

ity, all undertakings which are in the nature of monopolies may also rightly be claimed as fit subjects for municipal control. The supply of gas and of water, electric lighting, and the establishment of tramways must be confined to very few contractors. They involve interference with the streets and with the rights and privileges of individuals. They cannot, therefore, be thrown open to free competition, but must be committed, under stringent conditions and regulations, to the fewest hands. As it is difficult, and, indeed, almost impossible, satisfactorily to reconcile the rights and interests of the public with the claims of an individual, or of a company seeking, as its natural and legitimate object, the largest attainable private gain, it is most desirable that, in all these cases, the municipality should control the supply, in order that the general interests of the whole population may be the only object pursued."

These words were spoken before municipal ownership had assumed its present proportions, but the experience of municipalities has taught the people that wherever a monopoly has been created in the use of the ratepayers' property by a private company, the stockholders have enriched themselves at the expense of the people, by the watering of stock and the exaction of excessive charges for inferior service, the municipalities being powerless to interfere, or even control their own streets. As a result of these practices, the corporations are themselves responsible for the growth of public opinion in favor of municipal ownership. Had they been satisfied with a reasonable profit on a capitalization free from water, and been less autocratic in their dealings with municipalities and the public, the present conditions would never have arisen.

On another page of this issue will be found data regarding the operation of electric light systems in Great Britain, from which it will be seen the price obtained by private companies is much in excess of the charges made by municipalities. This is one of the best testimonies in favor of municipal ownership. If a citizen can get a car ride for 3 cents instead of 5, gas at 60 cents instead of 80, or electric light at 8 cents per unit instead of 12, it requires a great deal of argument to convince him that municipal ownership is a failure.

It is well to note who are the opponents of municipal ownership, and on this point it is obvious to those who have studied the question that the opposing evidence comes in every case from the corporations who are struggling for existence. As an illustration of this, an association was formed in London, England, last year, called the "Industrial Freedom League," which posed as a disinterested society whose only object was to protect the poor citizens from losing their money in municipal ownership. A glance at the executive, however, revealed the fact that it was composed mainly of the directors and officers of the British United Traction Co., a corporation that had been endeavoring to monopolize the street railway franchises in all the Midland towns, and whose agents have been accused of buying votes at a shilling each to defeat a municipal street railway by-law in Birmingham. The Hon. R. Porter, late of the Standard Oil

Trust; J. Pierpont Morgan, and other trust magnates also figured as patrons to the League.

Take the telephone question, again the only opponents whose evidence is worth anything in England consist of the officers of the National Telephone monopoly, J. E. Kingsbury, manager of the Western Electric Co., which is controlled by the American Bell Company, and, a recent arrival, H. L. Webb, late of the New York Telephone Co., also a Bell corporation.

There is no objection to an impartial investigation of this important question, but it must be admitted that evidence coming from the sources named, is absolutely valueless. As far as Canada is concerned, an enquiry into this subject by such a body as the Union of Canadian Municipalities, comprising as it does men of different views, and yet having the interests of municipalities at heart, might result in much good.

A stock argument used against municipal ownership is that sufficient allowance is not made for depreciation, yet they overlook the existence of a sinking fund which has an important bearing on the matter. Take, for instance, money borrowed for ten years to build a wall, the supposition being that it will last ten years. It deteriorates one-tenth each year, and one-tenth of its cost is repaid each year. Is this one-tenth not depreciation, for at the end of ten years there is no wall and no capitalization account? Examine a company's books using plant worth \$5,000, and deteriorating ten per cent. per annum. A year after, the plant is worth \$4,500 and from profits \$500 is added to the account, and so on every year until the tenth, when you have no plant, and \$5,000 capital indebtedness, which if paid off, would wipe out the \$5,000 set aside for depreciation. Thus we have a distinction without a difference. It is interesting to note the inconsistency of this depreciation argument, for it is well known that the corporations do not practise what they preach in this matter. An examination of the Bell Telephone Co.'s accounts, for instance, reveals the fact that on January 1st, 1902, with a capital account of \$6,750,000, the total amount of the contingent fund, after 22 years' existence, was only \$900,000, while in that year nothing was set aside for contingencies, and only \$50,000 was written off the plant and patent account. Many other examples could be shown in proof of the fact that companies do not make the provision for depreciation which they are so concerned about in municipal accounts. The explanation lies in the fact that companies construct and reconstruct their capital accounts, which municipalities do not, in order to provide for the renewal of their plant out of capital instead of revenue. In other words, their customers have to find the dividends on increased capital, while the stockholders go comfortably along without such an encumbrance as a sinking, and only an apology for a depreciation or contingent fund.

During the current year articles will be published in the "Canadian Engineer" dealing with the municipal ownership of public utilities, containing facts and figures regarding the operation of systems in Canada and other parts of the world, and at the same time comparisons will be made with the operations of companies, under similar conditions. It is not pro-