

managing director this month in succession to Mr. Malcolm, wisely made no rash promises at this week's meeting of the Toronto shareholders. He placed the position before the meeting. "If the company fails after all," he said, "I want no blame to come to me. I am here now to answer any questions you like to ask." It seems as though the company is beginning to turn the good corner. It has not yet rounded the bend. The whole secret of possible success lies in the future personal direction and the reorganization of the company. The shareholders must neither blindly give their proxies nor accept as read the company's elaborate articles of association. These articles are intricate. They should be grasped thoroughly by shareholders before a step further is taken. It is proposed at the extraordinary general meeting, called for this month, that those articles referring to the original promoter of the company shall be deleted. The remainder are deserving of scrutiny by the shareholders.

Up to the present, the majority of the shareholders have known practically nothing regarding their own position and that of the company. Before they can feel at all safe as investors they must know how far the directors control the company, the total amount of salaries now being paid and proposed to be paid, and the methods by which it is deemed advisable to raise the \$150,000 necessary to place the Western Canneries on a proper working basis.

The chief points of the situation seem to be these. Mr. Flower, apparently with good intentions, will endeavor to make the company a success. Before the shareholders co-operate with him, they should feel sure that they are untrammelled and unhedged by any seemingly trivial restrictions in the by-laws or articles of the company. So soon as they know that all is straight sailing they will be able to go ahead and take their chance as in any other commercial investment.

### STOPPING THE LEAK.

All the heated discussion at the recent meeting of the Mexican Railway Company in London can be ascribed to a secret prematurely divulged. The meeting ended as most animated annual meetings usually do—in an adjournment. The shareholders attended in good number. Their discontent was plain. The report presented is the least satisfactory published for several half years. Therein decreased profits made quite a hole. As for dividend possibilities, the increase of capital, it was thought, would place them out of bounds for some time to come.

Some English shareholders have a habit of openly accusing company directors with manipulation. The Mexican Railway Company are not the only sufferers. Insinuations have been levelled at the Grand Trunk directorate, both in stock market letters and at the board meetings. In the present instance the allegations referred to the proposed creation of a big block of debenture stock. This announcement was not made officially until November 1st, when the half-yearly report was mailed. Yet the information was known outside of the elect circle days, and some say weeks, in advance. At the meeting one shareholder made directorate two and stock market two add up to four. He endeavored to connect the movements in the company's stocks to the traffic returns officially issued the next day. The directors repudiated any such suggestion. Therefore it must drop.

Regarding the creation of debentures, the Mexican Railway board was certainly unsuccessful in keeping the secret. The proposed increase in the company's capital rammed down the stocks to a depressing extent. It is difficult for directors to retain their future plans in the dark. Such achievements are best handled by railroads as a rule. Many banks have made notable records in

allowing public ignorance to remain ignorance until the critical moment has passed. In our our country the case of the Sovereign Bank is fresh in the memory. Not until complete arrangements had been made for taking over the business of the defunct bank and for opening the doors of its branches under new management, was an official announcement made.

In the Mexican Railway instance, the news became the property of the market before it was officially communicated to those most interested. The leak was doubtless accidental. Almost every company has in its office someone willing to make pocket money out of the most enterprising local newspaper. Elaborate arrangements are necessary to stop up the ears of stone walls. Again, there is that confidential spirit which has become part of modern civilization. Strictly-between-you-and-me makes a chain around the world. Ever confidant is a confider. The abuse of confidence in company announcements is general. Its curtailment is necessary. Only the few to reap the biggest advantage from the grabbing of financial secrets in advance will object to the introduction of the little Dutchman to stick his finger in the leak.

### STREET TRANSPORTATION PROBLEMS.

Public ownership becomes a louder cry as corporation tyranny becomes unbearable. Controller Spence, before the Canadian Club, of Toronto, this week, detailed the Queen City's street railway problems. He showed that the civic and the railroad authorities have by slow degrees reached the acute and hostile stage. When the transportation people asked the right to run cars on certain downtown streets a blunt civic refusal was the response. When the city desired new routes uptown the rubber ball of contempt rebounded. The rapid growth of the municipality has made calculations of a decade back, out of date. The city is receiving a far larger percentage of the company's receipts than it ever contemplated. The company consequently is paying a greater city percentage than it ever thought it would pay in 1908. Upon all the street railway's annual earnings over \$3,000,000 the percentage payable is twenty. The earnings have long since passed the three million dollar stage.

Most of the problems in Toronto's transportation can be ascribed, as Mr. Spence has said, to lack of foresight in past years. Few foretold the new population which would come to Toronto in ten years. In this age of rapid living, too, the street car habit has acquired large proportions. In twelve years the franchise granted the street railway will have expired. Then, Mr. Spence suggests the city should take over the street railway and operate it. That course perhaps would relieve the present congestion and would sanctify the civic authorities against complaints.

Municipalities apparently think that they can operate a street railway, with more regard to ethics than can a corporation. A railway company must make a satisfactory report to its shareholders year by year. If possible, the earnings must show an increase as time passes. Dividends must at least be maintained, if not increased. The management, to justify its expenses, must observe strict economy. The charter of the Toronto Street Railway allows the carrying of fifty per cent. more passengers on each car than the car is certified to seat. The city, the railway company and the public are not likely to study percentages when getting home is the chief object in view. Thus the fifty per cent. is an elastic quantity. The more passengers carried on each car, the greater are the earnings of each car. The better also looks the balance sheet at the year's end.

When a municipality operates a street railway usually one provision is that passengers shall not hang to inside car straps. In the world's greatest city, where street railways are operated by the London County