

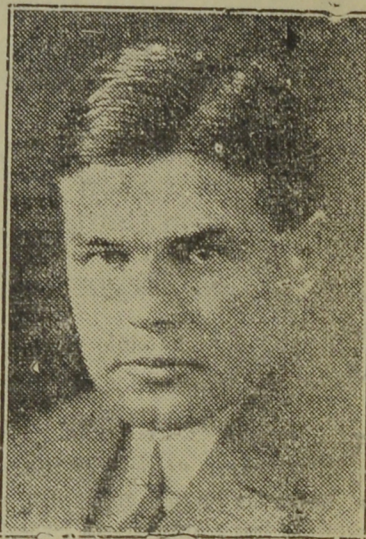
# C. N. R. Structure Neither Practicable Nor Can It Meet Business Tests

E. W. Beatty, K. C., President of the Canadian Pacific, Says Viewed in the Light of Present Day Tests Cannot Be Regarded As An Honest Experiment in Public Ownership.

TORONTO, Ont., April 9—Contending that the Canadian National Railway structure, viewed in the light of the social and economic progress was Canadian Railway situation and a neither practicable nor the result of spirited recapitulation and argument mature and informed thought, and in support of his own proposals for could not meet the prudent tests the unification of the Canadian Pacific which hard and unpleasant facts have and Canadian National for operation proved must be applied to all social ing purposes. Broadly basing his argument and economic ventures. E. W. Beatty on his approval of the social ty, K. C., Chairman and President of changes now in the making, he urged the Canadian Pacific Railway, emphatically informed a luncheon meeting, attended by more than 1,000 members of the Board of Trade, Service Clubs and representative citizens from all walks of the city's industrial and commercial life, here today, that "by every test I can apply the Canadian National Railways cannot be regarded as an honest experiment in public ownership", and were "nothing more nor less than a sad accident".

Declaring his sincere opinion that it would be a poor citizen who would

## HEAD OF C. P. R.



E. W. BEATTY, K. C., President of the Canadian Pacific Railway

ed changes in our social and economic life. Was the suggestion made on mature and informed thought? Was it certain to accomplish the ends in-

tended? Was it to be preceded by definite consultation of public opinion? Would we be guided by experience? Would the plan be economically practical? Those tests satisfactorily answered, we should proceed with the suggested change. That, he said, was his economic philosophy.

Canada's adventure in public ownership could not conform to these tests and Mr. Beatty felt that after a lifetime of study of the subject that the best service he could render Canada was to aid in the solution of this, its most difficult problem which statesmen admitted "threatens our national solvency". Mr. Beatty hoped that his sense of duty to the nation was sufficiently deep to enable him to consider the problem from the standpoint of the national interest, even though he approached it as the representative of a privately owned railway. In this case, there can be no conflict of duty, for I cannot envisage any settlement of the railway problem of Canada on terms unfair to the tax payer, which would not in the end do irreparable damage to the real interests of the shareholders of the Canadian Pacific.

I have suggested a plan which I think would bring substantial relief to the public treasury. Others may be able to suggest a better. If so they should come forward and I will be glad to join with them in working out the solution. In the meantime the railway problem threatens our solvency, and taking the least gloomy view possible if left unsettled it will make it exceedingly difficult for the country to finance those measures which we agree are necessary for the re-building of the confidence and morale of our people.

"I do not deny the possibility of public ownership of public utilities being established on sound and satisfactory lines. I believe however, that there could be no worse service to the cause of public ownership than to gloss over its failures, or hide the fact that they may do permanent damage to the economic structure of the nation".

The Canadian National was not constructed because of public faith in public ownership. The Grand Trunk Pacific was built by Sir Wilfrid Laurier at public expense solely because the Grand Trunk would not accept the burden as "a common railway highway" and be leased to the Grand Trunk. The Intercolonial was built at public expense because private capital could not be induced to construct an economically impractical railway necessary for military and political reasons. The motive behind the unwise of railway mileage was never faith in public ownership. "From the day when the first sod was turned for the construction of the original Mackenzie and Mann line in Manitoba down to the time when the bankruptcy Canadian Northern, Grand Trunk and Grand Trunk Pacific were turned over to the government of Canada", he emphasized "that no voice of a responsible statesman had ever been raised in this country to demand the ownership by this state of over half of the railways of this country. Even the Manitoba Free Press has said, the correct place in public accounts for unwise ventures into railway construction was under the head of "mistaken enthusiasm".

Has the experiment produced the results claimed for it? Mr. Beatty asked. At the time the government took over the various units that made the Canadian National total financial commitments in cash advanced and responsibility assumed for bond issues on the amalgamated railway account had added \$1,336,000,000.00 to the financial commitments of the nation. Within sixteen years this was to be more than doubled, bringing the government's commitments on the national railways at the end of 1934 to the appalling figure of \$2,782,000,000.

There were other expenditures not recorded in the company's books, a full accounting would show a cost to Canada of the National Railways adventure of over three billion dollars. This tremendous change in the functions of government was not the result of a clear expression of public will. The decision to take over the bankrupt roads was made during the greatest crisis in Canadian history and what to the Canadian people in the period of 1925-1929 were a few hundred million dollars. A note of warning, however had been sounded and Mr. Beatty in November, 1928 had

imperilled the popularity of his company by publicly appealing for prudence and economy. The second stage of the greatest financial adventure was also not the result of the considered opinion of the people.

"It was something that happened to us while we were dreaming of endless prosperity", he declared. Propaganda, assertions by senior officials of the national railways that they had demonstrated the practicability of public ownership and the support of their claims, by a few journals were the responsible factors.

"Do we show any signs of being warned by experience in this case?" he asked. An organized drive to obtain a writing down of the capital obligations of the national railways was now in progress. As a business man, and as a taxpayer, Mr. Beatty had examined these proposals with the greatest care. They were "entirely unreal".

He said "The Dominion of Canada is in the last analysis the people of Canada as far as you or I are concerned", writing off national railway debt is merely a transfer of our books. We can "absorb the loss" but only in the sense that by perverting facts we can make railway debt appear as something else. Are we wise in something else. Are we wise in "forget it?"

(Continued from Page Two)

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