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MODEL MUNICIPAL FINANCE.

Some of our Canadian city fathers could study with advantage the recently issued report for 1915-16 of the Glasgow, Scotland, tramways. These were taken over by the Scottish city fathers twenty-two years ago, and ever since have been run on aggressive lines. The system has been widely extended, fares continually reduced until they stand at less than a cent a mile, the wages of employees increased, considerable sums paid yearly in rates and taxes and "dividends" amounting to over \$3,200,000 paid into the funds of the City on the Clyde. At present the system carries nearly a million passengers a day and earns a gross revenue of over a million pounds sterling annually.

The entire capital cost of this wide-stretching and lucrative system has now been written off. In other words, the Glasgow Tramways Department, after 22 years of working, places in the hands of the Glasgow city council, a very prosperous undertaking, free from all capital liabilities whatever, an asset the untrammelled property of the citizens worth at least a million and a half dollars a year. With the increased surplus from the tramways now available, it is proposed to repay, over a period of eight years, the borrowings effected in connection with the City's investment of \$10,000,000 in the recent War Loan. So that at the end of eight years, the Glasgow city council will have two great assets—its tramway department written down to nothing and earning fully \$1,500,000 a year and a snug investment in War Loan stock yielding another \$500,000 a year.

The difference between the type of municipal administration which produces results of this kind, and that with which we are mostly familiar in Canada, can be better imagined than described. The secret of Glasgow's remarkable showing is said to be depreciation. Year after year, the tramways department, besides providing for the sinking fund, wrote down its plant relentlessly, ignoring all pleas for grants in relief of local taxation. Any "dividends" paid have only come after almost lavish transfers to depreciation had been made and then were confined to modest figures. Probably, behind this persistent policy of depreciation lie two other factors, which are primarily responsible for this

undertaking's success—executive ability and honesty in administration. The honesty of members of the Glasgow city council is not suspect, as is that (rightly or wrongly) of a good many folk who sit at the boards of Canadian city councils and direct the affairs of other public authorities in the Dominion. The fact is that Canadian public life at present attracts such a poor type of man, intellectually and morally, that municipal enterprises here are damned at their birth. Glasgow's example of conservative financing may be specially commended to those municipal financiers in Canada, who are not even over-zealous about guarding sinking funds.

THE THIRD WAR LOAN.

The subscription lists to Canada's third war loan close tonight, and indications are that when the final returns are made up, it will be found that the same triumphant success has been achieved as in the case of the two former loans. In some financial quarters, indeed, it is held that the result will have been obtained of over-subscription of the whole \$150,000,000 without taking into account the banks' underwriting of \$60,000,000—a result much to be desired. As was to have been expected, those controlling large amounts of funds have not been slow to avail themselves of the remarkable investment possibilities contained in the present offering. The lists published, incomplete as these admittedly are, are sufficient to show an ample subscription from large monied interests both in Canada and the United States. To what extent that vital factor in the proper support of the loan, the small investor, has risen to the occasion is by no means clear. But generally speaking there is a hopeful feeling that the wall of misunderstanding which too frequently surrounds that individual has been considerably broken down, with the result that he has undertaken responsibility for an amount of this loan considerably increased in comparison with former issues. There is the possibility that the present loan may mark the high-water mark of attractive terms offered by the Dominion Government. Even if further long-term financing has to be done by the Minister of Finance before the war comes to an end, it does not follow that more attractive terms than those lately offered will be forthcoming. If during the next few months such progress is made in military operations that the end of the war is brought appreciably nearer, the Minister would certainly be justified in offering less favorable terms for permanent financing. However that may be, the success of the present loan will be both an incentive to our own continued effort and a reason for confidence in undertaking new tasks and problems, and it will be a stirring message to Great Britain and the Allies.

Captain Herbert Molson, a director of the Bank of Montreal, who is now in active service, has been promoted Major.

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The Metropolitan Fire Insurance Company and the Monarch Fire Insurance Company, two Ontario licensed organizations, are amalgamating under the latter's name as a cash-mutual and stock company. The two companies have been under the same management for the past few years.