Monetary Times

Trade Review and Insurance Chronicle of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663. G. W. Goodall, Western Manager.

SUBSCRIPTION RATES

One Year	Six Months	Three Months	Single Copy
$3.00	$1.75	$1.00	10 Cents

ADVERTISING RATES UPON REQUEST.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

SUBSCRIBERS PLEASE NOTE:

When changing your mailing instructions, be sure to state fully both your old and your new address.

All mailed papers are sent direct to Friday evening trains. Any subscriber who receives his paper late will confer a favor by complaining to the circulation department.

THE RAILROAD REPORT

Not counting the loss of interest for many years upon the investments in government-operated railroads, for the eight systems, in which the public is most interested, the people of Canada, through their governments, have provided or guaranteed the payment of $968,451,000. Assistance has also been given in other ways. To-day, according to the figures contained in the Drayton-Acworth report, the Grand Trunk requires $51,000,000 to put it into position to meet the requirements of its present business. The Canadian Northern requires $70,000,000 for equipment, additions and betterments in the next five years. The public investment in that road, direct and indirect, is $298,000,000. The company will not be able to meet its fixed charges for some years to come. The Grand Trunk Pacific, the cost of which was estimated at $61,415,000, has cost $159,881,000. The Grand Trunk has objected to the agreement by which it was to operate the Grand Trunk Pacific on a rental basis. The government, by accepting the company's refusal and commencing to work the line themselves, have in effect released the company unconditionally. These are only a few of the facts and figures cited in the report which clearly indicates that continued operation by private corporations will mean continued assistance by the government for some time to come. The alternatives are to allow the companies to finance themselves, if that is possible, or to accept some scheme of government operation.

Whether it is fair or not, there is a considerable volume of opinion against further assistance to the railroad corporations. While government ownership of railroads has won many advocates in recent years, there is still considerable antipathy to the lack of businesslike operation, the political atmosphere and the bookkeeping methods of most public ownership enterprises. This antipathy one frequently finds held by men with otherwise radical opinions. Were it not for the financial factor, the present choice of alternatives might not have been necessary. The fact that the people have assisted the railroads to such an extent, and that much more assistance is needed, brings the public ownership question into somewhat new territory. The problem in the public mind is chiefly how to get out of a bad muddle at the cheapest price.

That it is somewhat late in the day to think of these things is now apparent. Sir Henry Drayton and Mr. Acworth in their report express the opinion that the government, both of the Dominion and of the provinces, did not fully realize how serious was the liability which they were assuming in the days of railroad bond guarantees and other assistance. Neither did the companies realize how serious the position would be if recourse had to be had to the guarantees. This in effect means that the governments and the corporations went headlong into their railway schemes without proper knowledge of their financing and what the plans actually involved. The majority report refers also to the support of such action by "an uninformed and unreasonably optimistic public opinion." These statements should at least lead to the greatest caution before deciding to amalgamate under one management 25,000 miles of railway lines, which in respect of mileage and territory served, have no parallel; to acquire the control of their stocks; to operate the roads; to assume responsibility for the interest on their debts,—all this during a period of world-wide unsettlement of business conditions. Our plea is not for one solution or the other but for sufficient consideration so that the right course may be taken at this juncture. To make further mistakes in the railroad policy will prove extremely costly to the country.

FIRE INSURANCE EXPENSES

The legislatures in the United States and Canada are always agitating about insurance rates, and the expense of conducting the business, but never do anything to reduce the expense. On the other hand, by additional taxation, and the labor entailed in giving additional details in needless and innumerable statements required by each State in the United States, and each province in Canada, the insurance companies find an increasing outgo in expenses instead of a relief.

At last one government has tackled this problem. The State of Queensland, Australia, has by legislation controlled the commission expense by limiting the maximum commission, whether to one or more persons, to 10 per cent., and that only to persons licensed to receive the same as brokers or agents. Any person not licensed as a broker or agent accepting a commission is liable to a penalty of £100. The payment to a general agent is limited to 5 per cent. to one such managing agent in the northern district of Queensland and the same to one managing agent in the central district.

On the other hand, the stock companies' tariffs of rates are reduced by 20 per cent., unless results in any district or class show the need of increased rates. This reduction of 20 per cent. is offset partly by the above saving in commission and partly by prohibiting the discount of 10 per cent. to insured. This 10 per cent. discount by stock companies has been the practice for years past to compete with the discount or bonus granted by the mutual companies out of their profits. Now the mutual companies will quote the same rates as the stock companies. The result of this act has been to cut out a large number of brokers and agents in Queensland to whom insurance was a minor side line of their business.