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Special Articles

Some Principles of Account Collecting.
By W. W. Swanson.

Comments on Current Commerce.
By E. S. Bates.

Banking and Business Affairs in the United
States.
By Elmer H. Youngman.

Conditions in the West.
By E. Cora Hind.

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The Montreal Tramways

THE gentlemen appointed, under an Act of the Quebec Legislature, as Commissioners to consider the question of a new franchise for the Montreal Tramways Company are about to enter upon the work that has been entrusted to them. The tramways question, therefore, again becomes one of much interest and importance. In the discussion of public questions which have numerous sides there is always a danger that the minor matters may command more than their share of attention, and that thus the things of greatest importance may be overlooked or but slightly studied. There is this danger in the handling of the tramways question in Montreal. The subject has many sides. The rates of fares, the character and sufficiency of the equipment, the frequency and regularity of the service, the overcrowding of the cars, the extensions of the lines at present needed, the provision for future extension, the use of the lines for freight service, the removal of snow, the street-cleaning arrangements, all these are in their respective places matters of much importance which the Commissioners will naturally desire to study carefully, and in this study they will probably deem it necessary to call in the assistance of competent persons who have had experience in the handling of tramway problems in other large cities. But all these matters are susceptible of settlement without much difficulty. The question of surpassing importance, to which the Commissioners should be asked to give their closest attention, is that of the capitalization upon which those financially interested in the tramways lines can reasonably claim to be allowed to take dividends. That is the point upon which some trouble is to be expected, and the point upon which it is most necessary that the public interests shall be protected.

It is alleged by critics of the Montreal Tramways Company that a considerable part of the present capitalization is not represented in the property of the Company; that the proceeds of securities issued were not applied to the construction and equipment of the railway, but were distributed among the shareholders, and that the patrons of the tramways are thus paying interest on what is commonly called watered stock. How far this is true may be a question of some interest, but it is not really a matter of importance in the present discussion of tramways affairs. If by past neglect or mismanagement those who were charged with the care of the interests of the citizens of Montreal permitted the patrons of the lines to be taxed in the form of car fares for the payment of dividends on watered stock, the people must for the present pay the penalty of such blunders. A bargain is a bargain. Montreal must be content to live up to its bar-

gain, even if it was a very imprudent one, so long as the bargain stands.

But while this is true as respects the existing franchise, a very different situation is presented when the Company, without waiting for the expiry of the present bargain, asks the people of Montreal to enter upon a new arrangement. Such a request from the Company opens up the whole question for consideration, and it will be strange indeed if the citizens do not avail themselves of the opportunity to profit by the experience of the past.

The Montreal Tramways Company, owners of some street cars, tracks and station houses, are asking to be admitted into a partnership with the citizens of Montreal, owners of the streets through which the Company wishes to run its cars. The question should be considered just as it would be if a large business house were asked to admit a partner. In such a case the volume of debts owed by the applicant would not be regarded as a governing factor in the making of an agreement. He would be told that that was a matter for adjustment by himself and that his interest in the proposed organization would be proportionate only to the value of the property that he could bring in. Applying that principle in the case of the tramways, those who desire to see the interests of the citizens protected should insist that the fair value of the Company's cars, tracks, station buildings and any other property that is necessary or useful in the operation of the system is what the Company are entitled to be credited with in a new contract. The amount of the Company's outstanding securities need not be considered for a moment. Whatever questions there may be in relation to these securities are matters for adjustment by the Tramways Company. It is not upon these securities, but upon the value of the property brought into the new arrangement, that the Company should be allowed dividends. This is the vital point. In such an arrangement the Company should be dealt with in no ungenerous spirit. Upon such actual value they should be permitted to take a liberal dividend, which should be secured to them as a first charge upon the net earnings. If the enterprise earns no more, nobody can complain. There should be no claim for a dollar for the city treasury under such conditions. But if the enterprise under proper management earns more than what is necessary to pay that liberal dividend, the surplus should be divided, in proportions to be agreed upon, between the city treasury and the Company. Such an arrangement would be just and generous to the Company and fair to the citizens. But if the workingmen and the people of moderate means who are the patrons of the tramways are to be taxed in the form of fares to pay dividends on watered stock—on money that is not repre-