Monetary Times

Trade Review and Insurance Chronicle

of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Montreal Office: 628 Transportation Building. Telephone Main 8436. T. C. Allum, Editorial Representative.
Winnipeg Office: 1008 McArthur Building. Telephone Main 2914. G. W. Goodall, Western Manager.

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WORRIES IN THE VERTICAL

With the variety of troubles in Great Britain, considerable time is left on the hands of financiers and of stockbrokers especially. A message from London states that "paralytic melancholy is the state of stock markets and all other activities of the business man" there. This has led a statistician to compile a table which analyzes the world's financial worriment. It was apparently constructed in these early dog days to show what is in the mind of the British investor and why he withholds his hand from buying stocks, and is sent to the New York Annalist by its London correspondent. Letters A, B, C denote the degree with which investments in the countries in the horizontal column are liable to the worries in the vertical:—

	Revolution	War	Socialism	Official Corruption	Bad Administration	Extravagant Armaments	Labor Troubles
Great Britain	O	C	B	O	C	A	B
Germany	O	B	C	O	O	A	C
Russia	B	B	O	C	A	A	C
France	O	C	A	O	C	A	B
Austria	O	A	O	O	C	B	O
Turkey	B	A	O	A	A	B	O
Scandinavia	O	C	C	O	O	C	C
China	A	O	O	A	A	O	O
Japan	C	C	O	A	C	A	O
Br. So. Africa	C	O	B	O	O	O	A
Australia	O	O	B	O	O	O	B
Mexico	A	B	O	A	A	O	O
Brazil	C	O	O	A	A	C	C
Argentina	O	O	O	C	C	O	B
Canada	O	O	B	C	C	C	B
United States	O	C	A	O	O	O	A

This is an interesting chart, but students of Canadian conditions will probably differ from its compiler, so far as Canada is concerned at any rate. Revolution and war are nil, have been so for a hundred years and, it is hoped, will always be so. Socialism in Canada is given the second degree and when the table is revised a few years hence, will probably have risen to first place. Official corruption, by the kindness of the gentleman who compiled the chart, is placed in Canada at the lowest point. The chart was evidently drafted before news came to hand of the National Transcontinental report, the Quebec graft inquiry, and a few other events which might place Canada in class A. In the matter of bad administration, the Dominion is given the benefit of any existing doubt. As for labor troubles, the Dominion is one degree better than the United States. Under extravagant armaments, we classed in the third degree, a matter which in due course will doubtless have the attention of the Minister of Militia!

PUBLIC OWNERSHIP METHODS

One is accustomed to bitter fights between corporate capital and public ownership. In Ontario, there is staged a combat between two public ownership enterprises, the Ontario Hydro-Electric Commission and the Toronto Hydro-Election Commission. Outside of politics, the dispute revolves around the question as to the price at which the city should sell electric light to consumers. The provincial commission's chief work is to transmit power from Niagara Falls to purchasers throughout Ontario. The provincial commissioners have power, with certain restrictions, to regulate the price which buyers of power from them are to charge consumers. The provincial authority thinks that the Toronto authority should reduce its rate. The city authority thinks otherwise, and in a lengthy report just published they go into considerable details as to why.

Regarding the reduction of rates, they recall that a year ago they expressed the opinion that with a continuation of satisfactory surpluses, a reduction of rates possibly might be effected during 1914. During the interval, however, three conditions have arisen not then contemplated, which, they say, combine to defer for the time being any possible reduction of rates.

"In the first place," say the Toronto hydro commissioners, "the interruptions of service on the Provincial hydro lines, which have since occurred, have established the necessity of providing a steam reserve plant, the heavy annual charges of which will constitute an additional burden on the system, not then contemplated or allowed for. In the second place, it was not anticipated at that time that the enterprise would be loaded with the heavy additional burden since laid upon it by reason of the low prices at which the corporation of the city of Toronto found it necessary to sell the debentures authorized by the first two by-laws. The discount and expenses of these two debenture issues amount to the sum of $893,100, or 18.04 per cent. of the face value of the issues, while the total flotation cost of the three issues amounts to $951,765, or 16.85 per cent. of the face value thereof—that is a little over 20 per cent. of the amount of the net proceeds. That is to say, that each $100 of cash invested in plant has cost by reason of these heavy expenses, a little over $120. The additional annual burden laid thereby upon the enterprise, until the maturity of the debentures, by way of interest and sinking fund on this loss of $951,765, amounts to $53,913. It was anticipated that there would be some loss by way of debenture discounts, and, therefore, certain additional