

## GOVERNMENT AND THE RAILWAYS

## Government Ownership in England, United States and Canada—Relative Merits of Public and Private Ownership

(This is the second of a series of three articles by Mr. W. T. Jackman, M.A., the first of which was published last week.)

We have been pointed to the cases of Great Britain and the United States to show that government ownership is wonderfully successful. In neither of these countries do we have government ownership, although for the period of the war we have government control. The fact is that we have no means of knowing what the financial results have been in the former country; while in the latter the short period of government control would be insufficient in order to reach a judicious conclusion. In each case the government assumed the direction as a war measure only, not to retain the roads permanently. In our own country there is little, if any, need for such action, even during the present war time, for our railways are already co-ordinated under a central organization, and the traffic congestion and embargoes known in the United States are practically unknown here. I would not minimize the operating results that have been secured in these countries through unified control; but the conditions of war times are so unlike those of peace that no comparison can be made concerning the working of the railways under the diverse circumstances.

## The Telegraph and Telephone in Great Britain.

I admit that a very roseate picture has been portrayed as to the extraordinary benefits to be secured from government ownership; and unless we had some means of correcting our perspective we might be deceived as to the effect. What do we find, for example, in the motherland? Most people will agree that if government ownership is unsuccessful there it would be equally, if not more, unsuccessful here. There are some municipalities which have made their public utilities pay and furnish, at the same time, good service. But upon the wider or national scale of operation what have been the results. Look at the telegraph. The state took over this business in 1870, and parliament was assured by those who prepared the scheme that the complete cost would be repaid out of profits in fifteen years, after which the taxpayers' burdens would be relieved by this ever-increasing revenue. But after the second year of operation by the state the profit entirely disappeared. The finances have yearly grown worse, until in the years just before the war the telegraph was costing the taxpayers yearly, not less than £1,400,000. Again, in 1911, the state completed the purchase of the telephones, the public being made to believe that there was great potential profit ahead by so doing. Before purchase, the state received from the National Telephone Company £350,000 a year; but this income disappeared and from 1911 to 1914 the receipts were barely enough to pay for the expenses of operation. Such results should give us deep concern before attempting state ownership of our railways, for the telegraph and telephone are very simple businesses in contrast to the exceedingly complicated administration of even one great railway.

## Our Own Railway Experience.

What has been the experience of our own country with government ownership? The history of the Intercolonial Railway is an outstanding example of an enterprise which has not paid any interest on the capital involved, and, on the whole, has not paid more than operating expenses. We must not, of course, overlook the fact that this road was constructed for strategic considerations and to join the maritime provinces with the central provinces of Canada. But the Canadian Pacific was constructed for similar reasons, and yet this road, in the control of a private company, in addition to fulfilling the original purpose intended, has also paid good returns on the investment. The Drayton-Acworth report is very specific with reference to the evils of the Intercolonial management, and equally emphatic in declaring that it ought to be taken out of the sphere of political influence. The history of government telephones in Manitoba is another instance showing the influence of politics, unsatisfactory service, deficits in operation, and unsound administration.

The Temiskaming and Northern Ontario Railway is, doubtless, the best instance of government ownership that we have in Canada; yet, even with the careful management of

Mr. Englehart, this road has paid no interest on the capital involved. It has done good pioneer service in opening up a new territory for development, but other roads privately owned and operated have done this and likewise paid interest on the capital. The last government at Ottawa, in advocating that the Canadian Northern be taken over, was evidently willing to do so without any prospect of success, but in pure empiricism. The plain statement of a member of the government was that, after this railway had been acquired, "we shall be able to see whether or not government ownership can be made to pay and is in the interest of the people of the country. Our ability to make the railway pay is very doubtful, nor is it certain that we can operate it as cheaply and efficiently as it can be operated by private enterprise." This attitude of mere experimentation with all its uncertainties comes out also in the assertion of the minister of finance, that "even if we do not succeed in managing them, [i.e., the railways], quite as efficiently as private enterprise would manage them, still the advantages that will accrue to the public from public operation will more than counterbalance any defects in administration." What these "advantages" would be, he wisely refrained from trying to explain. One cannot but feel that such a statement as this, from one entrusted with a high public office, offers no hope for the public in government ownership of railways.

To transfer all the railways to the government, and have no more assurance than this unalloyed doubt would surely be a vast calamity. But I have more confidence in the present government cabinet that saner counsels will be given, and it is hoped that the complete railway policy as it is developed will not be based upon the pressure of financial interests but upon those plans which will best promote the entire national welfare.

It was advocated in the Drayton-Acworth report that all the railways, except the Canadian Pacific, should be handed over by the government to "the Dominion Railway Company" to be operated by that body *free from political influence*. Great emphasis was laid upon this. How impossible this is can be understood by anyone who realizes the facts of parliamentary procedure. Any irresponsible organization, such as the proposed Dominion Railway Company is wholly repugnant to our ideas of responsible government. If the state owns the railways it must manage them in accordance with the public opinion of its citizens, and parliament is the constitutional means by which this opinion finds expression. The proposal to give the railways into the control of an irresponsible and self-perpetuating body like this, which should act without regard to the wishes of the electors and their representatives in parliament, is a pipe dream; but there is no place for it in a democratic system of government such as ours. Even if such a body were established by one government, there is no reason to think that it would be tolerated by the next, for one government cannot bind all succeeding governments to accept its acts as the law of the country.

## Private Ownership More Progressive.

If government ownership is beset with many difficulties, among which political influence and corruption bulk large; and if private ownership be also the means of political intrigue—of which we are not at all unmindful—which method of control should we prefer? I am going to suppose for the moment that there is as much political chicanery and as many devious methods employed under private ownership as under government ownership—though the supposition is probably contrary to fact. But, even granting this assumption, which system should we retain? My answer is, retain that system which shows the greater progressiveness and the greater responsiveness to the growing demands of the country's traffic.

Can there be any question as to which of the alternatives meets these requirements? Let me quote the words of Mr. Acworth whose knowledge of the railways of the world is replete. He says: "In all the history of railway development, it has been the private companies that have led the way; the state systems that have brought up the rear. It would be difficult to point to a single important invention or improvement, the introduction of which the world owes to a state railway. . . . Railroadings is a progressive science. New ideas lead to new inventions; imply new plant, new methods. . . . The state official mistrusts ideas, pours cold water on new inventions, grudges new expenditure." Is it this unprogressiveness that we want to introduce into our railway managements? Will this be the means of building up a great country and enabling Canada to take the place among the nations which by her natural endowments she is fitted to take? Or, do we want such a freedom of initiative as