

MONTREAL SINGLE TAX ASSOCIATION.

Should the
Street Railway
Franchise be
Extended, or



Should the
City Own
Its Street
Railway



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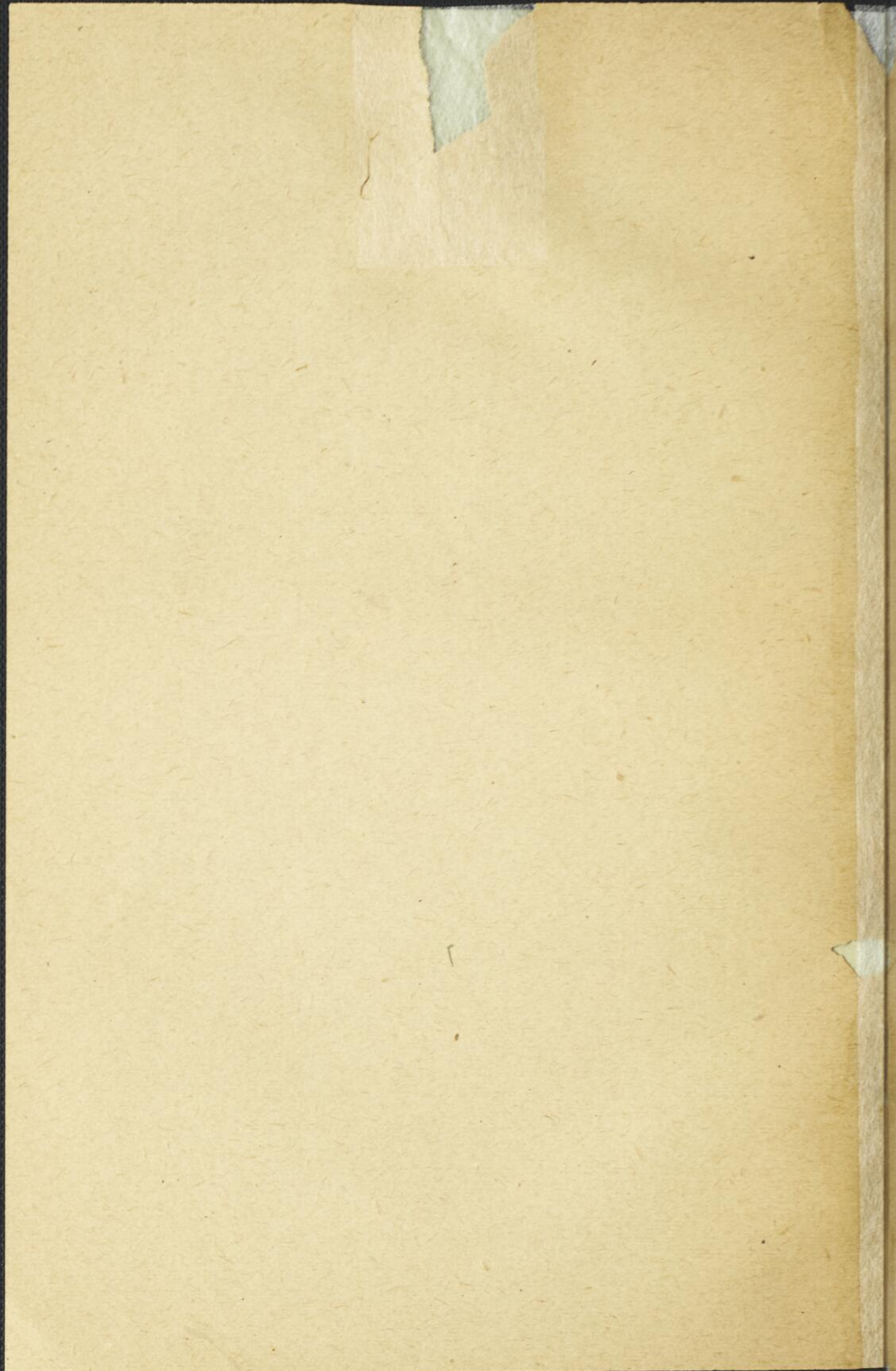
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\$16,000,000.00 vs. MUNICIPAL OWNERSHIP.

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FACTS CAREFULLY EXCLUDED FROM MOST NEWSPAPERS.

SHALL WE EXTEND THE STREET RAILWAY FRANCHISE?

\$16,000,000 VS. MUNICIPAL OWNERSHIP.

To the Citizens of Montreal :—

The Franchise of the Montreal Street Railway has nineteen years to run, but a movement is already begun to secure its extension for ten and possibly twenty-five years. The amended civic charter has been drawn so as to permit the extension by a majority vote of the Montreal City Council, where formerly a two-thirds vote was required.

The Montreal Street Railway no doubt has powerful friends in our Council, and among the legislators at Quebec. Why does that Corporation require an extension at this date—nineteen years before the franchise expires?

The Montreal Single Tax Association submits the following reasons, and urges the citizens to at once bring such pressure to bear upon their aldermen as will PREVENT any extension being granted.

WHAT IS A STREET RAILWAY FRANCHISE ?

It is a special legal privilege given to a corporation or union of capitalists to use exclusively certain PUBLIC PROPERTY, viz., the streets, for public purposes (in this case passenger transportation) BUT FOR PRIVATE PROFIT. The essential element in a Street Railway franchise is the

PUBLIC PROPERTY, viz., the city streets. The possession of a Street Railway franchise by a private corporation constitutes a monopoly. By it they have power, if an unjust fare is levied, to pick the pocket of every citizen who uses a street car.

VALUE OF M. S. R. FRANCHISE.

This is easily shown. The capital stock of the Montreal Street Railway Co. is \$6,000,000. Probably not nearly that amount was ever actually expended. The usual selling price of two \$50 shares has been, during the past two years, \$265. Therefore the total value of stock and franchise has been not less than \$15,900,000, less bonds \$1,000,000 = \$14,900,000. Therefore the total value of the franchise for nineteen years is \$8,900,000 (\$14,900,000 less capital stock \$6,000,000), and if the present value is maintained, the yearly value of the franchise is \$468,421. As the earning power of the railway is steadily increasing each month, and the population of Montreal is steadily increasing each year and may increase 50 per cent. in the next nineteen years, the above is an under estimate.

THE FRANCHISE EXTENSION IS DESIRED BY THE COMPANY TO KEEP UP THE PRICE OF THE STOCK TO ITS PRESENT FIGURE, AND, IF POSSIBLE, TO GREATLY INCREASE IT.

HOW FRANCHISES MAKE IDLERS RICH.

The above figures prove that out of a nominal investment of \$7,000,000, shareholders of the Montreal Street Railway have become richer to the extent of \$8,900,000.

HOW THEY BREED SOCIAL TYRANTS.

What a gold mine that franchise has been ! And how easily the money was obtained ! And from poor and middle-class citizens too, for rich people use Street Railways principally to gamble with. Do you wonder that Street Railway magnates have been able to obtain Gas, Electric Light, Telephone and Power franchises, buy coal and iron mines, and put through legislation, whereby they fix prices for us of gas, light, power, telephones, car fares and coal? Could the tyrants of ancient times have had more power? Where is there more complete slavery?

They want the franchise extended because, if not extended, the selling price of each share of stock will begin to fall as the date of expiration approaches, until at time of expiration the price would only be the face value, or equivalent to the market value of the plant, **THEY WOULD HAVE NO MORE FRANCHISE VALUE TO SELL.** The shareholders could only get back about as much money as they had actually invested. They have grown rich by selling the right to use the streets of Montreal, which our Aldermen granted them. They have grown rich by being favored with the use of **PUBLIC PROPERTY** at an absurdly low rental. Could **YOU** not grow rich if the City would supply you with building lots for your business practically rent free?

WHY THE CITY SHOULD OWN THE STREET RAILWAY.

So long as cities give away or lease at low rentals their valuable franchises which they themselves

should use, so long will the men who seek and obtain these franchises be a corrupting and tyrannical influence in their public life, and bend legislation to support their interests. **THE STREETS BELONG TO THE CITY. THE CITY SHOULD USE THEM ITSELF. THE CITY SHOULD OWN AND OPERATE ITS STREET RAILWAY.** It is not the proper business of our Aldermen to tax bicycles, carriages, machinery, business, factories, fine stores like that of Messrs. Henry Morgan & Co., and other things we need. It IS the proper business of our civic government to own and operate a Street Railway on its own streets, just as it is proper for the Windsor Hotel to own and operate its own elevators. No civic government has the moral right to put its citizens at the mercy of a private corporation by giving them a monopoly of street car transportation. **THE CITY OWNS THE STREETS.** By honest municipal ownership, the City could afford to carry all citizens at all times for a 3c. fare. Why permit a private corporation to take 4¼c. or 5c. each ride? The city of Cleveland has received tenders from a private corporation for street car lines at a three cent fare, and universal transfers, with right of purchase by the City at the end of the term. U. S. Senator Clark has an application before the City Council of Los Angeles, Cal. (population 125,000), for a street railway franchise for 32 miles of streets (Montreal has 114 miles of track) and undertake^s to charge a three cent fare. In 1898 statistics show that in New York the actual cost to carry passengers was, per trip, on the electric system 1.93c. —cable electric 2.64c. —horse cars 3 1-10c. There,

power is from coal. Here, power is from water—**THE CHEAPEST POWER IN THE WORLD.** In Washington, D.C., the operating expenses and taxes of the Metropolitan Railroad Co. amount to less than 2½c. per passenger carried. The cost per passenger to the Detroit Electric Ry. (power obtained from coal) is only 2.2c. per trip. Actual cost to carry a passenger in Toronto is less than 2.08c. In Montreal operating expenses and taxes are less than 60 per cent. of gross receipts, showing that a three cent fare would be easily possible under municipal ownership. In Great Britain operating expenses do not exceed 2c. per passenger. In Glasgow, 1901-2, operating expenses were 1.19c. each passenger. In Liverpool, 1902, under municipal ownership, average fare per passenger was 2.22c. and operating expenses only 65 per cent. of total revenue.

Now let us compare the fares paid in Montreal with the ACTUAL fares paid in the following European cities owning street railroads:

TOWN.	POPULATION.	AVERAGE FARE. CENTS.
Milan.....	440,000	1.80
Vienna	1,500,000	2.70
Berlin	1,800,000	3.00
Buda Pesth.....	500,000	2.70
Belfast.	256,000	2.20
Glasgow.....	840,000	1.78
Liverpool	700,000	2.22

Why should not Montreal have a municipal Street Railway and a 2½c. or 3c. fare, instead of paying an average of 4.07c.?

HOW CAN THE CITY ACQUIRE THE STREET RAILWAY ?

How to secure improved service and a 3c. fare.

The first step is to REFUSE TO EXTEND THE FRANCHISE. The next step would be to elect honest and public spirited aldermen, so that when the franchise expired they could be trusted to institute a municipal service on an honest basis, as has been done in Glasgow and Liverpool. WE HAVE NINETEEN YEARS IN WHICH TO DO THAT, and if the character of our Council continues to improve (and the citizens can insist on that improvement) on the expiration of the franchise we can follow the example of Glasgow and Liverpool. The old Company would be compelled to part with its plant to the City at a fair valuation or have a white elephant on its hands. The practical men who now operate the road, viz., the superintendents, electricians, engineers, motormen and conductors, could do the work much better under municipal ownership, because municipal managements can afford to pay, and do generally pay, 25 per cent. to 40 per cent. higher wages than private Street Car Companies. Bear in mind the shareholders and financiers who claim to own the M. S. Ry. do not WORK it. They have to pay practical men to do that. The City Council could engage the same men and afford to pay them better wages. Why? Because the city could borrow money at $3\frac{1}{2}$ per cent. or at most 4 per cent., and would have no franchise rental or dividends to pay.

On \$6,000,000 stock, M. S. Ry. pays dividends @ 10 per cent.....	\$600,000 00
And interest on \$292,000 bonds @ 5 per cent.....	14,600 00
And interest on \$687,370 bonds @ 4½ per cent.....	30,931 00
	<hr/>
Total.....	\$645,531 00
The City on same investment would only require to pay, say at outside figure 4 per cent.....	279,174 00
	<hr/>

Difference in favor of City..... \$366,357 00
margin on which to increase the low wages and reduce the hours of work of the present Street Railway workmen at first start.

WHY COULD MUNICIPAL OWNERSHIP BE MADE TO PAY ?

Because, besides no dividends to pay and a low rate of interest available on borrowed money, no franchise rental or business tax, there would be no dividends to pay on WATERED STOCK. Is not a great portion of the Montreal Street Railway stock water? Could not the entire system and equipment be duplicated for less than \$40,000 per mile? Competent engineers give such an opinion.

Judge E. F. Dunne, of Chicago, says the principal Street Car Companies in Chicago are capitalized and bonded for over \$100,000,000, and their tangible (actual) property is less than \$30,000,000. Yet they have paid interest and dividends upon total bonds and capitalization!!! This shows what an enormous saving there can be under municipal ownership, of which those who use the cars could get the benefit in lower fares.

The theory of many respectable people, including those who own Montreal Street Railway stock pay-

ing 10 per cent. dividends, is that the citizens of Montreal will never have a City Council honest and intelligent enough to operate economically, honestly and successfully a municipal street railway. This is a false theory. Below we give results of actual practice in other cities. What can be done in Glasgow, Liverpool and Nottingham can be done here.

THE EXPERIENCE OF GLASGOW.

Glasgow (population 840,000) now owns and operates an electric street railway of 73 miles. Since the City took over the railway, it has reduced the fares more than one-half, and they now average 1.78c. per passenger. The service has been enormously improved. The hours of work of employees have been shortened. They are supplied by the Company with uniforms, and have had their wages raised, the three changes being equivalent to a total increase in wages of \$90,000 per year. The public pay in fares \$900,000 per year LESS now than they would have paid to the private street car company, and in addition the City is making a handsome profit on the investment. What Glasgow corporation has done, why cannot Montreal do?

The Montreal Daily Herald stated recently that it is anticipated in Glasgow that the surplus on the year's working of the municipal electric cars will amount to \$1,000,000.

LIVERPOOL'S EXPERIENCE,

Now for Liverpool's experience, as related in New York at the Municipal Reform Convention,

February 25th last, by the Manager of the Liverpool Municipal Railways, Mr. C. R. Bellamy.

The City acquired the railways in 1897, being driven to such action by INADEQUATE SERVICE, HIGH FARES and BAD TREATMENT OF EMPLOYEES BY THE PRIVATE COMPANY. The line was rebuilt and adapted to electricity, and below is a statement of operations for year 1902 :—

Capital expenditure.....	\$8,756,280 00
Total revenue	2,486,088 00
Cost of operation, or 65 per cent of revenue.....	1,631,088 00
Gross profits.....	855,000 00
Length of track. 101 miles.	
Average fare per passenger, 2.22c.	

As the price paid to the old Company was \$2,800,000, Liverpool practically built 101 miles of road and fully equipped it for \$6,000,000, or \$60,000 per mile. As real estate is much less expensive in Montreal than in Liverpool, a railroad could be built and equipped here for much less money.

Why should not Montreal own the railway and take the profits, if any?

We want better service, lower fares and better paid men.

Why let a few rich men stand in the way? Why enrich them still further at public expense?

They do not approve of LABOR UNIONS, and the Montreal voters should not approve of CAPITALISTIC UNIONS, based on monopoly of the public streets.

Propose to one of these capitalists holding a fine piece of orchard land that he permit you to plant

apple trees on it practically rent free, you to gather and profit by the fruit when ripe, and he will pronounce you a fool. Yet these men have, by methods that should be carefully investigated, obtained the privilege of planting poles and laying rails on our streets by which they make enormous profits. They gather the golden apples grown from public lands. Their franchise values are public land values. These values are made by the people, and we must start work to see that the people—all the people—get them.

THEREFORE DO NOT EXTEND THE
FRANCHISE.

EXPERIENCE OF NOTTINGHAM.

How has Nottingham, England, with 240,000 people, disposed of its franchises? It has kept and operated them. Nottingham owns its markets, waterworks, gas and electric light service and street railways, and while giving very low rates has been able to turn into the civic treasury within five years \$720,000 as net profit, and taxes are reduced accordingly. The good of the community is first considered—not the profit and dividends of the shareholders of greedy corporations. In Nottingham, water is furnished to tenements of low rental at \$1.68 per year, and gas is supplied at 34c. per 1,000 feet, while electric light and power are correspondingly low, although only coal, and not water-power, is available to produce them.

The owners of \$16,000,000—\$9,000,000 made from the franchise of our streets—ask us to extend that franchise ten or twenty years. That would likely send up their stock to \$300 and put \$2,000,000 in their pockets.

WHY NOT KEEP THE FRANCHISE AND GIVE OURSELVES AND CHILDREN THE BENEFIT?

What right have we and our Aldermen to give away the liberties of our children? If our public men of to-day are not as honest, capable and public-spirited as those of Glasgow, Liverpool and Nottingham, may not they be so 19 years from now? What right have we to chain our children to the grist mill of the Montreal Street Railway millionaires?

Montreal owns its waterworks system and makes a profit of \$190,000 yearly from same. If the City can successfully operate a waterworks system, why not a municipal street railway? Other large cities are doing it. It is our turn to try. None ever learned to swim who kept out of the water. Municipal ownership and cheaper fares would increase the value of both city and suburban real estate, thereby increasing civic revenue by taxation on increased land values. Municipal ownership and generous pay to employees would prevent strikes.

The Montreal Street Railway has recently proposed to assist in forming amongst its employees a Benevolent Association. It has also donated \$700 to the Police Benevolent Association in recognition of the services of the Police during the strikes. Under municipal ownership, with fair wages, strikes would not occur, and the profits would admit of a pension system for Street Railway men, as well as Police and Firemen in old age or in case of disablement in the service of the City.

What moral right have we to give away that which should belong to our children and grandchildren?

In 19 years those of us who are now between 30 and 40 years of age will be old men—some dead—whilst children now 10 years old will be men of action attending to the business of the City, and they will suffer under the arbitrary rules of the Street Railway monopoly. As shown, the value of the M. S. R. stock created by the franchise is not less than \$8,000,000. It is likely to become worth double that before the expiration of 19 years, if the twenty years' extension should be granted. This means \$468,000 per year. Why in the name of common sense should the City give away this vast sum to a handful of people already possessed of vast wealth, or even to poor widows and orphans who possess Street Railway shares, when the City needs every dollar of this money for much better purposes. Our streets are unpaved and filthy; we drink bad water; we have no public baths; our schools and universities are in pecuniary difficulties and our teachers underpaid, yet we have given millions and are asked to give millions more!

WHY EXTENSION SHOULD BE PREVENTED.

A shareholder of the M. S. Ry. was recently asked: "Why do you want another 10 years' extension, when your franchise still has 19 years to run?" "Because what we can POCKET now we do not need to ask for later," was his answer. This is truly the spirit of the beggar—nay of the spoilsman. (See illustration on cover.) In a few years franchise grabbing will likely be made a criminal offence.

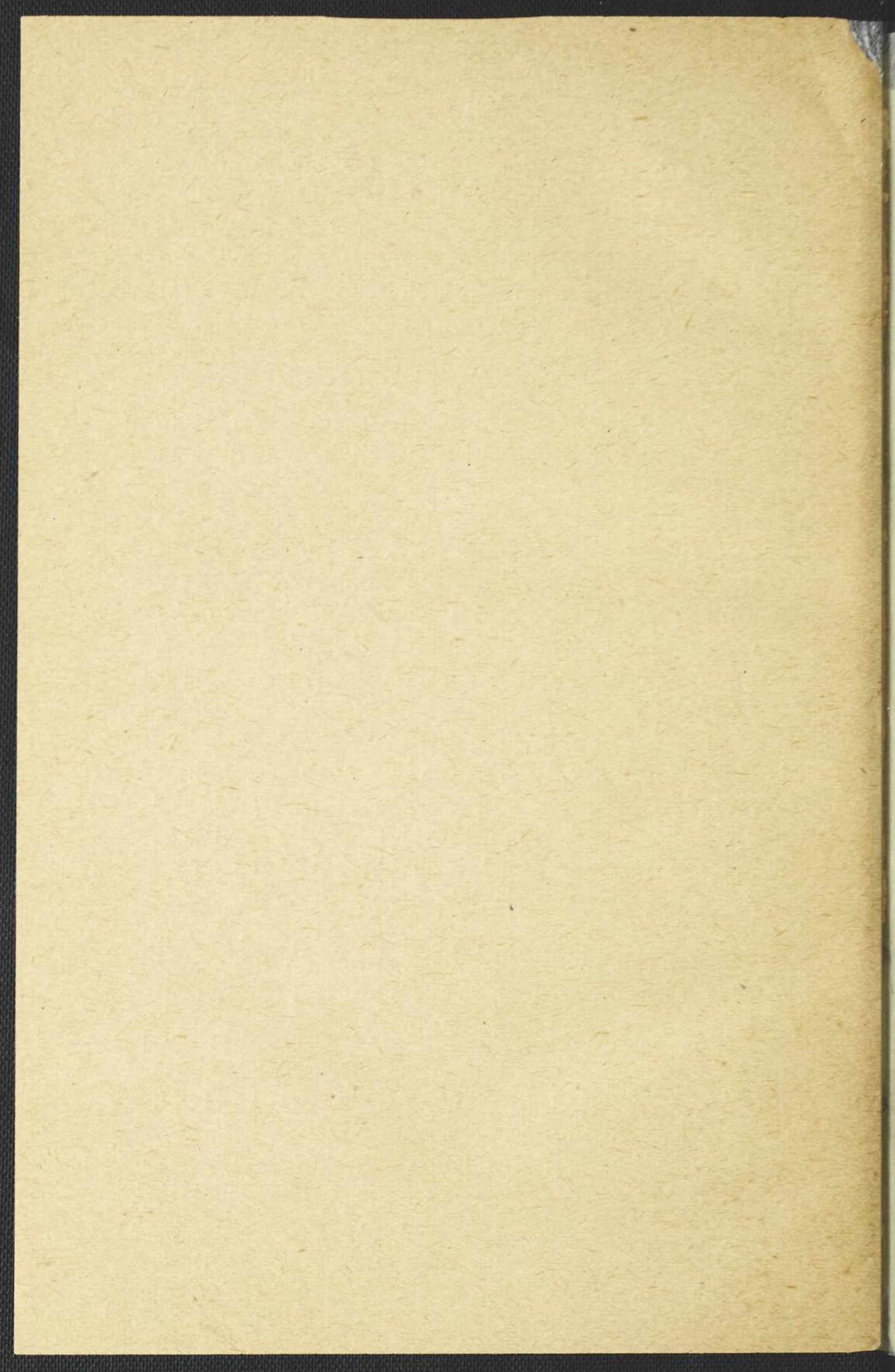
Does a good father provide for his family or does he arrange things so that his children will be in want? Should we give these rich people further advantages without compensation, we will simply handicap our children who will suffer for our folly 19 years from now.

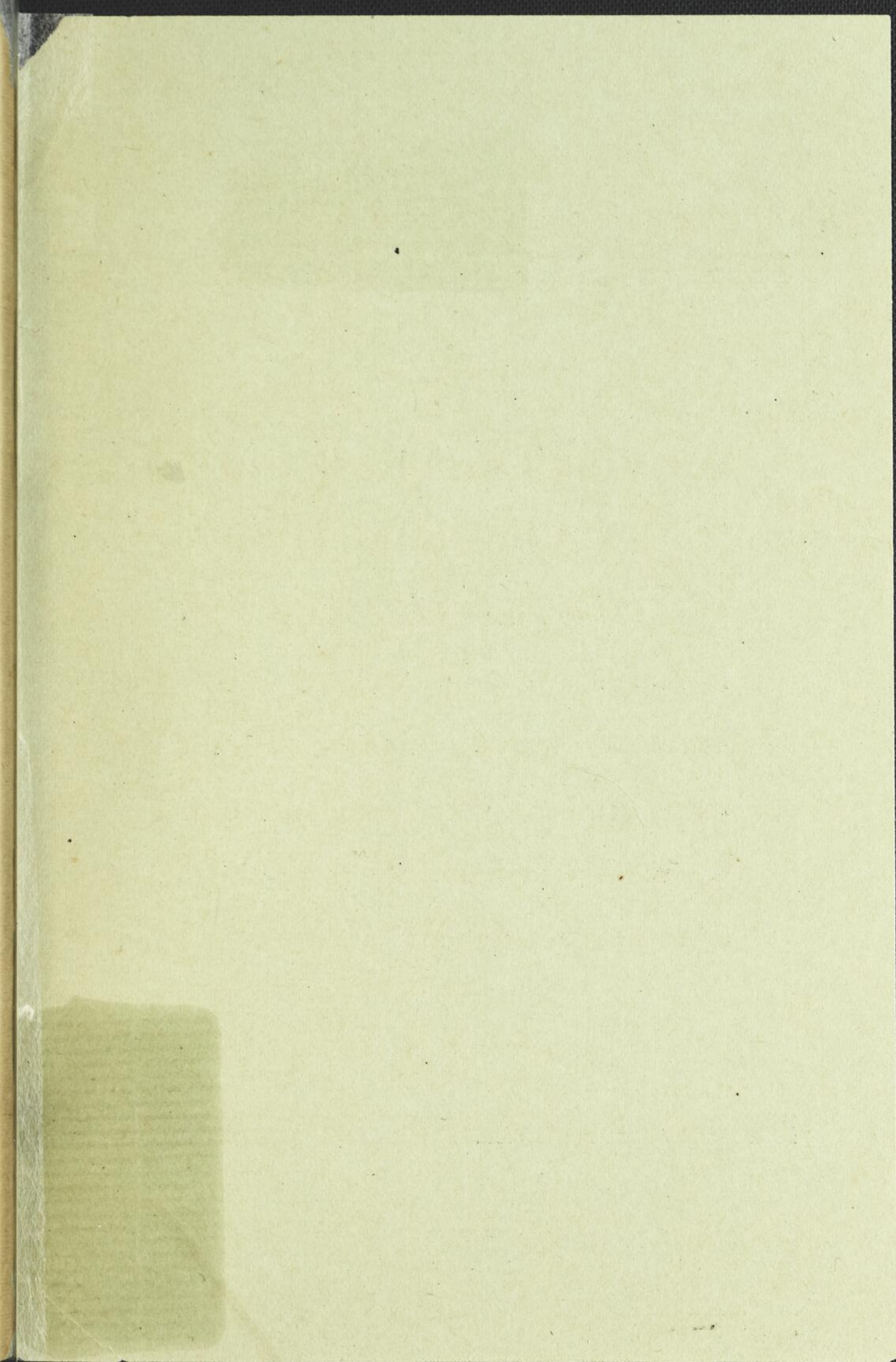
PROFITS WOULD REDUCE TAXATION.

It is to the interest of franchise grabbers to debauch civic governments and breed distrust amongst citizens in their officials. Rats desert houses where they find no food. The food of the franchise grabber is profit from civic incapacity in leasing out franchises worth millions of dollars for a mere song. Stop this! Refuse to extend the franchise and civic corruption will receive a death blow. Refuse extension and you will starve out franchise grabbers.

In conclusion, to help the work along, circulate this pamphlet. Support the movement for honest civic government and municipal ownership of franchises, and when the time comes you will enable the Montreal Single Tax Association to assist in placing in the field an opposition candidate to every would-be Alderman who will not pledge himself to oppose with might and main the extension of the Franchises of the Montreal Gas Works and the Montreal Street Railway.

MONTREAL SINGLE TAX ASSOCIATION.





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Mayor Tom L. Johnson
of Cleveland Ohio,

Probably the best Street Railway Expert
in America writes : " I have read your
pamphlet with much interest and it
seems to me a very good undertaking.
There is no question, but you are moving
in the right direction. "

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