

The Government and the Canadian Northern Railway

Protest from Montreal business men

The following statement of objection to the Government's policy respecting the Canadian Northern Railway Company has been signed by a number of prominent members of both political parties in Montreal, chiefly Conservatives, and sent to Ottawa.

The signers are: Messrs. F. W. Molson, James Law, H. R. Drummond, Geo. E. Drummond, Armand Chaput, Ferd. Prudhomme, Zeph. Hebert, A. J. Brown, C. S. Garland, H. A. Ekers, Chas. Chaput, A. Guy Ross, Joseph Ainey, C. Meredith, C. S. Campbell, W. R. Miller, George Caverhill, Wm. McMaster, H. W. Blackwell, Andrew J. Dawes, Robert Hampson, George R. Hooper, George W. Sadler, W. W. Hutchison, Wm. C. Finley, F. H. Wilson, G. F. Benson, A. Craddock Simpson and James Morgan.

The statement is as follows:

The Government bill to authorize the purchase by it of the capital stock of the Canadian Northern Railway is half-way through the House of Commons, and will shortly be in the Senate.

If it becomes law, it will impose on Canada, at a time when the country is under an unprecedented strain, a burden of unknown magnitude, and one certainly greater than any ever before imposed upon this country, with the exception of the war debt.

The purchase of a defined piece of railway property is one thing. The buying of stock in a company with unascertained assets and unknown liabilities is another.

Once the Government becomes the principal owner of the common stock, it must provide out of loans or taxes due or to become due and for all future losses in operating.

The estimates of expenditure still necessary to be made run into enormous figures.

No one knows what the real extent of its obligations are. The railway has bonds outstanding and debts unpaid; so have its subsidiaries.

There are guarantees given by it to other companies, unpaid balances on contracts and upon accounts, but to what extent is unknown. What its assets are is equally unknown.

It operates and is interested in railway companies, land companies, telegraph companies, tunnel companies, lumber companies and hotel companies, but no one knows how far it owns them, what their assets or liabilities are, nor to what extent the railway company is responsible for their liabilities.

No other railway company nor any other group of business men would consider such an acquisition except after elaborate examination and reports from accountants and appraisers on the assets and liabilities and then only subject to a solvent guarantee that all supposed assets would be delivered, and that no underclosed debts or obligations would appear. To find out these things, where such examination and guarantee cannot be had the usual course in the United States has been to place the road in the hands of a receiver, whose staff can ascertain them and place them before those interested in an accurate and clear statement.

Systems quite as large, notably the Union Pacific, the Atchison Topeka and Santa Fe and the Rock Island, have in the United States been through the process and have emerged from it with capital written down to correspond to the actual values, in a solvent condition, and able to perform their duties as public servants.

The only examination so far into the affairs of the Canadian Northern has resulted in the opinion of two out of three railway experts that the stock proposed to be purchased was worth nothing. This means that whatever its nominal value may be, the unsecured debts are more than enough to prevent its being sold to any reasonably prudent purchaser. In view of the fact that no money was paid to the company for the stock and that the company has never been able to earn anything upon it, there was and is no reason to expect any other result from examination.

No agreement or obligation to purchase is produced. In fact, nothing has transpired, except verbally and then between members of the Government whose names are not disclosed. In fact, what is to be paid, who is to get paid for it, what the cost and the attendant obligations are, no one knows. The smallest transaction in common life could not be concluded in such a way, and any attempt to do it by trustees responsible to a court would unquestionably be a breach

of trust, and this is the largest and most onerous undertaking ever contemplated by any Canadian Government, and the most risky. It is safe to say that no road capitalized above its earning power can ever be a useful public servant, nor can any road bought by a Government for more than its worth ever be anything but a continuous drain on the tax payer.

The Canadian Northern Railway was built as a private speculation. Its bonds were sold to financiers at a discount. No money was received into its treasury for its stock. Nothing has been made public which would justify the taxing of other citizens of this country for the purpose of giving fictitious value to these bonds and stocks. The interest and other charges on Canada due to the war increase every day and even now are so great that it is difficult to say from what source they can be paid without an economic strain never hitherto undergone and a cutting down of expenses not yet even begun.

The credit of the country abroad is less than it has ever been. The last loan of \$100,000,000 at 6 per cent. for two years, netted only \$96,111,111. In other words the country is borrowing money at a charge of more than 8 per cent. per annum.

(NOTE—According to the Hamilton Times of Aug. 17th, Sir Thomas White stated the net proceeds to be \$96,250,000, not \$96,111,111, and that the commissions and charges were 1½ per cent. He was speaking of a two-year 5 per cent. loan. The cost would be 8 per cent. if the 1½ per cent. comes out of the \$196,250,000, but not otherwise.)

Its future credit may depend entirely on the belief of foreign bankers that good money will not be sent after bad, and that speculative enterprises will be allowed to find the financial level called for by their intrinsic merits.

The undersigned, all of whom as investors, have a stake in the prosperity of this country, desire to call the attention of their fellow-countrymen to the grave risk they all are running of having their own earnings diverted for the purpose of securing profits to bondholders and stockholders of a concern, the equity in whose enterprise has been declared by the only people at all in a position to form an opinion to be of no value. It is also urged that the strongest possible protests be made before it is too late to all senators and members of Parliament."

SMALLER WOODEN SHIPS.

The wooden standard ship as adopted by the Canadian Government, and of which a considerable number have been contracted for in British Columbia yards is dimensioned as follows: Length, 250 feet, beam 45 feet 6 inches, and depth 25 feet, with a deadweight capacity of 2,800 tons on a 21-foot draft. The vessels are considerably heavier in construction than the United States Shipping Board's standard wooden hull. They will be fitted with box girder keelsons, have a deep tank forward for water ballast, and be propelled by triple expansion engines of about 950 horsepower. They will be constructed of Douglas fir and built to Lloyd's requirements for A1 classification.

STANDARD SHIP ARRANGEMENTS.

The following is the character of the accommodation for seamen on the new standard ships:

The crews are berthed in the poop instead of the forecabin. Separate cubicles or rooms are provided, each fitted with two berths, these cubicles being situated along the side of the vessel.

The messing arrangements for the firemen and seamen respectively are entirely separate from the sleeping accommodation, and a smoking room is provided also for the general use of the men. Each cubicle is fitted with a folding table.

The firemen's and seamen's wash places respectively are fitted with clothes lockers—one for each man.

The door and cubic space provided for the crew's accommodation is considerably in excess of the Board of Trade requirements. There are three spare cabins, with a separate bath and lavatory, which may be used for isolation purposes if necessary.

HURRYING COAL SHIPMENTS.

Judge Robert S. Lovett, who has been designated as United States federal agent under priority shipments act, has directed 46 railroads to give bituminous coal shipments from mines for the Northwest via the Great Lakes precedence over other business.

TOWARDS GOVERNMENT OWNERSHIP.

Pres. Vanderlip, of National City Bank of New York says, "We are sailing, not drifting, toward government ownership of railways." In his opinion not a few of the socialistic measures in force and to be adopted will become a permanent part of America's economic structure. He also thinks wages should be higher; that profits, not prices, should be taxed, and that tremendous expansion is inevitable. He believes future government borrowing will find 10,000,000 subscribers, as against the 3,000,000 who subscribed to Liberty Loan.

WORLD'S SHIPBUILDING.

Figures of the new tonnage built during the six months from October, 1916, to April, 1917, were published by the Bureau Veritas and reproduced in the Paris "Temps" of Sunday last. No distinction is made in the figures between steamers and sailing vessels, but the number of the latter cannot be large:

	No. of ships.	Gross tonnage.
Great Britain	261	680,946
United States	150	484,381
Holland	103	190,619
Japan	46	128,913
France	42	61,988
Italy	20	34,051
Norway	42	34,044
Denmark	20	26,348
Sweden	26	20,023
Spain	7	4,422
Chili	3	823
Russia	5	750
Portugal	3	216

Total 728 1,667,524

The losses caused by German submarines are obviously much in excess of these figures, but we know that shipbuilding is largely on the increase, both in our own country and the United States.

THE NEED OF SHIPS.

"It is easy to reckon," says the London Economist, "how much tonnage is necessary to transport an army from America to the European Continent, and how much tonnage is required to feed such an army. France and Britain are scarcely able to feed and supply their own armies without influence their military and economic situation. German judgments of the capacities of their enemies have not always been infallible, and we expect that the great General Staff, while calculating the tonnage necessary for an American army, neglected to take full account of America's almost limitless productive capacity in ships. For America's army will need to be transported and supplied by America's ships. The usual Staff calculation of transport, for an overseas expedition is four tons of shipping per man. A million tons of shipping are necessary to move the men, guns, wagons, food, ammunition and so on, for an army of 250,000. When the distance is short, as in our own case of a narrow channel, a great deal less than four tons per man will do the work. For the long American voyage, especially under the modern conditions of unlimited guns and shell, probably more than four tons per man would be needed. But even if an American army of a million men required five million tons of shipping to be constantly engaged for its support, we are confident that the millions will be forthcoming. Nothing has been more striking during the past two years than the expansion in America's capacity to turn out ships. In 1915 the United States completed 230,000 tons of steel ships; but in 1916 they produced 531,000 tons, and this year reckon confidently upon 1,400,000 tons. General Goethals, the builder of the Panama Canal, who has been, until the last few days, in charge of shipbuilding in the United States, promises his fellow countrymen over 3,000,000 tons of steel ships put into service between June, 1917, and December, 1918. During the two years 1917 and 1918 America reckons on producing over 4,000,000 tons of new shipping, and those who have had experience of their energy, resources and standardizing methods expect them to be better than their word.