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A NATION'S HEALTH
A NATION'S WEALTH

MEIGHEN AND DANDURAND ON THE RAILWAY PROBLEM

THE Senate of Canada strengthened its claim to be the arena where live questions are discussed when the two leaders—Right Hon. Arthur Meighen and Hon. Raoul Dandurand—delivered addresses on the railway problem of such importance that we have already published both of them in full. Our readers are thus in a position to judge the issue in the light cast by two outstanding public men, one representing the "watch and pray" policy of the Ministry—of all Ministries so far—and the other sounding perhaps the gravest note of alarm yet heard from a Privy Councillor of the first rank.

Senator Dandurand spoke in criticism of the able and revealing address delivered by Senator Beaubien in introducing his resolution asking for a special Senatorial committee to delve into the railway problem. He began by challenging his colleague's picture of the debt borne by the Government-owned railway. Senator Beaubien had put it at worse than three billions of dollars. Senator Dandurand's criticism was to give the details proving to the hilt that Senator Beaubien was right.

His only objection was that a part of this debt was for interest on the sums originally invested in the road. As the interest was not paid, what does the Senator think should have been done with it? The various Governments of both parties have agreed in doing the same thing and the only thing they could think of, i.e., add it to the debt. He seemed even to imagine that "loans to railways," still unpaid, should not be included in this grim total of three billions. Most of us would love to get the Senator to finance a private business proposition on the principle that he would not ask his loans to be either repaid or added to the debt, and that he would regard it as an outrage to keep a record of the interest due on either the first investment or any subsequent loans.

The apologists for the present set-up are always talking as if the National Railways were Government works, like the post offices and the canals. This is neither historically nor morally correct. The Intercolonial was a Government road, but the Grand Trunk, the Grand Trunk Pacific, the Canadian Northern and all the other fragmentary failures that the local politicians wished on this willing draft horse were precisely the same sort of private enterprise that the Canadian Pacific was and is. If they had made money, they would have paid their promoters. Some of them did, without making money.

Another brilliant bit of financing displayed by Senator Dandurand was his naive remark that the Canadian National System sometimes earned an "operating profit," and therefore should be regarded as solvent because its deficits were due to its debts. There are a lot of businesses in Canada who could show a fat balance on the right side every year if they had no bond issues or bank loans on which they must pay interest. If there is any legitimate way in which a business can be lunched with plenty of capital, and then forget all about repaying the capital or even keeping up the interest, while its owners pocket all its current profits as welcome surpluses, the senator ought not to keep it a secret from his suffering fellow-countrymen.

A great part of the Senator's speech was devoted to trying to show that Sir Edward Beatty had changed his mind. It is not likely that Sir Edward would deny it. With a changing railway situation which grows more hopeless every year, Sir Edward would have to be cursed with an atrophied mind if he did not keep it up to date on the subject. What might have seemed possible twelve years ago, on a rising tide of prosperity and before the Depression, is catastrophically impossible now. We have reached the stage of desperate measures.

Senator Meighen delivered one of the most obviously sincere, convincing and yet gravely disquieting addresses that has ever been

heard in Parliament. His biting arraignment of political conditions in this country which paralyze governments and prevent them from applying the only sure cures to our diseases of fiscal degeneration came with terrific force from an ex-Minister and an ex-Premier who knows only too painfully well what he is talking about. It was a case where confession was not only good for the soul but good for the nation.

Mr. Meighen cited the almost miraculous railway recovery in England through a giant scheme of unification, p... hundreds of railways into four groups. It rescued them from bottomless bankruptcy and turned them into profitable enterprises. Mr. Meighen said—and these words should be graven on the walls of Parliament: "We could do something similar in Canada if we had the same healthiness of public opinion and the same character of political appeal that they have in the Old Land; but we have not. If we continue the way we are doing now we shall come to something worse than unification—to something such as other countries and our provinces have come to. We cannot continue on this path."

Out here, he went on, we would have, after such an effort, "selfish, vile appeals to class prejudice which always seem to follow in Canada." The fault here lies in the lack of "a healthy public opinion." This is bitter testimony from a man who has lived amidst the buffeting of political appeals of all sorts for a quarter of a century. It took courage to proclaim this truth. The dear public does not relish having blame laid at its own door. But that is precisely where it rests.

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THE MONCTON DAILY TIMES

What the Amalgamationists Omit
(FROM WINNIPEG FREE PRESS)

In the attempt to force railway amalgamation on the country, there is constant use of tremendous figures—grossly exaggerated—with the object of appalling the public and blackening the record of the Canadian National Railway. This is to be expected from a drive that is engineered not for the purpose of enhancing the welfare of the country but of benefiting powerful private interests.

It is still claimed that \$75,000,000 a year could be saved. It is stated that the annual deficit of the Canadian National is \$100,000,000, and it is also stated that the publicly-owned railway "cost the country" \$100,000,000 a year during the presidency of Sir Henry Thornton from 1922 to 1930. These striking figures are being used in the desperate effort to blast the public resistance to the amalgamation campaign.

The \$75,000,000 of possible saving was estimated, not by any independent authority but by the officials of the C.P.R. It was based on conditions in 1930, and any such estimate would have to be greatly reduced now because the operating costs of both railways have been heavily cut. The actual saving that could be made is also greatly in dispute.

The statement that the C. N. R. deficit is now \$100,000,000 a year is simply not true. It is an attempt to inflate the deficit by suggesting that the railway should pay interest on large sums invested in the railway by the Government and even on deficits that have been paid. When shareholders provide capital for a company, they do not draw guaranteed interest but a return in the way of dividends.

To say that the Canadian National cost the country \$100,000,000 a year in the years 1922 to 1930 is to give an entirely misleading impression. The C. N. R. was then climbing rapidly into the rank of first class railways. It had a net operating surplus of \$33,000,000 in 1925, \$48,000,000 in 1926, and \$54,000,000 in 1928, paying all the interest on bonds held by the public. Great improvements were being made in the system and these required large investments. There was some extravagance, but the major part of the expenditure was fully justified.

For the investment which the people of Canada have made in the Canadian National, they have a splendid asset. It is one of the great railways of the world, capable of rendering the country invaluable service. This is the thing to remember when the amalgamationists with their dark designs talk about the money that has been spent on the system. The trouble is that it has created a strong competitor of the private company.

It is erroneously stated that

the railway deficit is the worst financial drag upon the country and that it threatens Canada's solvency. The deficit is much less than the amount spent by the country on relief and the Toronto Star has lately shown that Canada is paying less in interest on the national debt now than in 1921, and much less per capita. And the Government, in the fiscal year now closing, after paying all the ordinary cost of administration and also the cost of relief and the C.N.R. deficit, will be within about \$200,000,000 of balancing the budget. The financial position of the country has been steadily improving.

The business men of Canada should consider well what a private railway monopoly would do to them. At present, there is competition in service between two good railway systems. Freight rates are lower than in the United States and among the lowest in the world. The quality of the service and the low rates are a valuable advantage to business. In addition, the development of the country—agriculture, forest industries and mining—is actually promoted by the complete transportation system provided by the two railways.

If we had amalgamation and no competitive service, the private railway monopoly would give what service it liked. And it would be powerful enough to secure whatever rates it wanted. Business men would be at its mercy. With the invariable conflict between service and dividends, and without the good of competition to ensure efficient management, business men would know just what to expect. As intimated by the Brockville Recorder, published by Hon. G. P. Graham, former minister of railways, the present system is definitely in the interest of business men. "If," it says, "a monopoly is allowed, either by the Government or by a privately owned line, the rates will go up and the service will go down."

When so much is said about the railway deficit—which may be expected to be reduced and eliminated within the time which would be required for amalgamation—we should remember that it is really worth a great deal to have a railway system conferring such advantage on the country. The deficit should not be felt to be such a burden, for Canada is getting a very good return for its railway investment.

Business men and others will serve their own interests and those of the country if they reject completely the arguments and appeals of the amalgamationists. Canada has a future, and it is not on the verge of disaster. Nor are its people going to deliver themselves completely into the hands of a huge private railway corporation, though its advocates say it would be harmless and benefit.

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