

ment of the small shippers; and before the formation of our board of railway commissioners it is unquestionable that preferential treatment was given to favored persons and localities. Even at the present time, one has but to examine the decisions and judgments of this board to see the volume of complaints of this kind which come before it for adjudication.

If all the work of this arm of the government could be avoided and equitable conditions and rates be furnished to all communities and individuals without fear or favor, a long step would have been taken in the promotion of sound business morality. In most instances, the existing inequalities have been due to the fact that powerful interests recognized the fact that by their strong representations to the railway companies the latter would frequently accede to their wishes; but if the railways were owned and operated by a government whose members could resist all pleas of private interests there would be no more occasion for this kind of favoritism. Under this system there would surely be the much desired equality of opportunity for all.

From the Financial Standpoint.

Government ownership would be desirable also from the financial standpoint; at least this is claimed by those who advocate this method of administration. Under ordinary conditions, the credit of the government is so good that it can borrow all the funds it needs at 4 or 4½ per cent., perhaps less; while private companies have to pay 5 to 6 per cent. for their capital requirements. In the financing of a great enterprise this saving would amount to a large sum in the aggregate; so that the amount of the fixed charges to be paid would be considerably lower. Again, since the government would operate the road at cost, no dividends would have to be paid. The savings effected from these two sources alone would be very great; consequently, under government management the revenues would not need to be so great and the result would be seen in either lower rates or increased service to the public. This assumes, of course, that public management will be as economical, efficient and productive as private management.

Purposes of National Defence.

An argument, which is being worked to the fullest extent under existing war conditions, is that for purposes of national defence the government should own the railways. In order to make these facilities for transportation most effective for the carriage of troops, subsistence, munitions and the raw materials for the manufacture of munitions the carriage of all other commodities, even though they pay higher rates of conveyance, must be relegated to a place of secondary importance. But when the railways are left in private hands the tendency is to take first that traffic which will pay the higher rates. Moreover, when, as in the case of the Canadian Pacific Railway, a large block of shares is owned by German or other foreign stockholders, there is great danger that the foreign influence may be so strong as to dictate the policy of the road, and thus the efforts toward using the railway for national purposes may be rendered nugatory or partially unavailing. The example of the state-owned and operated railways of Germany in aiding the mobilization of soldiers and supplies along the various fronts, and the example of England in assuming control of her railways during this emergency, have given additional emphasis to the need of having the railways completely devoted to the promotion of the national, as opposed to the private, interests.

Finally, it has been said that roads like the Grand Trunk Pacific and National Transcontinental have been intended to further primarily the interests of colonization in the great West. Settlers will no longer go, as in early years, where there are no transportation facilities. Railways must be put through in advance of or synchronously with settlement and as this project of settlement of men upon the land is for the national development, the railways designed to advance this project should also be national. Private capital does not like to invest in an enterprise of this nature in which years must elapse before the road obtains sufficient traffic to pay the operating charges, to say nothing about profits. This is exactly the condition confronting the roads above mentioned. The National Transcontinental is owned and is being operated by the government, and the chairman of the board of directors of the Grand Trunk Railway Company has requested the government to take over the Grand Trunk Pacific. It is known that the National Transcontinental line passes through a stretch of country which is as yet in its infancy so far as the capacity of furnishing traffic is concerned; the settlements along the route are widely scattered and years may elapse before a sufficient amount of tonnage can be provided to make the railway pay.

Private Capital Wants Returns.

Much the same may be said of the Grand Trunk Pacific; a long stretch of the road is put through undeveloped territory and as there are no lateral lines to act as great feeders for the main line it may be a few years before adequate traffic can be obtained to pay reasonable returns on the capital invested. It is in connection with such enterprises, therefore, that public aid and support can be reasonably invoked. If private capital is averse to adventuring itself in this kind of investment without having the backing of the government to assure the financial soundness of the business, it would seem as if the government might appropriately take complete control of this enterprise without reference to private capital at all.

The government, being a permanent institution, can afford to wait for a long time before receiving financial returns from such a venture; in time, with the growth of the traffic of a developing territory, the roads which at first were unremunerative would be found to yield ample revenues, and then the government could be rewarded for the great advances made by it in the earlier years. But this contrasts strongly with the conditions attending the investment of private capital, which, if it do not receive immediate and ample returns, will prefer to seek more profitable forms of investment.

[In his next article, Mr. Jackman will discuss the objections to government ownership of railroads.—EDITOR.]

TORONTO HARBOR BONDS

An issue of Toronto harbor commission bonds amounting to \$1,500,000 4½ per cent., due 1953, is being offered by Messrs. W. A. Read and Company, New York. The total amount of these bonds now outstanding is \$6,500,000. The issue is redeemable on any interest date at 105. The bonds are now offered at 86 and interest, netting the investor about 5.40 per cent.

Carson and Williams, Limited, Winnipeg, of which Mr. W. J. Willcox is manager, have been appointed general agents of the Glens Falls Fire Insurance Company for the province of Manitoba.