

The relative advantages and disadvantages of these methods may be summed up as favoring the third method, for the reason that the credit of the municipality is generally better than that of the private corporation; it can obtain capital necessary for construction at a cheaper rate of interest, as the bonds issued become a lien on the taxing power of the City, while if an outside corporation should undertake to obtain this capital, they must take the risk of the project's earning its own way, and financiers therefore demand a little greater return owing to the risk involved in this operation; and at the same time the municipality is relieved from any possibility of party politics' influencing the operation in general or the appointment and disciplining of employees engaged on the system.

There is even much in favor of private enterprise's taking hold of the construction, equipment and operation of a public enterprise under official government. These undertakings have been sources in many cases of great extravagance and waste on the part of municipalities. Private capital embarking on such an enterprise is surely worthy of as much return as any individual expects to make from a private business investment, and these enterprises are doubtless a means of income to many that are otherwise unable to engage in commercial life.

It will often be found that private operation, which is usually conducted under vigilant criticism, leads to better service, more economical operation and a more highly strung state of efficiency than most municipally run enterprises. We here refer specifically to the operation of lines of transit, and we believe that a city may most advantageously construct such utilities on its own credit, obtaining money on the lowest possible terms and leasing the working rights to operating companies under careful restrictions.

Even in the case of cost of construction we are aware of more extravagance in the case of municipalities than in the case of private enterprise, as the municipalities are more subject to changes of government, inducing changes of plan during progress of work. It is also more flexible to innocent criticism, and in the endeavor to meet these criticisms mistakes are frequently made in the ultimate design and construction of the utilities concerned.

We bear in mind the fact that the City is now receiving from the Toronto Railway Company about \$640,000 per annum, made up of \$508,000 as a percentage of the earnings, \$82,000 as pavement charges and \$50,000 as general taxes most or all of this represents a net income to the City which will probably increase, rather than diminish, during the remainder of the franchise.

Even with the complete system of subway, surface and radial lines we have outlined and believe to be self-supporting by the year 1921, we would not be understood to favor municipal operation, as we are convinced that such operation, even with the best will in the world, is usually incompetent and wasteful and unsatisfactory to the public.