

number of persons who cannot afford to pay the premium on regular life policies. The Metropolitan has about \$75,000,000 of assets, and a reserve over all liabilities of about \$10,000,000. The following table will show the progress made by the Company during the last twenty years:—

	1881.	1891.	1901.
Premium income.....	\$ 859,057	\$ 10,830,373	\$ 34,705,186
Total income.....	976,139	11,423,497	38,017,164
Premium income in Canada	25,581	56,786	639,988
Total assets	1,973,047	13,626,948	74,771,759
Insurance in force including industrial policies.....	27,328,353	258,707,763	1,076,977,204
Insurance in force in Canada	890,932	1,626,716	23,661,629

MUNICIPAL INDUSTRIES.

THEIR ALLEGED PROFITS DUE TO COOKED ACCOUNTS.

Some time ago, when commenting upon the question of municipal industries, attention was directed to their alleged profits having been, to some extent, due to certain expenditures connected therewith not being charged against the industry as they would be in a private enterprise. The accuracy of this view was challenged, but evidence has been made public which puts this matter beyond controversy. When the accounts of a manufacturing enterprise are properly kept they show that allowance has been made for depreciation of plant, for loss on stock, for reserve against contingencies, for sinking fund, for interest on capital, and other items. When a firm conducting an industrial establishment desires to ascertain the profits of some one department, it charges against that department a fair proportion of the expenditures which are of a general character, common to the entire enterprise. Unless the accounts are kept on these principles, and unless these methods are followed, the results cannot be ascertained the business is being run in the dark and splendid profits may appear to have been made when, in fact, the enterprise is being conducted at a loss.

The "London Times" has been investigating this question with the result of discovering a general non-observance of proper account keeping in connection with municipal enterprises. Expenses incurred in one department are transferred to another, with the effect that they are paid out of the rates instead of out of profits, and do not appear as part of the original cost or of the expense of working the municipal enterprise. What the "Times" affirms and proves is exactly what we stated. The electric street railways are especially favoured by these manipulations, or cookings of accounts. The cost of preparing the roadbed for these lines, of maintaining them in good order, of making improvements necessitated by the electric car service, are usually charged to the

roads department. It is a common custom for municipal trading concerns to show either no charge at all, or only a nominal charge, for clerical and other work done in the Corporation offices, the proportion which the trading enterprise ought to pay thus falling on the general rates, and falsifying the trading account. An illustration is given as follows from the electric light works of South Shields, the sterling being converted into currency:—

ESTABLISHMENT CHARGES OF THE CORPORATION.

Department.	Total for Year to March 31, 1901.	Charged to Electric Light Dept.
Town Clerk's	\$ 8,902	Nil.
Borough Engineer's	9,646	Nil.
Borough Accountant's	6,570	250
	\$25,118	\$250

About 1 per cent.

Here, manifestly, there was "cooking," or rather suppression of the data essential to a true statement of the working of the electric light department. Another common practice in regard to electric light department accounts with a view to giving them a more favourable complexion, is to put down an excessive amount for public lighting. Thus in a certain group of towns "the charges for electric lighting of the streets ranged from 3 53d. to 5.90d., whereas the commercial value of the light as supplied in each case was not more than 2½d. to 3d."

The system of municipal trading seems to have developed a system of account-keeping by which a large portion of the working expenses are left out and the value of the product exaggerated. The following is from a circular issued by the Ratepayers' Association, Cardiff:

MUNICIPAL TRADING AT CARDIFF—HOW IT PAYS.

CAPITAL EXPENDITURE ON THE FOLLOWING ENTERPRISES, \$1,418,150.

Corporation Works.	Profits.	Losses.
	\$	\$
Electric light.....	49	8,483
Baths	3,915	7,576
Central and three other Markets.....	5,785
Burial Board.....	\$ 3,964	\$21,844
	17,880	
Net loss.....	\$21,844	

NOTE—Four per cent on \$1,418,150, the capital invested, would be \$56,726.

A list has been compiled from official sources, of 60 towns which, on a capital expenditure of \$30,000,000, made a total loss of \$1,364,170. Besides the misrepresentation which arises from such methods of account-keeping as the above in regard to the profits of municipal trading, there is the absolute loss of revenue to a city which is caused by its undertaking commercial enterprises. When then this question is looked at in every economic aspect, the profits made by municipalities out of trading disappear and the exhibit is changed into a loss.