

CAPITAL OUT OF ALL PROPORTION TO ITS POSSIBLE BUSINESS, will have a difficult position to face:

The weakness of the old Gas Company was its excessive capital \$400,000 (less than half that of the H. and L.) Much of this was sunk in unnecessary profitless property and costly enlargements of manufacturing plant out of all proportion to its needs. If the capital and business had been properly balanced they might have supplied gas at \$1 per M leaving good profits.

A point too often overlooked is, if other manufacturing or trading undertakings are overcapitalized and unable profitably to sell their goods at market prices, the consumer can *buy* elsewhere, but in the case of undertakings, (*say gas*), with exclusive monopoly of streets, the consumers are helpless. Therefore, representative bodies have a higher *duty* in guarding consumers' interest by limiting the capital to the actual needs of the gas supply, giving no power to *pay* promotion fees or issue watering stock, fixing an initial selling price of gas, with regulations to govern same in case of substantial changes in cost of raw material or labor, or economies due to any future improved system of manufacture, *and for the supplying, undertaking—absolute security from disturbance—without compensation.*

In addressing this to the Standards Department of the Inland Revenue the writer is aware that a portion of the contents is not relevant to its business, but it may be explained that the purpose of including the whole subject together is for information elsewhere.

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*To the Standards Department,
Inland Revenue, Ottawa.*