

fortune of the gravest character. At this moment one cannot easily see how the difficulty is to be met. We can only hope that the wisdom of Imperial statesmen may yet find a ground upon which Ireland, as well as the rest of the Empire, can give hearty support to the great work of winning victory in the war.

The Fight over Oleomargarine

THE battle over the question of permitting the use of oleomargarine in Canada is beginning to take the form of City versus Country. Several farmers' associations have passed resolutions strongly protesting against any modification of the law which prohibits the manufacture, sale or importation of oleomargarine. In several instances municipal bodies in rural districts, where the farmer's view of public questions prevails, have passed similar resolutions. On the other hand the public opinion of the cities seems to regard the abolition of the restrictions as one means of reducing the very high cost of living. City Councils are passing resolutions favoring the liberty to use oleomargarine. Some trade unions take a similar view, though one labor leader takes the other side. In Montreal an influential representation from the women of the city has asked the City Council to co-operate in the effort to remove the ban.

The farming interest generally can hardly be said to have expressed itself, and perhaps there is no organization which is in a position to speak for it broadly. The agricultural societies and municipal bodies which are championing the existing prohibition will not be wise if they press their views, unless they are prepared to show that the oleomargarine of commerce is unwholesome. A movement of that kind, supported by sound authority, would enlist the sympathy of independent public opinion. But insistence on the prohibition as a protective measure for the producers of butter cannot be sustained by argument. Butter is now at a very high price in Canada—so high that to many of the poorer people it is no longer an article of common use. If the admission of oleomargarine would effect some reduction in the price of butter that certainly would not be a good objection. The demand for butter is so large that even at the present high cost it finds ready markets. That the admission of oleomargarine would reduce the price of butter is far from certain. But it would enable the poorer people to obtain at a moderate price a substitute that would serve some of the purposes of butter. If provision be made by law that the article must be sold under its real name, not fraudulently passed off as butter, and if no sound objection can be raised against its use from the viewpoint of conserving the health of the people, the existing prohibition should be removed.

There is a prima facie case for the contention that oleomargarine, as now produced and sold in all other civilized countries, is not unclean or unwholesome. If this cannot be upheld after fair enquiry let the ban remain. But the onus of proof seems to rest upon those who allege that oleomargarine is not fit for domestic use.

What a queer notion of Canada's position must be held by the writer in the New York Herald who advises his fellow countrymen, if they are disinclined to join the Allies in the war, to join Canada.

Respectfully Submitted

THE Commissioners appointed under the Act of the Quebec Legislature to consider the question of a new franchise for the Montreal Tramways Company have settled down to their work. While reserving the right to hold their deliberations in private they have held several open meetings, at which they have heard representations from the City Council and citizens. The Commissioners have invited suggestions from all quarters and have given every assurance of their desire to deal fairly with all interests concerned. It is not to be expected that from any quarter the Commissioners will receive a perfect scheme. But they may obtain from many sources suggestions that will be helpful. It is with a desire to assist them in their study of the subject that we venture to express again some views that have occasionally been presented in these columns. These views have not been formed in any spirit of unfriendliness to the company. On the contrary, we fully recognize that, while independent citizens and journals must properly give their first thought to the protection of the interests of the public generally, nobody should be unwilling to allow the company a fair and even liberal return on capital which is represented in the property.

There are a score of important questions of much interest to the public that will naturally engage the attention of the Commissioners. There is no reason to doubt, however, that with the expert assistance which the Commissioners may be expected to seek, most of these questions can be settled without much difficulty. The serious conflict, if there has to be one, between the interests of the company and the interests of the citizens and other patrons of the road, will be on the question of the distribution of the profits of the enterprise. It is desirable that at every stage this be kept in mind and that everything that is done should be based on financial principles fair to the public and to the company, between whom there is to be something like a partnership agreement.

We venture to emphasize again the view that at the first stages of the making of a new agreement there is no need for any introduction of questions concerning the amount of stocks, bonds or other securities now outstanding. The vital point on the financial side of the question is to ascertain, by competent and independent authority, the value of the property which the company is bringing into the new agreement. That value surely is the capital sum upon which the company has a right to claim returns. If the value of the property, so determined, is less than the outstanding securities—in other words if there are securities which are not represented in the company's property—there will be need of a re-arrangement of the company's system of finance. The company will necessarily make that re-arrangement for itself whenever the fact is made clear that the citizens are only to be taxed, in the way of car fares, to pay dividends on actual capital represented by actual value.

It will doubtless suit the convenience of the company, and be in accordance with the customary methods of financing tramways, to have the greater part of the capital expressed in the form of bonds. The company should, of course, draw from the earnings a sufficient sum to provide for the interest on these bonds at the rates usually borne by such high class securities. On the remainder of the capital, represented by common stock, the company should be allowed to take a more generous rate of interest, such as is deemed fair in ordinary

business transactions involving some degree of risk. The interest on the bonds and a limited but reasonable rate of dividend on the stock should be secured by first charges on the income of the undertaking, after working expenses and upkeep have been provided for. If the capitalists never receive a cent more they will not be badly off. They will have a fair return on the value of their property. But the enterprise will unquestionably earn more and the stockholders should share in such earnings. These surplus earnings might properly be divided equally between the city treasury and the company, provided, however, that the dividend to the stockholders should not exceed a fixed rate, say ten per cent. Under such a plan it is reasonably probable that the stockholders would receive from the beginning the maximum dividend, which would be an ample return on a public utility sustained by the contributions of the people. All earnings of the system in excess of what are dealt with as above should go back to the citizens to relieve some of the burdens of taxation.

The city authorities, in their desire to secure revenue, are too ready, we think, to listen to proposals from the company to commute the city's interest into annual payments. This, in our view, is a mistake. The getting of a revenue for the city treasury is not and should not be the chief consideration. What is most important is to get an efficient service at moderate charges. If the earnings would give nothing more than this the city need not complain. But everybody with any knowledge of such matters believes that, under proper management, in a great city like Montreal, the tramways will not only pay their way but will earn handsome profits. It will be reasonable to give a generous share of these profits to the stockholders, so that they may receive as liberal a dividend as is usually received by public utility corporations; beyond that all profits should go back to the citizens. It is a moral certainty that any annual payment, whether fixed or graduated, that the company might offer to the city would be much less than the city would receive under a plan which would turn all earnings, beyond specified bond interest and liberal dividends, into the city treasury.

No financial arrangement would be good that would not encourage the investment of additional capital when such is needed for approved extensions or betterments. The scheme must offer a reasonable prospect of profit to attract capital for such purposes. We believe that a plan along the lines that we have suggested would be just to the public, fair and even liberal to the present company, and so attractive to investors generally that it would easily command additional capital when such is needed. An enterprise in which the bondholder has absolute security, and the stockholder a virtual guarantee of fair dividend, with every prospect of an increase to ten per cent, would be one of the soundest character for financial operations.

The movement for the public ownership of public utilities is making much progress in some quarters. There is little feeling in that direction in Montreal. But we are sure there is a widespread desire that, while retaining the services of the Tramways Company, and allowing it a liberal return on its bona fide capital, the citizens should be the predominant partner in the new agreement that is to be made.