

not present in this case: the roads to get the benefit of a guarantee must have a legal right to it, and must make cash deposit with the Provincial Treasurer. In the case of the Atlantic, it is said, that of these two conditions one did not exist and the other was not met.

The Court of Appeal has decided that the Toronto Railway is assessable on its trolley poles, wires and rails, which will make an addition to its taxes of \$7,000 to \$8,000 a year, should the judgment stand. All such cases, as a rule, go to the Privy Council before they end.

In the recent elections of the London County Council, into which, contrary to the usual English practice, the representatives of the great political parties openly entered, a set attempt was made to defeat the Works Committee, which eliminates the middleman, and gets work done at the cost price to the ratepayer. This system has, necessarily, done away with jobbing among contractors, whose services are dispensed with. The result of the election was a protest against gas, water and tramway companies making unnecessary profits out of consumers. The argument is that there can be no reason why a municipal corporation should not do its own work and have the profit which a contractor would make. This is the trend of municipal movement, at the present time, and the example of the London County Council may count for much.

Government ownership of railway is on the increase. By the largest majority ever given in the history of the Swiss Referendum, it has been decided that the Government shall purchase and run the principal railways of the country, 884,272 voted for the purchase, against 176,002. Eighteen cantons voted for the bill and only seven against it. The cost of the roads may reach \$240,000,000. Part of the amount to be raised by a direct loan, another part may take the form of the assumption by the State of the railway debts. If there be a choice of the methods, that which will raise the necessary capital at the least cost will be followed. It remains to be seen what saving the Government credit will effect, in this particular, as compared with that of the railway companies. To a large extent the credit will have for its support the railway property acquired.

The railway rate war appears to be practically at an end. The agreement come to is not (Thursday evening) yet at hand. But as the C.P.R. was fighting for a differential in its favor in the West, and as the other roads are reported to have decided to stop the war and come to an agreement, the C.P.R. would seem to have the best of it.

THE NEWFOUNDLAND DEAL.

If Newfoundland is pursuing exactly an opposite course to that taken by Switzerland, with its railway, the fact may be due to a difference of conditions. It may be taken for granted that the railways of Switzerland are profitable, while Newfoundland acts as if it were necessary to pay an individual 2,500 acres of land per mile for operating its road for 43 years, besides giving him the right to purchase the road at the end of that time for a fixed sum; to sell to him the telegraph lines of the colony for \$125,000 on a six years' credit; to sell to him the St. John Dry Dock for \$825,000. Besides this, the contractor gets the right to mine coal on paying a royalty of 10 cents per ton; the Government undertaking to protect his coal monopoly by a duty of \$1 per ton. These appear to be hard conditions; but the Government, in making the

bargain, found itself handicapped by the original contract with an individual to build the road and operate it for a period of seven years. This contract was improvident in giving Mr. Reid, the contractor, all the valuable lands along the line, with their mineral contents, so that practically the sources of industry on the road were under his control. "In any event," says a local writer, "the colony stood to lose, because no mineral, pulp or farming operations could be started." The building of 600 miles of road, at a cost of \$10,000,000 was too much for the resources of the colony; and like a man overburdened with debt, the Government had to submit to hard conditions in the second contract. The case is one in which the contractor refused to continue to run the road unless he got 2,500,000 acres of land as a subsidy. The precedent is one full of warning to Governments inclined to be lavish with land grants in the form of railway subsidies. The contractor may, notwithstanding, have a heavy job on his hands. His sources of revenue have to be created out of raw, but surely ample materials. If the Government found it necessary to pay a premium for operating its road, for so long a period as 43 years, that was one thing; but this necessity did not involve the getting rid of other resources of various kinds, in a manner which can scarcely be regarded other than reckless.

One curious arrangement for the sale of the Newfoundland railway is that while it is to be nominally sold forty-three years hence, it is to be paid for now, the purchase money being about one-tenth of the cost. It is a sale now to all intents and purposes; but present cash for deferred sale, forty-three years hence, is the form given to the transaction. Mr. Reid will get the road from the start under the form of a lease of property, which he is to pay for nominally forty-three years before it will be his. Why these curious sinuosities in the bargain? We are told in reply that \$1,000,000 paid now is capable of yielding \$7,000,000 in forty-three years, if put at compound interest. That would depend on the nature of the investment; but speculation in compound interest has really nothing to do with the case. For all practical purposes the Government sells the road now and takes its pay at a figure which represents about one-tenth of the cost; the purchaser gets in addition to the road 2,500 acres per mile of its length for his money. The lease for forty-three years is a fancy transaction, which may serve to amuse and to cloak the real nature of the business. At first, the road may not pay working expenses and repairs; but forty-three years—one whole generation and nearly a third of another—what may not happen in that time? The business is highly speculative on both sides; but if Mr. Reid can carry the transaction through with the requisite vigor, which may well be called enormous, he stands to win in the long run, and part of what he wins the Government will lose. But the Government was well nigh helpless, and apparently believed that there was nothing for it but to submit to its fate.

FIRE INSURANCE COMMISSIONS.

Some modification of the expense of carrying on fire insurance business on this continent is a matter which has long engaged the attention of the most observant and thoughtful men in the profession. Efforts have been made to stay the tendency of commissions to increase, induced doubtless by competition, and over a large part of the United States a fixed rate of commission has at last been reached. But from reports that reach us it appears that the maintenance of that rate is a matter of difficulty, while its extension is still more troublesome.