gravely accentuated its difficulties. But, as the majority Railway Commissioners recently reminded us, the Company made its first appeal to the Dominion Government for help out of difficulties several months before war broke out. Those responsible for the development of the Canadian Northern had gone too fast. They had been actively encouraged in their policy, very probably, in fact, would otherwise have been unable to pursue their policy, by the support given them by the Canadian people through various provincial legislatures, and to some extent by the Dominion government. That support was given at a time when alluring day-dreams were more in fashion in Canada than the recognition of stern facts. Now that day-dreams have been shattered by the reality of war, it has become clear that much of this development, for which the people of Canada share with those in charge of the Canadian Northern the responsibility, is extremely difficult to justify. But, having made our bed, we have got to lie on it.

There are three alternatives for action to relieve the present position. The System might be allowed to go into the hands of a receiver—a course which would undoubtedly have a bad effect upon Canadian credit as a whole. In view of the enormous, and still indefinite, liabilities now being incurred by the Canadian Government, and the difficulties of borrowing abroad under present circumstances, this course is not to be thought of. Another course would be to continue the loans made by the Dominion Government to the System during recent years. Sir Thomas White very aptly remarked in disposing of this possibility:—"It seems to me that the continuance from year to year of the large financial assistance which we have been granting to these companies is against public opinion and public policy while the ownership of these roads remains in private hands." The only remaining alternative is Government ownership in some shape or form. Theoretically, the proposals of Sir Thomas White in this connection are probably the least objectionable which could have been made. The Government is to acquire the whole or great bulk of the common stock, of which it at present owns four-tenths, and the road is to be operated as a separate entity, the Government as the sole stockholders appointing the directors.

It is, however, not possible to view this new and

enforced experiment in Government ownership of a transcontinental railroad very hopefully. Mr. Graham contended in Parliament the other day that the running of the road must be divested of all political environment, since in no other way will Government ownership be given a fair trial. Will it be possible to divest the road's operations from all political environment? Is it not probable that the directors and officials will be subjected to constant badgering for favours by politicians and political hangers-on, and any inclination to resist these importunities be made an occasion for endless political intrigue and maneuvering? Experience suggests that this sort of thing is at least not improbable. As regards the price of the common stock to be acquired by the Government, this is to be settled by arbitration. That is a proper course. There is no reason why the present owners of this stock should not be treated fairly. But prospects of returns to the Dominion Treasury in the early future are not so bright as to enable a heavy payment for this stock to be viewed with equanimity.

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Among Government supporters of the scheme, there is a tendency to talk optimistically of the Company's future. Undoubtedly it has a future, but it is useless to disguise the fact that the eastern lines, and such expensive and unnecessary works as the Montreal terminals, are likely to be a considerable drag upon the profitable prairie lines for years to come. The majority of the Railway Commission reported that \$40,000,000 for equipment and perhaps \$30,000,000 for additions and betterments would be a moderate estimate of the System's needs in the next five years. The Company, when owned by the Government will possibly be able to borrow part of that—on terms—but part, it would appear, will have to come out of revenue. Profits taken out of the System, will certainly be deferred for a long period. In the course of the debate on this question, Sir Robert Borden made the suggestion that, after the war, steps should be taken to get the railways together with a view to the future avoidance of waste of capital in construction that is merely competitive. That would certainly be a desirable course. What a *laissez-faire* policy in railway construction has led to is now painfully evident. But if the present situation leads to active realization of the fact that it is neither good business nor sound common-sense to build two or three railways where one would be sufficient to take care of all possible traffic for years to come, it will not have been without its uses in the future orderly development of the Dominion.