

# Should Canada own her Railways?

An Address delivered to Members of the House of Commons at Ottawa

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The world we live in is an entirely different world from that of 100 years ago. The isolation of not only city and village life, but of rural life has disappeared under the influence of the railway, and even international barriers are breaking down, thru the binding influences of the iron road. The railway has become in the organized life of a community or a nation what the air is to the human body. It is vital to our organized existence.

We pay tribute to transportation in almost every act of our daily life. We cannot buy an article at our grocers, our children cannot buy a cent's worth of candy, and we cannot buy a copy of the daily paper without paying for transportation. Take, for example, a pair of boots. At first thought, transportation may seem to come into the pair of boots only in the carriage of the boots to the retail dealer, but in reality it begins on the farm and with the grass in the field. Without the cow or calf that produces the leather, and in order that the cow and calf may be maintained the farmer has first to build a habitation and buy implements and household utensils before the process of raising the live stock can be carried on. When the cow is killed, the hide goes to the tannery, and the tanner himself must have already had many items of outlay in buying his supplies of chemicals, tanning materials and machinery before he can dress the hide. He in turn, has to use transportation to ship his goods to the shoe manufacturer, and the manufacturer in his turn must already have bought items of machinery and supplies from a hundred sources before he produces the boots. The wholesaler cannot get these supplies without transportation and without the wooden boxes in which they come, and the wooden boxes in turn bring us back to the sawmill and the woodworking establishments, and then we are brought back to the lumber camp and to the coal and iron mines from which the machinery is derived. By transportation, the wholesaler reaches the retailer and the retailer and his travelers use transportation all over the country to sell the goods, and even the ultimate consumer must use the railway in a large percentage of cases to get to the shoe store. This process can be applied to a hundred other industries, but in the case of boots and shoes alone we see what a large element of the cost of those boots must really be set down to transportation rather than to mere labor.

## What is a Railway?

Now, what is a railway? Our common roads are known to us as the "Queen's Highway" or the "King's Highway," but we do not realize that the railway is both in law and in fact simply an improved highway. This definition of a railway is not based upon the isolated opinion of a judge here and there, but upon a principle which has been established by a long line of decisions of the highest authorities of Great Britain, the United States and other countries, and the principle is set forth in concise form by the United States supreme court thru Justice Strong, who said: "That railroads, tho constructed by private corporations and owned by them, are public highways, has been the doctrine of nearly all the courts since such conveniences for passage and transportation have had any existence." Those who build and operate railways, therefore, perform a function of government under a license called a charter, but its authority is always a delegated authority, the franchise being, in the words of another supreme court judgment, "a privilege of the sovereign in the hands of the subject," whether that subject be "an artificial being (corporation) or a natural person" and is "an entirely

subject to legislative control as such natural person would have been."

## Service to the State

The primary purpose of a railway, therefore, is service to the state, and the servant cannot be above his master. The thing created cannot be above its creator, nor can there be two sovereignties in one state. When such a condition exists there is anarchy. It is true that one or more transportation companies, either thru pride of authority or desire for profit, may assume that they are the sovereigns, and that people and parliament are their subjects, and may actually exercise such sovereign functions, but this is usurpation, and a subversion of the principles of that form of government where sovereignty rests with the people. That is the form of government in Canada, where the people are the state. Now the authority which has power to create a thing or to confer a privilege or franchise has power to revoke, modify or extinguish such privilege or franchise. We are speaking of the power, as apart from the question of justice, or what may

whether any profits at all, are made. If the widest service to the people at the cheapest rate is the only thing sought, passenger and freight rates can be lowered and revised without regard to any surplus; but if provision is to be made to make the railways a means of raising revenue for railway extensions or taxes for other purposes, rates may be maintained to that end. These are the most obvious contrasts between the private ownership and state ownership.

At this point advocates of private ownership arise to declare that while this is true in theory, it does not work out in practice; that state ownership is inefficient, and the source of corruption where so large an army of men are employees of the government.

## The Parallel of the Postoffice

The answer to this is that such is the case in the administration of other services of the State, such as the post office, the customs department, the inland revenue, the department of agriculture, and every other branch of the public service, where men and women

Yet the postoffice was once so farmed out, not only in Great Britain, but in all European countries. It is true that in almost all countries in former times foreign posts were under the direct control of kings and governments, but the domestic posts, which furnish the basis of comparison, were given out in England to favorite dukes or court favorites, and in Europe to guilds or to cities such as those of the Hanseatic, to universities or private companies. Both on the continent and in the British Isles the possession of these postal franchises was a frequent subject of intrigue and a source of corrupt administration. And the other noteworthy fact in the history of postal service is that it never became cheap and available to the people at large until it was taken out of the hands of corporations, made a department of the public service and operated as a unit, on the plan of giving the widest service at the cheapest rate. And precisely the same arguments were used against the reform and the same predictions of corruption and failure as are now used against the state ownership of railways. When John Hill, in the time of Cromwell, undertook to convey letters and parcels at half the former rates from York to London, and conceived the idea of ultimately having a penny postage for all England, a two penny postage for Scotland and a four penny rate for Ireland, he was looked on with disfavor by a government which farmed the service out for revenue, and his new letter carriers were "trampled down" by Cromwell's soldiers. The later postoffice reformer, Rowland Hill, met the same opposition, but he lived to see the rate for an inland letter reduced from an average rate of about sixpence to a penny, and in every country every reduction in the rate of letters, papers and parcels has been followed by an increase in revenue, thru the increased use made of it by the people. The general history of the postal service shows that whereas the carrying of domestic mails was once farmed out in every country of which we have record, there is now no civilized country in the world where the post office is in private hands, nor is there a single instance of any nation seriously contemplating a reversion to the private operation of this branch of transportation. The predictions of corruption and the doubts of efficiency and economy of state ownership, all have the logic of the facts of postoffice history against them.

The theory, therefore, that a railway charter is unalterable is in direct conflict with the principle of representative government, and the case of the Hudson Bay Company, whose charter was perhaps the widest in modern history, along with that of Sir John Macdonald's decision to enforce a modification of the C.P.R. charter may be cited as illustrations of the subjection of charter holders to the policy of the state. Of the power of the state to modify or annul a railway charter there can be no question, and therefore whether the state shall own the railways or not is a matter of expediency.

## No Case of Retreat From State Ownership

In the last forty years country after country has nationalized its railways, in some cases for the purpose of lowering rates, extending the service or appropriating the profits for public revenue, and in other cases because of the mismanagement or bankruptcy of the privately owned systems. One remarkable fact in the history of railway evolution is that among all the nations which have taken the railways out of private hands there is not a single case of complete and permanent abandonment of state ownership by any country of which we have record. Peru furn-



Felling Big Trees in British Columbia

appear to be justice. A sovereign state cannot part with its own supremacy over the things it creates except by abdication.

## Profit Purpose of Private Ownership

The most invariable feature of the conduct of railways when farmed out by the state to private corporations is that they are operated with a view to profits first, and services to the people second; and even where efficiency and conscientious work obtain, this efficiency is given in order that profits may be maintained or increased. This is in the nature of the case, because there would be no ground for inviting people to put their money in a railway company for investment unless there was a prospect of dividends and an increase in value of the stock. In the ownership and operation of a railway by the government, the first consideration is the service to the state for which the railway exists. Once the expenses of operation and the maintenance and improvement of the equipment are provided, it is merely a question of expediency what profits, or

have the government, and not private individuals, as their employers. Let us take the postoffice, and remember that the postoffice is a department of transportation and communication, for thru it the people send not only their letters and newspapers, but money and goods, and, now that we have the beginnings of parcel post, it is becoming in Canada, as it has long been in European countries, a medium of shipping light freight of all kinds. The nature of the service is therefore essentially the same as the railways. Do we find that the postal service of Canada or the United States or Great Britain is a hotbed of corruption and a means of inefficiency? On the contrary, making allowance for those imperfections which characterize human effort in all spheres of work, the postoffice is a marvel of service to the people, carried out in faithfulness and honesty of administration. So fully is this proved in our daily life, that no one outside of a lunatic asylum would now propose to hand the postoffice over to a private individual or company, to operate with a view to paying dividends.