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MONEY AND MAGNATES

Toronto and Its Street Railway

FOR about six months the civic authorities of Toronto have been negotiating with Sir William Mackenzie for the purchase of the Toronto Street Railway. Sir William and his co-directors refused to sell the Street Railway unless the city also bought the Toronto Electric Light Company. As a beginning he placed the price at $22,000,000 for the Street Railway and franchise, the latter having eight years to run, and $8,000,000 for the Toronto Electric Light Company. The figures did not stagger the civic negotiators, and experts were appointed to examine the properties and estimate their value. The experts reported that the properties were worth about $28,000,000 under certain conditions. They did not, however, report upon the advisability of the city taking them over.

When this stage was reached the reports of the experts were submitted to other experts, including the Ontario Hydro Electric Commission, as to whether it would be advisable for the city to make the purchase. These have not yet reported, and no agreement has yet been arrived at.

Toronto's position is peculiar. In 1891 the citizens agreed to lease the exclusive right to operate surface cars on the streets of Toronto to a company. The city was to receive a certain rising percentage of the gross earnings. Unfortunately no provision was made for the extension of tracks into newer districts, and after Toronto grew the suburbs were left without transportation. The railway company declined to extend their lines into the more sparsely settled districts, because they could earn larger dividends by serving only the district in which population was dense and the hauls comparatively short. To serve the outlying districts the city was forced to build and operate short, disjointed, civic lines, on which there is an estimated loss of $150,000 per annum. Citizens in the outlying districts must also pay two fares.

The question of buying out the franchise and establishing one fare over the whole city is therefore the keynote of the situation. The estimated profits of the Street Railway during the next eight years is over $20,000,000, and the city is asked to pay half that sum now as the value of the "intangible assets." The franchise of the Toronto Electric Light Company is estimated to be worth about $2,000,000. Thus the city must pay $12,000,000 for franchises and about $16,000,000 for plants and equipment, a total of $28,000,000. Whether the citizens will decide to do so or not remains to be seen.

Wanted—an Answer

IN the "Courier" for August 9th, mention was made of Vancouver's experiment in selling its bonds locally "over the counter." They had been for sale quite a little time, when the City Treasurer in a letter to an enquirer in Toronto revealed the fact that only $40,000 worth out of an issue of $152,000 had been disposed of. The experiment has been tried in other places. The City of Chatham has, at present, $40,080 worth of debentures for sale, but although they are advertised locally, only $15,376 have been sold over the counter.

It seems, from reports received, which, of course, are not entirely reliable, in as much as several cities are still in the middle of their activities in this regard, that no very great success is rewarding the efforts of municipalities in trying to sell their bonds locally. And it is a moot point whether there is much to be said for the scheme.

One thing worth noticing about it is that it is only resorted to when money is tight and municipalities cannot persuade bond houses to pay high prices for their issues. When money is easier, little is heard of any "over-the-counter" transactions in municipal securities. In its reference to this question on August 9th the "Courier" said: "It might be much more economical to save brokers' fees in London, and let Canadian brokers have them." It might. And it might not. For while selling half a million dollars' worth of bonds to the residents of a municipality and thus saving outside brokers' fees and incidental expenses is good business, it is an open question whether it isn't just as well to get half a million of outside money into the municipality, leaving the half million of the residents' money to be employed in other schemes. It is a nice point—whether is it better to encourage home buying of home securities at a minimum cost or pay a brokerage fee and secure fresh monies from outside?

The Dominions to the Front

THE feature of the figures published in the "Statist" relative to new issues in September, and for the nine months of this year, is the extraordinarily large amount which has gone to the colonies. For the nine months ending September, 1912, the amount is $370,000,000. For the corresponding period of last year it was $200,000,000. An increase of $170,000,000, or 85%, is notable. So far as Canada is concerned she continues to have, by a long way, the largest share. The "Courier" conservatively estimates it at about $20,000,000 a month.

The preference of London for securities from British dominions is evidenced by the fact that since 1910 foreign countries have generally dropped behind and Britain has attended to the wants of her own dependencies (if that word is permissible). In the first nine months of 1911 British possessions secured $170,000,000; in 1912, it was $200,000,000, and this year's figure is $370,000,000. On the other hand, foreign countries have not done so well this year as last, for whereas from January to September in 1912 they received $410,000,000, for the same period in 1913 they received $400,000,000. It is probable that by the end of the year the disparity between money supplied to British colonies and foreign countries will be still more marked.

So far as the month of September is concerned, new capital issues in London were substantially greater than in August, but were not quite as large as in September of last year. However, there seems no doubt that they will pick up for the remaining three months of the year, and even if they don't, 1913 will be markedly better in this regard than its predecessor.

On and Off the Exchange

The Situation in Spanish River

THE statement of the Spanish River Pulp and Paper Mills has at last been given out. It is disappointing, for the circular recently issued said distinctly that the company had fully earned its bond interest and its preferred stock dividend. The statement now issued refers to the last eighteen months. It shows that although the company earned enough to pay fixed charges, it had to draw to the extent of $91,391 on its reserve and surplus accounts to pay preferred stock dividends, which, for the period totalled $266,875. Moreover, reserve and surplus accounts which stood at $91,551 on December 31st, 1911, now—that is on

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