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# PROBLEMS AND SUGGESTIONS

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Address before the  
**Canadian Club, Winnipeg**  
by  
**C. A. Magrath**

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4th February, 1916

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## FOREWORD

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A brief criticism of the following address in one of the Winnipeg papers was to the effect that I had said either too much or too little. The point is admitted. No doubt, whatever is said in such matters, is too much for some and too little for others. The object sought was less to state positively what shall be done, or ought to be done, as to the matters under discussion, than to state certain propositions, particularly with a view to having them discussed in the great public forum of the press.

To me, Winnipeg has always been more than the site of an important commercial community. It is the strategic point from which a great Canadian national movement could best be conducted. It is the link so to speak between our east and west. The Winnipeg press dominates the new west. It in consequence carries a great responsibility. I lived on our western plains for many years. I had three years in public life as a Member of the House of Commons and during that period especially I frequently urged our new settlers from abroad to take an interest in public affairs, my view being that so long as they would only do their own thinking, I was not particularly concerned about their politics. The reply occasionally received was, if we read the Winnipeg papers supporting both political parties, it leads us to one conclusion, namely, that Canadian public men are a bad lot. That charge applies practically to all of our papers, aggressively supporting one or other of our political parties.

The main foundation of the bi-party system today is the theory that there is no good in the opposite party. Now, starting out with such a false hypothesis, how is it possible to get the best service from men? Much of the energy of each side is wasted in proving that the other party is a menace to the country's best interests. Members of Parliament and legislatures are seated behind their leaders—the two parties are placed face to face—the whole situation is indicative of fight. They first have a wordy war over the speech from the Throne, extending usually over several weeks. The reply to the speech may have served a useful purpose at one time, but to-day it finds the two parties more antagonistic at the end of the debate than when it was started. Meanwhile certain of the press are carrying the refrain to the four corners of the country. I am not suggesting that an Opposition should not freely criticize the Government of the day, but the business has become so professionalized that the time has gone by when members of Parliament step aside, and temporarily or otherwise forsake their party. Again there is absolutely no

resemblance between Dominion and Provincial politics, and yet all the forces of governments in the one are brought to bear to help the party operating under the same name in the other during their elections.

We must all recognize that there is vast room for improvement. Are we, however, going to wait and gravitate back into better methods or shall we try and stimulate a movement for some immediate improvement? To me it seems we must start with the people. Let us try and create a reasonably decent atmosphere for public men. Altogether we seem to have been proceeding along wrong lines. It is useless to look to the Mother of Parliaments. The situation there in recent years has been none too good. Where then will we look?

The matter, I believe, is largely in the hands of the press. No one realizes more than I do that the press of this country—a commercial institution—has been doing great service, especially during the present war. Can we, however, say as positively that the press is doing what is possible on its part to assuage or mitigate the bitterness of party strife? Is there not ground for the view that our newspapers are prone rather to accept as inevitable this evil of our national life, to justify it and even in a measure to profit by it (and revel in it)? Is it necessary that the partisan zeal of a newspaper should overflow from its editorial columns into all its pages? Is it desirable that reports of proceedings in parliament, or of any sort of gathering at which politics come up, by chance or design, should be blacksmithed into a supposed consistency with the party policy espoused by the newspaper? Is it not true that the reporter frequently maintains, as he writes, a running fire of comment and criticism, friendly or adverse, as occasion may require, of the statements he is crediting to the man who is for the moment at his mercy, so that the reader receives frequently, not so much a careful synopsis of the views expressed by this or that public man on that or this public question, as a curiously garbled version in which looms large the personality of the editor as interpreted by his representative?

Of course the reporter in such matters is blameless, and the editor must not be too severely condemned; it is difficult for individual institutions or men to break away from what is the common practice, though fortunately, here and there vigorous attempts are being made in the right direction. Is there not, however, much to be said for the development of a newspaper practice which would permit the reader to feel reasonably sure that in any respectable journal which deals with public affairs he will find that, though its editorial page may be frankly partisan, statements as to matters of fact are clear of partisan bias, and not to be distinguished in their general character from those found in a journal attached to the opposite political party? In short, would it not be a public advantage if our

newspapers to a greater extent confined their politics wholly to their editorial pages? And is there not some chance that the development of such a practice would tend to soften somewhat the asperities of the party system and to improve our outlook on public affairs? Have we not the right to expect this from the press of Canada?

And now, supposing political partisanship eliminated from the news matter printed in our newspapers, is there anything further to be desired? Let us look for a moment at the news columns themselves from other points of view. Does it not seem, as one's eye runs over the average daily newspaper, that more and more every day one encounters the vernacular of the street? Is it not a fact that under the guise of comic illustrations, some of our representative newspapers print what can only be described as vulgar rubbish? Fortunately, these last do not have their origin within the Dominion itself, and have to be imported, Heaven knows why, from elsewhere.

The press seems to need something of that efficiency which it has been strenuously and properly urging on the public as necessary for the proper development and progress of Canada. It is worthy of a higher level of thought and workmanship than that on which it stands at present. For the newspaper, it should be remembered, is the sole reading of an ever-increasing portion of the people, and the sole medium by which vast masses receive instruction as to public affairs and policies. Days are fast approaching in Canada when we shall confront problems and conditions which will tax the energies and resources of the wisest and best among us. The most powerful instrument we can bring to the aid of those on whom these burdens will fall will be a free, fearless and efficient press, maintaining with dignity and honour the interests of this splendid Dominion and the more splendid Empire of which it is a part.

As to certain other features in my address, they were disposed of as being "academic." I am ready to admit the charge. The time is rapidly passing away when those verbal brooms "academic," "visionary," "idealistic," etc., will be able to brush aside ideas that heretofore have not been regarded as "practical." I trust I have made it quite clear in the address that I am not at all dogmatic. I admit there is ample room for other views than those I put forward, yet mine may be helpful to men seriously wishing to be of some service to Canada—my only excuse for appearing before the Winnipeg Canadian Club, to the members of which I wish to express my deep appreciation for a warm and sympathetic hearing.

C. A. MAGRATH.

Ottawa, April, 1916.

NOTE:—Since writing the foregoing, the back of the country has been pushed a little further under two of our large railway

corporations. The government has also announced that it is going to have made a thorough investigation of the entire railway situation. Let us hope that that investigation will be sufficiently broad, so as to deal, not only with the difficulties in which the railroads as well as the Dominion and certain of the Provinces find themselves, and which naturally must raise the question of national, semi-national, as I have termed it in the following address, and privately owned roads, but that the Commission engaged in the investigation will be empowered to consider:—

(1) The desirability of an amendment to the British North American Act so as to place all railway legislation *entirely* under the control of the Dominion government (a close study of the granting of railway charters and railway aid by the Parliament of Canada as well as the Provinces in recent years, will help to illuminate some features of our present railway difficulties).

(2) The extent to which Government control of railway rates should be used as a part of a comprehensive policy of industrial development correlated to the tariff policy which deals with foreign trade.

(3) The effect, beneficial or otherwise, to the country as a whole of the railway policy of throwing the energy of the corporation into the building up of distributing centres to the detriment of other centres of population. Is it in the public interest to have a system of "town" or distributing tariffs applicable to the distributing centres alone? Or should all points be allowed to obtain such distributive trade as they can on a common scale of rates?

(4) The desirability of creating small railway corporations to build short branch and colonization lines, when we know that the short haul calls for higher tariff rates.

9th May, 1916.--

#### PROBLEMS AND SUGGESTIONS

It is not from any lack of courage on my part that I come forward with "suggestions" instead of "solutions." The former may lead to, and help in reaching solutions of problems on the soundest possible lines. The older I grow, the more convinced I am that two heads are better than one—the perfect machine is the product of many minds. And in this connection may I refer to an attitude frequently taken by some of our most prominent public men, and with which I have little sympathy. It is their adherence to the doctrine that one must not criticize unless offering at the same time something better in its place. Especially is this true if the criti-

cism is as to political party tactics or government administrative methods. The business world may be divided into two main classes, namely, that relating to the affairs of the country and controlled by the representatives of the people, and those businesses within the country operated by its citizens. The systems of management of the two are as far apart as the poles. I think we all agree that that should not be so. In the former the legal mind is prominent and in fact controls. In the latter the contrary is the case. Do not misunderstand me. I fully appreciate the great value of a legal training. It is however one thing to make laws. It is entirely another to develop and manage a business. If any one sees fit to criticize any public policy and has the hardihood to suggest *remedies*, the public man, usually a lawyer, politically trained, at once starts on a hunt for technical weaknesses in the proposals, gradually building them into a mole hill, over which he stumbles because he always has before him visions of a critical opposition. He might better frankly recognize the fact that every opposition in parliament would attempt to rewrite the gospels; that they would find flaws in any method. The public man should look instead for the virtues in the proposals, and act upon them if their value to the country so warrants.

The only sound way then to deal with men so continually on the defensive that it seems to have worked into their systems, is to hammer away at ills in methods under which they operate—offering nothing in exchange—until the public is brought to see the necessity for change—if necessity there is. Of course there is a reason for such an attitude on the part of our public men, who are so loaded with unnecessary work that they have no time for anything except those questions that force themselves forward from day to day. And as debating is one of their forms of recreation, they naturally and without malice find it easier to tear asunder a suggestion for change in methods, in preference to taking the necessary time to uproot a system so vicious that it would destroy any business in the other main class carried on within the country.

In view of Winnipeg's peculiar geographical position in Canada—may I liken it to the neck of the hour glass—through which the country's trade must flow between the east and west, I thought you might be interested in hearing me briefly deal with a couple of our inter-related problems. First let me say that we appear to have failed to appreciate the importance of public discussion, especially from a non-partisan standpoint. There is no denying that questions are torn asunder politically and measured by results, it appears to me we should all hold up our hands for greater analysis from an entirely non-party view point.

Now, Gentlemen, in at least two branches of the Christian Church, it is the custom to recite their creed, and to me that is sound.

We all should have beliefs and it would be beneficial for us to publicly announce them from time to time. As citizens of Canada—one of the units that go to make up the British Empire—have we as a people any fixed doctrines? With all our faults and without generalizing, broadly, we might say we believe we stand for the best in civilization. We are not Pharisees. We do not say that we alone are ambitious in that regard. Notwithstanding our faith, we find ourselves taking a very prominent part in not only the greatest but the most cruel war the world has ever seen. I do not propose going into the causes of this war, as I have other things to say this morning. May I, however, draw your attention to the fact that our very best young men have gone forth of their own free will and are fighting for our cause. They are giving up their lives for this, their country. If they are willing to do that, gentlemen, is it too much for us to say that we who stay at home should give of the best in ourselves to Canada; and we can do it and still carry on our usual avocations. And that brings me back to the question of creeds. What has been our creed as citizens of Canada? It is not the individual creed I ask about but the composite creed, just as we would obtain a composite picture of every countenance in this room. Gentlemen, I am afraid we would find our creed much too largely made up of self-interest.

The businesses of a country are innumerable—all more or less woven together and interlaced with the biggest business of the country—the country's own business, its government. Our creed I fear would disclose each individual business as having had the entire attention of those who control it. That is right up to a certain point, but the self-centred man is not the best citizen. Every man is a stock-holder in his country's business. Now, Gentlemen, let us be honest with ourselves, have we been following that business very closely? Is it not largely true that the man who presents himself for election in the average constituency, without bushels of money behind him is about as welcome as a pugilist in a pulpit? Where does the money come from? Gentlemen, before you cry out upon the politicians, remember that there are legitimate expenses connected with a political campaign, and I fear little of that monetary assistance comes from those superior citizens who denounce politicians, condemn patronage and generally do everything except help to work the institutions of their country. If in the average constituency, a sufficient number of well-to-do citizens who are principally occupied in minding their own business, but who in addition wish to see the country managed properly—if, I say, a sufficient number of such citizens would rally round their candidate and put up their own money in very modest sums, do you know what would happen? A candidate, if elected, would be a free man. He would

not have bought the honour with his own money, or have mortgaged it by taking large sums from interested sources, or tied himself up to his party machine by drawing on the campaign fund. But that does not happen. The superior citizen takes it out in criticizing. What follows? Often the party has to nominate a rich man and he is bled. If he spends all that money for nothing but the pleasure of being a statesman, the superior citizens who vote and do nothing else get a better bargain than they deserve. If he is carried by funds which are supplied to him—those funds do not come from heaven; they largely come to him by the other route. The larger political party subscriptions are the only instances that I know of where men give—shall I say something for nothing? No one would seriously make such a suggestion.

The get-rich-quick idea that spread all over the civilized world in recent years is largely responsible for the failure in self-governing countries of the stockholders as a body to do their full duty as citizens in selecting, and especially in supporting our public men. Who worries about the numerous things done by governments in many constituencies throughout the country? The average business man, who does not look forward to becoming an office-holder, pays no attention; thus he professionalizes the party worker, he narrows the public opinion of his district, and then he thanks God he is not as this party heeler. We see many things occurring which should not be, but very rarely has anyone taken the trouble to speak out. And yet we all think that we are of a pretty high type of citizenship.

Taking it all in all, the country gets far better members of parliament than it deserves. The standard of ability and special knowledge is distinctly high. The standard of honesty in the pecuniary sense is very good; remarkably few members of Parliament leave public life richer than they entered it. But our political system makes a most imperfect use of their real ability and their real public spirit. There are good men in our permanent service, but the political party system of controlling them certainly has failed to give the best results. Why? Well, very largely because of lack of public opinion and public spirit. There are inherent weaknesses anyway in parliamentary government. There is a terrible tendency to pay attention to powers of talk rather than to powers of work. We have listened with delight to candidates for political office indulge in invectives against the opposite party. We have looked for volumes of talk and we got them. We have preferred the man skilled in verbal acrobatics because he was entertaining, just as some are drawn to church by the sermon rather than for the worship of their Maker. We have heard the expressions—"the keen wit," "the biting sarcasm," "the adroitness with which he turned the debate"—and

not one of them worth to the country the price of the copy of the daily newspaper in which they appear.

You have in this city of Winnipeg some of the best business minds in America, who probably are absolutely useless as debaters, consequently there is little room for them in Parliament—more's the pity. What would you say if you thought as I do that probably up to ninety per cent. of our men in public life are thoroughly tired and disgusted with it. If this statement is correct it simply means that we may be getting only about ten per cent. efficiency instead of anywhere from sixty to seventy per cent. from our public men. Many years ago one of Canada's most distinguished sons, a very prominent engineer, who in the first or second decade following confederation, had a seat in the House of Commons for several years told me that the mis-spent years of his life had been in Parliament. You may then ask—Why do men offer themselves for re-election? That I think is easily accounted for through the urgent demands of political supporters and that spirit of opposition—a determination to fight it out—which party tactics develop. Let us hope that there is a new era dawning for the public men.

Meanwhile, Gentlemen, the question now before us is, are we who remain at home going to play up with those lads who have gone forth, prepared to give up their lives for Canada? That is the question for each one of us to take home and ponder over. We live in a climate that will produce a virile people, and virility is synonymous with courage. It seems to me essential that we take a greater interest in our public men than we have been doing in the past.

Our tribulation as a self-sacrificing, free people will mean to us great fortitude and strength. And from those men who are daily looking death in the face on the battlefields of Europe, there will return to Canada a group that will become a force for great good in this land of their birth or adoption. We must realize that, in the refining process through which our men, and especially our women, are passing, this country will be greatly enriched in the character of its citizens. It is no idle boast therefore to add that Canada is now destined to be one of the countries to be reckoned with in the years to come. Our creed then as citizens must undergo some considerable change, and, Gentlemen, I have the fullest confidence in ourselves in this matter, provided we let our thoughts frequently pass from our individuals callings to that of our country. There is no more inspiring sight in the world to-day than that of the French people fighting with a single and unselfish mind for their beloved France.

Do we not see on all sides the awakening process that is visible in Canada. Our public men are thinking of the future—the building up of Canada—no country in the world possesses more inter-

esting problems than Canada. She is young, with vast areas of productive lands—a country of opportunity and not sufficiently advanced in any one direction to preclude avoiding the difficulties into which other countries have fallen. It is true that we have fallen into the same error as our neighbour in the matter of the population of our cities over-balancing that of rural Canada. This can be overcome by stimulating the settlement of our vacant lands. That has always been admitted as a sound public policy. In fact to-day it is imperative that we do so in view of our heavy expenditures very properly made on account of the war. At the end of our last fiscal year, 31st March, 1915, our national debt was \$449,376,083. Our commitments at that time in connection with the Hudson Bay Railway, the New Welland Canal, and other public works stood at about \$100,000,000, and our war and other expenditures to the end of the present calendar year will, with existing commitments, amount to a total of probably nine hundred million dollars, and this without considering our obligations in connection with railway construction in recent years. Therefore our tax load will necessarily be quite heavy until we materially increase our production, and that means more people on our vacant lands.

May I therefore turn for a moment and touch on two of our larger inter-related problems, viz., Immigration and Railways. How often have we heard sections of the press criticize this Government or that Government for its inefficiency in the matter of a vitalized immigration policy. We seem to have laid too much stress on policies and too little on organization. It is not so much the question of constructing an immigration policy as of getting behind it and making it a success. The best policy ever devised will not work automatically; in fact every business in the course of development requires some elasticity in its policy. The question is one of human energy. It means then organization. Any immigration policy will always work up or down to the level of the organization controlling it. Naturally we should look for a great organization.

This question of immigration, is by far the most important service in Canada; none other can approach it, and yet it is not even conducted in a department by itself. The strength of a country is in the character of its people, and if we are to be large importers of men and women we need to develop a strong permanent organization, instead of one largely changed with each incoming administration. No public official has greater responsibility than our immigration officer stationed on the boundary of the country, looking into the faces of incoming people. He has to decide whether they belong to the producing class and are to be admitted, or are likely to become a burden to our public institutions, and therefore should be refused admittance.

The entire problem has such a tremendous bearing on the future of Canada, it requires in my judgment, the co-operation of the best minds in the country. We are not content to-day to leave to the care of the Militia Department the families of our soldiers who are fighting to safeguard Canada and the Empire. We have recognized that a great duty rests on us in this matter, and consequently we have got away from the old method of entire departmental control. We have created the Canadian Patriotic Fund with its Branches from the Atlantic to the Pacific. The problem of our immigration service is to aid in the development of Canada and likewise safeguard her by keeping out undesirables.

My conclusions then are that it is too vast to be entirely controlled by a political head, changing from time to time, and especially under existing methods of political partyism. When did anyone ever hear of a party in Opposition giving a Government credit for doing any good? What substantial headway can any undertaking make, if something less than half the stockholders, led by a few prospective directors, are eternally vigilant to put the directors wrong before the proprietors? It seems to me that the Immigration service is so important that there is ample scope in it for three able, aggressive men to act as a Board of Managers in a Department controlled by none less than the Prime Minister, and supported by a consulting committee, made up from men drawn from the various sections of Canada and from both political parties, acting in an honorary capacity. The Commission of Conservation of Canada was created on that basis and so far as my information goes it has always received the whole-hearted support of Parliament.

Whether my views are sound or otherwise, we will agree that Canada is destined to become a great agricultural producer. She is in fact that to-day. We are no longer in the experimental stage. We know there are vast numbers of people looking for homes. We realize we need under the new conditions that are developing, great organized effort, not only to find desirable people, but more especially to place them on the land and to exercise some influence over them until they become rooted there and are producers. A prime factor in the settlement of the country is the transportation problem. That brings forward the railway situation—the country's arteries.

Gentlemen, there is little room for political party controversy in what I have been saying. Now I propose venturing on ground more or less dangerous, though I hope to do so in a non-partisan way. I might add that the moment I became a member of the International Joint Commission, I threw away all my political party clothes. The measure of our success as a Commission, will depend on the extent to which we obtain the confidence of the whole people, and that I feel would be quite impossible should I dabble in politics.

First, let me admit that I am not a political economist. Nevertheless, I propose laying down an axiom in respect to young countries in the process of development. It is this, if it is sound to build a tariff wall around a country—and mark you, I am not discussing whether it is sound or otherwise—for the purpose, either of raising revenue and incidentally stimulating industry, or for the development of industry and at the same time obtaining revenue, then I hold, if industry is benefitted by the tariff, as appears to be the general impression, we should endeavor if possible to carry the principle further and see that some measure of that benefit is extended to the far distant interior of the country as well. It is an atmospheric law that heated air works upwards. If the basement is heated, it is true, the temperature of the attic will gradually be affected, but in modern dwellings heat is scientifically distributed all through the building so that all rooms are equally comfortable. That principle applied to commerce and industry should be a prime function of the railway.

We have frequently talked about building up Canada industrially, in connection with the creation of home markets for our farm products, but so far as I can see Western Canada has not been making much legitimate headway in that respect. The same seems true in the interior of the United States. There, too, they have failed to carry the protective system—sound or otherwise—to its logical conclusion by facilitating industries in obtaining a foothold west of the Mississippi. How can that be accomplished? We know that iron enters more largely into manufactures than any other staple. Would then a preferential freight on the raw product give manufacturers in the interior sufficient advantage to enable them to get a fair start? Cost of living is of course an important factor, but it should not be long before the east will have little advantage over the great agricultural west in that respect. Because of the apparent absence of raw material in a section of country, its industrial development is considered impracticable. That, however, may be quite unsound. "Follow the leader" doctrine is strongly ingrained in us all. Industries go where industries already exist, and they naturally hesitate to go where the raw material is not exposed along the roadside. Further, the raw product is not seriously hunted for if there is no market for it, and thus the circle of inactivity in industrial development is made complete.

If a country is compact, the benefit from tariff protection to the industries in a few centres, will reach out to its limits. Otherwise that is improbable, unless there is worked into the problem in conjunction with the adjustment of the customs tariff an adjustment of the railway tariff having the same object in view. Such an adjustment to make available for a reasonable period at least, cer-

tain basic raw products, for industrial purposes in the interior of the country. It is true freight rates on pig iron are lower than on the finished products, but the loss in reducing the pig iron on which freight is paid, gives the western manufacturer, I understand, no special advantage.

I am fully aware this doctrine I have been advancing is open to various objections. It is held for instance that when the west receives sufficient population, industries will naturally follow. That probably is true, though the central sections of the United States do not appear to have been very successful in that respect. It is also true that our vacant lands will be settled in the course of many years, even if we do nothing to stimulate immigration. We seem, however, to regard it as desirable to encourage land settlement. Is it not equally sound to stimulate industrial development, thereby bringing our raw products increasingly into use? This is essential to the growth of the whole country along the soundest lines. The suggestion is occasionally made that eastern Canada—the home of our manufacturers—has contributed much towards the western section in railway and other development works, and consequently should not have its “natural” advantages in the matter of manufacturing disturbed. It is not for me to question that view-point. I am discussing a general policy for stimulating settlement and that justifies me in following the subject to the point of seeking the best condition for placing people in a new country as well as for maintaining them there. Apart from that, sectional differences need have no place in Canada, as the country is so big there will be ample room for eastern as well as western manufacturing industries.

Possibly I am advancing what may be regarded as revolutionary ideas. That, however, is not my intention. Canada is entitled to the best that is in us, and in throwing out suggestions, my only wish is to see her launch out on sound lines of development, after the fullest consideration is given to every plan that has been brought forward with that object in view. However, what I have been discussing in the matter of railway rates is not original. The principle has been in effect elsewhere and to the material advancement of the countries adopting it. Vrooman in “American Railway Problems,” mentions that “French railways are run primarily for the profits of the stock-holders, while to a certain extent German roads, and to a much greater extent Belgian roads, are run primarily to build up the national commerce and industry.”

Assuming for the time being that my suggestion is sound, namely, to give at least for a limited period a preferential freight rate on certain raw products for the benefit of our Middle West. The next question is, how is it to be accomplished? From one maze of difficulties, I find myself entering others still more complicated. Let

us for a moment consider the railway situation in Canada. We have what might be termed three main classes:

1. *Publicly owned*, as for instance (a) the Intercolonial Railway, (b), the National Transcontinental Railway;
2. *Privately owned*, the Canadian Pacific Railway being in this class, and
3. *Privately owned with large government guarantees*, the main ones being (a) The Canadian Northern Railway system, and (b) the Grand Trunk Pacific Railway.

If the latter group continue to meet their obligations they will in time pass into the second class. We all know what happens to the endorser should there be any failure to meet the obligation.\* While I have been unable to verify the amounts of these guarantees, it would look as if the Dominion Government's direct responsibility by way of loans and endorsements, is not far short of \$200,000,000, and that of the Provinces, probably half that amount. Should all Government (Dominion and Provincial) authorized railway guarantees eventually be earned, they will amount to about \$400,000,000. I am not going to borrow trouble by discussing that matter.

It is useless to look to our neighbours for any help in the solution of our railway difficulties. They, too, have difficulties. With them there is a growing unrest for something better, though it is generally understood the public is getting transportation services at figures as low as possible under existing railroad conditions. It may mean in the United States a re-arrangement of their great railway systems whereby each would be given a certain zone of territory and within which the controlling system would have the right to acquire all "foreign" lines—such a scheme would permit each to gradually re-arrange its lines looking to the maximum of traffic with minimum mileage, and further give services only to meet the busi-

\*The Finance Minister, addressing the House of Commons on May 8, 1916, in referring to the aid rendered the Grand Trunk Pacific and Canadian Northern Railway Companies, said, (1) "The provinces of Saskatchewan and Alberta have given their guarantees in connection with the Grand Trunk Pacific Branch Lines Company, which is a subsidiary of the Grand Trunk Pacific Railway Company, to the amount of \$13,000,000, so that, in round figures, the position, so far as the Grand Trunk Pacific Railway Company is concerned, is that it has outstanding securities guaranteed by the Dominion Government to the extent of \$78,000,000; it has obtained loans from the Dominion Government to the amount of \$25,000,000, and the Grand Trunk Pacific Branch Lines Company has issued securities to the amount of \$13,000,000, guaranteed by the provinces of Alberta and Saskatchewan. Therefore in connection with the Grand Trunk Pacific Railway Company, the public credit of the Dominion and the two provinces in question is involved to the extent of no less a sum than \$116,000,000; and

ness needs of the people. The trend of opinion in that country, amongst the best informed, appears to be in favor of a sound policy is to go to the extent of saying where new lines shall be built and of regulation by highly competent and broad-minded servants of the people, entirely removed from political control. If such regulation when, then it may be sufficient. It could hardly be expected that control of that character should be exercised over a purely privately owned road, and yet regulation by the government of the operation of railroads and their traffic rates alone, do not seem to meet the needs of the situation. A feature of existing regulation of roads in the United States that is the cause of growing concern to the operators is the intra as well as inter-state control. But all these burdens, if burdens they have been, surely cannot be charged with having brought to bankruptcy such a large mileage during the past few years. In November last, President Johnson, of the Norfolk and Western Railway Company, addressing the Western Society of Engineers on "The relationship of the railways and the public," said: "According to the latest available statistics there are now 82 railways in the hands of receivers having a mileage of 41,988 miles, and a capitalization of \$2,264,000,000." Does that not look as if some of those roads must have been located and constructed where there was at least no present need for them?

We in Canada have, I believe, entered into a new railway era. In the past, like the ostrich, with our heads in the sand, we have said "the more the merrier." If capital wished to take chances on building railways, side by side, we encouraged them, claiming that it meant competition and that that benefited trade. Such a doctrine can only be sound so long as there is a sound distribution of track. Let us assume we could perform wonders, and overnight lift up our Canadian railways. We know we should never think of laying them all down again, while many miles would not even be placed back in their present locations.

We must assume, at least in theory, that there is such a thing as a scientific distribution of rails, and there is a doctrine, all things being equal, that the products of a country in transit to their market,

(2) "The total Dominion guarantees in respect of the Canadian Northern Railway System aggregate \$104,000,000. There has, in addition, been guaranteed by the provinces of Canada no less an amount than \$107,000,000 of securities of the Canadian Northern Railway Company. Of this amount Ontario has guaranteed \$8,000,000, Manitoba has guaranteed \$25,500,000, Saskatchewan has guaranteed \$15,000,000, Alberta has guaranteed \$19,000,000, and British Columbia has guaranteed \$40,000,000, making a total, as I have said, in round figures, of \$107,000,000 of the securities of the Canadian Northern Railway system guaranteed by the provinces of Canada. Taking the two together, the Dominion and the provinces, the total guarantees aggregate \$211,000,000."

should as far as possible take advantage of the transportation facilities of that country. In applying that doctrine to western Canada, for European shipments, we know that Canadian railways are at a double disadvantage when compared with American lines. First, in the matter of operation in winter, and second, the latter enjoy a traffic-producing territory, the entire distance between the Atlantic seaboard and the border states of the Middle West, while we all know there is a long stretch of country in Canada that contributes no business to our transcontinental lines.

It therefore looks as if Canada would some day have to face the problem of a scientific distribution of rails as that seems the only way to get our haulage costs down to the minimum. Many things, however, will have to occur before that is possible. Is it our fixed policy to have national as well as privately owned roads, as is the situation to-day? If not, which will give way to the other? That is a question I think I had better leave alone. We know it is a very vexed question with railway experts, namely, national vs. privately owned railways. Of this I do feel confident, that it was a mistake to have ever allowed the building of more than one transcontinental railway. With but one great railway system, we could have had our Railway Board entrusted with extraordinary power to say to the Company, you must build a branch line here and another there, after the Board had determined the need for such branches.

Considering the disjointed productive areas of Canada, stretching across the continent, and all adjoining the great Republic to the south, with its network of roads; the economic problems, which such a situation gives rise to, and especially within our largest area—the Middle West; and the desirability of trans-oceanic trade, flowing as far as possible through Canadian transportation channels, I believe a great national railway system would best serve our purposes. In that case the profit-earning feature, over and above fixed charges need not be a factor for some time to come. Knowing our past experience in operating a national road, it has taken some courage on my part to make that admission. Having made it, however, I might as well admit that it is a very long cry to such an accomplishment, both on account of cost, which would absolutely exhaust the country's credit, and the fact that public control on this continent has so far invariably fallen far below that of private management, in the matter of efficiency and economy.

There is something less drastic, which appeals to me with considerable force. It is a great semi-national railway, to be accomplished by the absorption of our existing national roads, as well as the two smaller transcontinental railways with the larger, the Canadian Pacific Railway. In such an amalgamation the State would have to do a considerable portion of the financing. This apparent

added responsibility would hardly involve it in very much greater obligations than—directly and otherwise—exist today in connection with certain railway projects.

In such a scheme, the Government's investment—less than fifty per cent. of the whole—would be represented by stock. That minority holding would carry its proportionate representation on the Directorate. The country's share of profits to be available in a general reduction of rates as well as in the granting of preferentials on raw products, as the Railway Board with absolute control of rates, would direct. The Railway Board to have the responsibility of directing when and where new lines are to be built, while the majority of the stock, held by the public, might be limited to some fixed dividend. That would give the country one great railway system under private management. It would do away with unnecessary duplication of lines, lessen the cost of transportation due to competition to meet extravagance rather than business needs. And the country's investment would be treated very much in the same way as its \$100,000,000 investment in canals, from which no direct revenue has ever been collected. It probably will be said that the holders of the majority stock would become indifferent in the management of the new undertaking, if the return on their holdings was limited by law. In other words, effort would cease to be stimulated by hope of higher dividend returns to the investor. That under ordinary circumstances is highly probable. The government as a partner however should give the undertaking such a firm financial standing as to overcome, largely, the loss through inability to speculate on increased dividends. I might as well confess that this method—a semi-national railway at once raises the issue, patriotism vs. sordid private interests. For my part I believe we have important railway men in Canada who would rise to the occasion.

We all know that the private corporation is operated primarily for the dividend. If it is a question of reducing it for a few years in order say to aid in the development of some classes of industry, we have a very fair idea which will suffer. The management would have no option in the matter. The cow must be milked regularly. That is the attitude of proprietors as a body. And that feature counts in favour of the national railway, its prime object being the development of the country along the soundest lines. If on the other hand, it is to be the settled policy of the country to have both public and private railway corporations, how could they best be grouped to render the greatest public service? I say grouped because I see no advantage in competition. To me it is a fallacy, as healthy business interests are not so silly as to compete below the high water dividend mark. They reach an agreement, when competition becomes more of the nature of combination. The transportation needs of any particular district, if guaranteed by aggressive government control, can be properly taken

care of by one system and much more cheaply than by two. The unreasonable—the indifferent thinkers—are unconsciously an expense to the country. Some of them would take a ten pound parcel to a railway and expect a "special" sent out with it. And it is that attitude that starts two lines competing in extra services and for which the people as a whole must pay.

Well, how would I group these public and private lines? If I could close my eyes to the net-work of private lines in Canada, I might say, let us have a great national trunk line, from east to west across the continent, with minimum freights for maintenance, thereby carrying out our non-revenue canal policy, and have the private lines as feeders. But with the situation that exists today, that seems quite impossible. We might, however, apply that principle to the existing National Transcontinental and use it as a winter road for certain classes of freight, in that way bringing the winter rates nearer to those—lake and rail—that prevail in summer, and allowing as far as possible the business of the country to flow freely throughout the entire year. This latter, it seems to me, must be an essential in Canada.

I trust my remarks will not have led you to think that I fail to appreciate the fact that Canada has the greatest railway system in the world. It has its faults, so have we all. It is a great credit to this country. Nor am I advancing the idea that national lines are better than private ones. I merely hold that one great system gives the greatest opportunity for the greatest good to the country; that the dividend feature in the private corporation, precludes the fullest consideration being at all times given to the development of the country's commerce and industry; that Canada's peculiar physical conditions may yet demand railway rates that the dividend paying corporation may be quite loath to consider.

There is a feature of railway operating policy, as we have it on this continent, that I seriously question as being sound, and which we would not have under a nationalized railway system. It is this, the method of developing a few trade centres which to me, it seems, in some cases, are carried to an excess. If a powerful railway corporation, today sets out to create a traffic terminal it at once draws from other centres in the surrounding district. Your City of Winnipeg happens to be a terminal, but its situation as the gateway to the west makes it a natural one. The Railway Company as a highly organized institution, thinking largely of the earning of dividends, has in that way aided and abetted in the destruction of a proper equilibrium between the city and the country. We know it is better for one of our western provinces to have at the present time ten healthy centres of 10,000 each than only one of 100,000. In recent years, the Board of Railway Commissioners has been exercising a reasonable and fair control over our railway corporations, not that I suggest railways have

been conducting their undertakings differently from that of any other aggressive body of business men, where public control has been negligible, or at the most, lax.

Gentlemen, it is a mistake for any man to think he has the only solution to any stated problem. In placing before you the views which I have expressed on the question of immigration and railways, I do so only in the nature of suggestions. It is hardly necessary to say that both problems are extremely complicated. Canada is a free country and the more freely our problems are discussed the more easily will they yield to some solution. That is the spirit in which I have approached them. Having resided many years on the plains of Southern Alberta, and regarding myself still as belonging to our great west, it is unnecessary to say, that I could not be a pessimist; that, like all here, I have unbounded confidence in our country and in our people. May I close by quoting a paragraph from a notable speech by a very notable man, made in this city, in September 1877—four years after Winnipeg was incorporated. I refer to the late Lord Dufferin, our then Governor-General. In these days of our trial, his words mark him as one possessed of a remarkably prophetic vision. Speaking of Canada, he said: "In a world apart, secluded from all extraneous influences, nestling at the feet of her majestic mother, Canada dreams her dreams, and forbodes her destiny—a dream of ever-blooming harvests, multiplying towns and villages, and expanding pastures; of constitutional self-government, and a confederated Empire; of page after page of honorable history added as her contribution to the annals of the Mother Country and to the glories of the British Race."

Gentlemen, we, with the rest of the world, had been getting callous to the finer things in life. The dollar was becoming the only lever that would stimulate us into any activity. Even the relaxation we took, in the way of some harmless game, had to have the piece of silver introduced, to make us play up. Then the war came, and the pendulum is now swinging backward. We are drawing nearer the realities of life. Our young men on the battlefields of Flanders are writing some of that history to which Lord Dufferin referred. They will never be the same again. Their Comrade in white with His Crown of Thorns is leaving His mark on them, and unconsciously the women of this country are likewise being marked. To us men it is also coming, even somewhat slowly, and we too will find ourselves engaged in the writing of that history.



