"You want the best obtainable service at the lowest profitable price. It goes without saying that you cannot get that condition by dividing your demand between two or more corporations. The economies of production and distribution are not increased by division, but by concentration. Therefore, the problem properly analyzed does not admit of competition as a factor.

"In the past record of this country, the whole effort has been to regulate public service utilities by competition, and all the complaints that are now being pressed, of discrimination in rates, and rebates, secrecy of accounting and overcapitalization, are the direct and legitimate results of attempting to regulate a business that is a natural monopoly by the principles of competition. Assuming the point of view that a business is a natural monopoly, then, it must be controlled and regulated by principles to control monopolies. That means public regulation."

During the past year the City of Syracuse appointed a special commission to inquire into the lighting question, and their report was handed in on the 3rd of September last. The findings of the committee are adverse to a municipal plant either for gas or electricity, and the following is quoted from their report, which is now a public document:

"The granting of a franchise which results in competition in electric lighting and power service is fraught with many grave contingencies. The inconvenience and annoyance to the public in having duplicate systems of poles and wires in the streets is sufficiently obvious, and it is not necessary to enlarge upon that feature of such a situation. Only most urgent necessity for relief from unsatisfactory service and excessive rates, and the failure of other practicable remedies, would warrant such a step.

"Duplication of electrical distributing systems increases the number of poles and wires in and over our streets, with consequent greater difficulty in contending with fires. The responsibility from accidents from crossed wires and defective construction is not so readily and certainly fixed when numerous independent systems of wires are in the streets.

"The division of the business between competing companies makes it less practicable to compel the use of underground conduits extensively, because competition renders the business less profitable to both companies, or if separate conduits are constructed, the disturbance of the surface of the streets becomes a more serious annoyance to the public.

"As against the possibility that the public might receive at least for a time better rates and service, is the other possibility (not to say probability) of an agreement being arranged between the nominally competing companies which would nullify the effect aimed at through competition. If we may draw deductions from practically all previous experience with such utility corporations, we may conclude that the outcome—should the Niagara Distributing Company actually have entered the local field—would probably have been either an agreement with the Syracuse Lighting Company to divide the business along territorial or other lines, or else a consolidation of the two corporations on some basis to their advantage, rather than to the advantage of the public.

"The division of the business would probably not enhance the grade of service to individual users, nor reduce the rates for power or light. On the other hand, it would naturally have the opposite effect.

"Merging of two companies would result in a larger capitalization, on which the consolidated company would endeavor to pay interest or dividends. It would also naturally desire to recoup itself for reduced returns during the period of competition. We may conclude, therefore, that competition in itself is not to be desired in the electric lighting and power field."

Compensation for Franchises.

You may have noticed in connection with public utility franchises that certain civic rulers, and I may say the Press, have publicly demanded from the companies certain percentages on their gross earnings, to be applied to the making of good roads, etc. Now, if the price for service is based on cost, it matters little to the companies whether they pay the percentage demanded direct to the municipality or not. If the public demand it why cannot the companies pay it, as it would simply be an added expense to cost? If they do not demand it, then the cost, and consequently the selling price, would be so much less. It then becomes a question whether the company is to be a public taxgatherer for the muncipality, or whether the municipality should collect direct from the citizens, which to my mind is the only fair and just way, otherwise you compel a small minority of the citizens using the commodity in question to unfairly contribute to the city's revenue, while the benefits would be reaped by all.

Remedies.

Having reviewed the origin of the agitation for municipal ownership of public utilities, I will endeavour to point out my idea as to the proper remedies, and I would say right here that the remedy does not lie with the companies alone. It lies with the company, the consumer, and the public. There must be some give-and-take from the company, the authorities, and the public, or nothing effective will result. Public companies for their own salvation must endeavour to give the best service at the lowest cost. In my opinion the best results will be obtained by a system of public control. A "Public Service Commission," framed on the lines of the existing Railway Commission at Ottawa, would go a long way to protect the interests of both the company and the user. Reasonable inflation of capital is necesary to off-set the possible loss or questionable profit. Fair treatment for capital invested in corporate enterprises is imperative. Capital is answerable to public opinion, which is oft-times unreasonable and must be led, not disregarded. Rather educate the people in the fact that public corporations should have the same protection in the enjoyment of the rights to their property as is enjoyed by other investors.

Massachusetts, U.S., has had a form of public control of private companies for the past thirteen years that appears to have given fairly good satisfaction. No doubt it also has its imperfections, and at times we hear of corporations and the public not being satisfied with its application in specific cases. On the whole, however, it has been advantageous. The consumers are better and more cheaply served, and employed capital is better protected. Stock-watering has been eliminated and reasonable returns on capital allowed. Badly-framed or viciously-applied laws could do serious damage, but with a real desire on the side of all parties to secure justice for all alike, public control offers a far better solution of all difficulties than does municipal ownership.

As I have stated, public companies must endeavour to give the best service at fair rates, and the most satisfactory results will be obtained by following the lines laid down by the "London Sliding Scale," thus making the consumer a partner in the enterprise by reducing the price as rapidly as is consistent with sound management, and by treating the public as though they were its servants, not its masters. In all intercourse with the consumer or public, be it through the highest official of the company, or its office-boy, it should be the aim of the company to establish good feeling with the customer, even at the sacrifice of personal dignity. When the public appreciate that they are being fairly treated by corporations they will not object to fair returns on the capital invested.

So far as I can judge, the concensus of opinion of writers on this subject seems to be that some form of public supervision and control of charge for service by quasi-public corporations, offers the only solution of the problem.

"It preserves individual initiative, does not discourage enterprise nor the combination of private capital. It leaves industrial freedom unharmed, simply controls it in the public interest, enforces the rights of the consumers, while protecting the rights of industrial liberty."