

operators getting a footing in more than one line of business in this country.

As expressed above we do not know any cause for continued dear money here, and as its value recedes, the value of municipal debentures enhances and municipalities will then obtain slightly better prices.

The average investor is paying more attention to the financial condition of municipalities. This is owing partly to the general increase shown in their indebtedness caused largely by the acquisition of water and electric light plants and fire protection, all most desirable objects for urban municipalities. It is a question however, just where to draw the line. A municipality, like an individual, can always see many excellent opportunities for the investment of money, but the former is much less likely to appreciate the fact that it has gone as far as the safety line in expenditure. The facility with which a municipality can go into debt is apt to obscure this truth. It is often obvious that a certain expenditure will increase the value of some municipal property. But it is not so obvious, though quite as true, that the expenditure contemplated must lessen the value of other municipal property. It is not the average burden but the total burden, that falls on the productive activities of the municipality. If all the customers of a certain merchant should make a slight reduction in their weekly purchases it might ruin his business. The average reduction might be slight but the aggregate enormous. And if the general reduction in the purchases is due to taxation through excessive municipal debt, the burden may be sufficient to turn the balance between progress and retrogression.

There has been a general tendency of municipalities, especially towns, to enter into commercial enterprises, such as the development and supply of electric energy. Doubtless the conservative expenditure on the part of the small towns in establishing or acquiring electric light plants for lighting purposes has previously been very satisfactory, and how far this will be the case where the enterprise is overlooked in the anticipation of attracting manufacturing industries, remains to be seen. While the general indebtedness of most of our towns has been increased, it has been, as above mentioned, either for waterworks, electric light or for fire protection, and in most cases the net revenue produced from such undertakings is sufficient to meet all charges in connection with it and to provide a surplus to apply toward the general taxation. At the same time the indebtedness shows a vaster proportionate growth than the assessment in most cases. We might, however, recognize the desire upon the part of our different towns to acquire modern conveniences (waterworks, sewers, etc.) in order that the people may have equal advantages to those living in the larger places, otherwise the wealthier population of the community is liable to drift to the centres where such

conveniences are provided. Investors do not object so much to the debt growing where there is a substantial and permanent improvement representing it, but very frequently they remark on the indebtedness of a municipality where it has been contracted for commercial enterprises or bonuses to manufactories.

Referring again to the enormous consolidation of commercial enterprises affecting the United States, it is a question how far the method will extend until the climax is reached and in the meantime what labor difficulties, such as the present strike in steel industries, will have to be encountered before the normal situation is arrived at under the new plan of operation. While such labor disturbances, such as we are at present witnessing, are liable to occur, there will be more or less financial uncertainty in commercial investments. Canada at present affords a very small opportunity for investing in commercial enterprises as compared with the various opportunities in the United States, although this year finds a number of industries put on the market in which the Canadian public have an opportunity of taking an interest. Even so far, some of them have not proven so advantageous to the investor. The recent census does not show the increase in our population that we anticipated and just how far our manufactories can be developed by the demand of our present population will depend upon our ability to supply the demand for foreign markets, and from what we can learn our manufactured goods seem to be very well regarded in other countries, so that with the great iron and steel developments now taking place owing to the favorable condition of produce, the metal should give us more than an equal chance in many of the outside markets.

We may say that trade activity is now pretty well overdone in England and consequently the money that has been employed in that direction this last few years will be gradually seeking investments in first-class securities, such as our municipal debentures and we therefore think that before another year comes around the value of such securities will have materially increased.

#### Municipal Ownership.

(From *Insurance and Finance Chronicle*.)

The tendency of this generation to draw conclusions from economic, social and political experiments before time has been given to develop their possible phases, has been illustrated repeatedly. Impatience is the note of the times. The entrance of municipalities in the sphere of mercantile enterprise as producers and purveyors of gas and electric light; as owners and operators of street railways; and as, in Norway, the sole vendors of alcoholic beverages, has resulted in socialistic experiments of deep interest to students of economic questions. The public has been led to anticipate from

their movements a deliverance from dependence upon private capital for certain conveniences and necessities, by which freedom their cost would be materially reduced and other advantages realized. As these experiments are becoming more and more mature they are developing features that depreciate their value. Municipal ownership of street railways is losing its charm, as extended experience demonstrates that it has serious drawbacks which offset its alleged economy. When the ratepayers and public at large regard the street railway system as their property they are found to assert proprietary rights to an extent that handicaps the management. Hence, while fares are lower for municipally owned street cars, taxes are higher, because of a portion of the running expenses having to be charged on the rates. This has also been the case with municipalities that owned and operated lighting plants. The services have been found unsatisfactory; the dealing with municipal officials has proved very unpopular; the bringing the service up to local needs in an expanding locality has been found too tedious; so that municipal ownership of lighting plants is becoming a discredited system. As to the monopoly of the liquor traffic by municipalities, which exists in Norway and Sweden, and which is strenuously advocated here, it is so utterly antagonistic to the social habits of the people of this country, and is so objectionable to both sides in the liquor trade controversy, that municipal saloons may be regarded as not likely to become a live question in Canada.

Municipal ownership of mercantile enterprises is open to several grave objections. It is inadvisable for an organized community, such as a municipality, to extend its operations outside its natural sphere more than is absolutely necessary for the full exercise of its functions and responsibilities as a governing body, a body charged with the protection of the people, the maintenance of law and order within its bounds, and the enforcement of sanitary laws essential to public health. In discharging those duties a municipal body serves the interests of every dweller therein, of every age and every class; it does for them what they cannot do for themselves individually, or, by any narrower form of government, or organization. Those services justify the devolution upon a municipal body of powers over the actions of its constituents, the people at large, that would otherwise be arbitrary and intolerable. One of the highest services of a municipal government is the administration of a city or town in such a way as leaves capital, enterprise, industry, all free to exert their respective powers in developing the material well-being of the community. If, however, a municipal body trenches upon the mercantile sphere, if it becomes a competitor with capital, or engages in business, industrial enterprises, it, to that extent, abandons its own natural sphere and undertakes duties and respon-

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