

the brakes. What on earth, excuse is there for electric cars travelling round curves, screened by trees, at such terrific speed? By the same token why should so many curves and level crossings be screened by trees.

**The Late  
Mr. James Tasker.**

Montreal has lost a highly respected citizen in Mr. James Tasker, for many years a director of the Sun Life Assurance Company and of the City and District Savings Bank. He will be much missed by a number of charitable institutions in which he took a most active and kindly interest.

**New York Central  
Improvements.**

The New York Central plans for improvements will invoke an expenditure of \$1,500,000,000. It is difficult to realise that a company can earn dividends upon such an enormous capitalization as that of the New York Central. However, we presume that so long as improvements go on, a certain amount of the capital will be laid aside to pay dividends.

**Death of  
Mr. F. X. St. Charles.**

We much regret to have to record the death of Mr. F. X. St. Charles, president of the Hochelaga Bank. Mr. St. Charles was not only prominent in the financial world, but took great interest in public and philanthropic affairs. He served in the City Council from 1866 to 1871. He had been connected with the bank from its commencement in 1874, for three years as a director and ever since as president.

**Too Much and Too  
Little Rain.**

Some Montrealers are disposed to grumble at the amount of rain we have had this summer. Well, the rain, it is a blessed thing, and there are some places, not very far off, which must envy Montreal its rain crop. In Baltimore, there is no water in the reservoir, and only a tiny stream in the pipes. The danger from fire is great. At Mount Vernon, N. Y., the Pelham reservoir is dry, the Hutchison river is so low that no water is flowing into the reservoir, and the city is looking elsewhere for possible supplies, while imploring the citizens to be as sparing as possible in the use of water. One of the troubles in a situation like this, is that human nature is apt to assert itself, and every family begins to fill every possible receptacle with water to hoard against a possible water famine. This increases the fire risk considerably. Montrealers are well off, if they only knew it.

**Inter-State Commerce  
Commission and  
Balance Sheets.**

The recently issued report of the Inter-State Commerce Commission contains an interesting discussion on the subject of railroad balance sheets. The chief difficulty, says the Commission's report, in drafting a satisfactory balance sheet statement arises from the different, and to some extent, conflicting interests, concerned, which may be defined as (a) the interest of the manage-

ment, (b) the interest of the investor, and (c) the interest of the public.

The chief aim of those who administer the property, say the Commission, is to maintain the credit of the business placed in their hands. It is, therefore, the purpose of the management to develop the property without a corresponding increase in outstanding securities. This is true for the reason that the wider the margin between the value of the property to which the corporation has title and the amount of securities outstanding against the property, the stronger will be the credit of the company and the greater its ability to borrow capital in time of need. This is the explanation of what has been termed the "American system of railway financing," which during the last thirty years has led to enormous expenditures for new construction and for additions and betterments, without corresponding charges to the property accounts.

The interest of the stockholder, on the one hand, so far as the accounting record of charges to property accounts is concerned, is at variance with that of the management. It is, of course, true that the trustees of the property—that is to say, the board of directors and the officials, who represent them—may also be stockholders and much of the "high finance" of recent years has resulted from the temporary substitution by the management of the stockholder's interest for the legitimate interest of the management. The stockholder is the residuary proprietor of all of the company's assets not covered by outstanding obligations, and it is to his interest that the value of the property should be increased without a corresponding increase in the number of shares which have a proprietary claim upon the property. This is true for the reason that the value of the shares will increase, other things being equal, with the increase of the property which they represent, and in a properly constructed balance sheet the stockholder should be able to reach the true book value of his property and to deduce from it the basal market value of each share. The stockholder's interest is expressed in valuation.

The interest of the public, which is the third interest involved in the property accounts of railways rests upon the fact that a reasonable rate for transportation services is a rate which contributes a reasonable return upon necessary investments, and a satisfactory balance sheet from the public point of view is one which shows what has been actually invested in the property. The public, therefore, has the right to demand that the property ledger should record every item of property which an appraiser would find, should an appraisement be undertaken, and from the point of view of the public at least, the figures entered on the property ledger against the several items of property there recorded should be the amount of money actually spent in creating the property, rather than, as the management desires the amount of securities issued or as the stockholder desires the commercial valuation of the property.