

The system of popular vote cannot be done away with, and at present it does not produce the best men. Now, and for many years to come, the "popular man" and the "lodge climber" are and will be the precipitate, and common gratitude requires that the value of the vote should be recognized when labour and contract questions have to be considered. And so it comes about that the control and use of the streets has largely passed into the hands of franchise companies, who supply the good business judgment required in return for the profits which are thus diverted from the city treasury.

The question has become one of much greater importance since the impetus given to street railway travel by the introduction of the trolley system. The service of water and light, moderate in their demands on the highway, and in most instances not unreasonable in the profits received, might well remain in the hands of companies controlled by well thought out by-laws or ordinances. But the enormous profits made by some of the surface roads has attracted attention to the subject, especially as capitalization has been largely based on the value of the franchise; in some instances franchise value being in the proportion of three to one of the actual capital expended.

How can the public get the sound business judgment necessary for the successful working of all the street service without the payment of undue profits to franchise corporations?

I suggest the following method as one well worth trying: Let it be possible under a general law to incorporate in every large centre of population by a local by-law, a franchise company, whose capital, fixed at the amount required for the acquisition of all or any of the existing works, or the establishment of new concerns, should be raised as to one-half by the sale of bonds guaranteed as to principal and interest by the municipality, and as to the other half by the issue and sale of shares of capital stock, and let it be possible under the laws relating to such companies to increase the bond and stock issue from time to time as extensions may demand.

The company should be governed by, say, nine directors, six to be elected by the shareholders, and three to be named or elected by the municipality. The auditor should be appointed by the municipality, and his decisions as to sinking fund and profits should be subject to appeal to a local judicial officer.