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## THE GENERAL FINANCIAL SITUATION

A series of applications by public utility concerns, for permission to increase their rates, has again brought prominently forward the matter of the position of these companies under circumstances of heavily increasing costs. That particularly in the last two years, the public utility companies as a class have been heavily hit by wage increases is well known. The fact possibly accounts for the neglected condition into which the stocks of these companies have fallen on the local Exchanges. While most of the stocks in question are of the standard investment variety, with to some extent, an assured clientele of investors, the general body of those having investment funds for disposal is naturally desirous at times like the present, of becoming interested in enterprises, in which increasing costs can be met by increased charges to the consumer. This neglect on the part of the general body of investors, combined with tight money, has in recent months reduced the price levels of the stocks of these companies to a point, it seems to us, considerably below; in most cases, their intrinsic value, and their prospects justify more attention being paid to them from the investment point of view.

That in the case of the companies, whose applications for rate increases are now before the public the Railways and the Bell Telephone Company, and what is a more local affair, the Montreal Tramways Company, there is very fair evidence for an increase in rates, will, we think, be agreed, by those who do not allow violent anti-corporation prejudice to outweigh conclusions drawn from facts which are not controvertible. The question is, to what extent should these increases be granted, and the hearing which has been given by the Railway Commission in the railways case, and the similar hearing which will follow in the telephone case, is probably the last way that could be devised for arriving at a fair decision. At all events, all sides have an opportunity of putting their case adequately. In the case of the Telephone Company's application for increased rates, the business community has no doubt received something of a shock in the propo-

sals for "measured service" rates which are put forward by the company. That the adoption of any such scale of "measured service" as that proposed by the company would enormously increase the charges for telephone service by many large business concerns goes without saying. Probably enough, the scale proposed by the company would work hardship in certain cases, and considerable revision may be necessary in order to get a reasonable basis. That to the general body of telephone users, the "measured service" principle, in comparison with the principle of the "flat rate" is the fair one, cannot, however, we think, be seriously controverted. Payment in proportion to use of service is an elementary business principle, and there is no reason why this principle should not be applied to telephones as to any other service. The "measured service" principle is, we believe, generally in force in the larger centres of the United States, and the probabilities are that some use of it will be made in any revision of telephone rates following the present application of the company.

It would be well if the same principle could be applied in the case of the fares of the Montreal Tramway Company, though as a result of the existing contract with the City, there is probably no chance of it. To charge the same fare for a ride of half dozen short blocks as for a trip from Dominion Park to Cartierville is patently absurd, and a zone system of fares would not merely have the effect of making those pay most who travel furthest, but it would, we are inclined to think, largely increase the company's revenue. It is amusing in connection with the pending increase in tramway fares as a result of increased wages to note the attitude of indignation adopted by the local Trades and Labour Council. When wage increases are made affecting commodities or services used or employed by those outside the sacred ranks of so-called Labour, such increases are, of course, highly desirable—it is merely a case of spoiling the Egyptians. But when wage increases touch such a universal matter as tramway fares—the boot is on the other foot with a vengeance. This incident reminds us of a recent one in England, when clerks engaged

