

PUBLISHED EVERY FRIDAY

BY

The Monetary Times
Printing Company
of Canada, Limited

Publishers also of

"The Canadian Engineer"

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Established 1867

Old as Confederation

JAS. J. SALMOND
President and General Manager

A. E. JENNINGS
Assistant General Manager

JOSEPH BLACK
Secretary

W. A. McKAGUE
Editor

State Aid for Water Power Development

A Suggestion for: Assuring Fullest Utilization of Power Resources—Government to
Furnish Capital and Control Rates—Complete Ownership by Government not Essential.

By A. M. BEALE, B.Sc., A.M.E.I.C.

IN a recent article (*The Monetary Times*, September 20th, 1918) the writer endeavored to show that the production of power was a key industry and that Canada's opportunity lay therein. He also drew attention to the fact that every country of which we have information is endeavoring to stimulate its production of electrical energy and, wherever necessary, is providing state aid to supplement or replace private enterprise.

In Great Britain a great deal of attention has been given to the subject and figures have been submitted to prove that the continuance of the upward trend of wages is dependent upon the greater per capita use of mechanical energy. The old idea of restricted output in order to keep up prices and wages seems about to give way to the new one of stimulated output, the greater production of marketable manufactures per capita by the introduction of labor saving devices, automatic machinery, etc., and it seems probable that labor will accept the new regime and share in the rewards of enhanced output.

There seems to be no good reason why the government of Canada should not take steps to aid in the development of Canadian power resources. Power, usually in the form of electrical energy, is essential for the industry, convenience and comfort of the whole of our population. All manufactures are dependent on power and its supply at reasonable cost builds up industries which develop our unexcelled natural resources, provide products for our own use and for barter in the world's markets and secure profitable occupation for our people.

It is perhaps unnecessary to dwell on the fact that the use of waterpower is the use of an inexhaustible resource while the use of fuels represents a draft upon an exhaustible one, nevertheless in a country such as Canada where artificial heating is for approximately eight months of the year essential to existence, and where such heating can only be secured economically by the combustion of fuel, the replacement of fuel power by water power wherever feasible, even if the fuel resources were inexhaustible would represent the relief of transportation systems and mine labor to this extent and help to keep the price of fuel down in the face of a demand growing steadily with the population.

Though there is no reason why state aid should not be given to all power developments which are dictated by sound economic principles, this aid is not so frequently essential in fuel-power plants since the capital investment at the outset is not so large in proportion to the initial market, and although the cost of power per unit may be as large or larger than for water power, owing to the fact that the plant grows with the market, the question of financing the project is not often very difficult.

In the case of waterpower, though, owing to the low cost of maintenance and operation, the unit cost of power may be low, nevertheless the capital expenditure is much greater than for fuel power plants. Again, an excellent water power

site may be capable of producing much more power than the immediate market can absorb; unfortunately however water-power sites do not lend themselves to piecemeal development and it is generally necessary to incur a large percentage of the total capital expenditure at the outset. This frequently means a certain delay before the development reaches a paying basis; obviously, therefore, financial strength is absolutely essential.

Opportunity for Canadian Capital

Until the great war it was the practice of Canada to seek capital for national development elsewhere, but when the money markets of the world gradually became closed it became necessary to seek capital at home. Under the impetus of patriotism Canadians were taught to lend their money to the government for the successful prosecution of our war enterprises, but as time went on the patriotic appeal began to receive the support of the economic appeal. Canadians who had spent their surplus in real-estate which they found to mean the absolute tying up of their capital plus a yearly tax-bill, began to look upon the new investment with approval; it provided an investment which one could realize upon readily when required; a security upon which one could borrow from the banks, and above all, a periodical interest cheque to help offset the rapidly rising cost of living.

Hitherto the practice upon the North American continent has been to indicate personal financial prosperity by saying a certain individual is worth so many thousands or millions of dollars. In Great Britain wealth is usually indicated by saying a man is worth so many pounds a year. In other words, one speaks in terms of capital, the other in terms of income. It is probably this fundamental appraisement of wealth which has brought about the financial greatness of the Mother country. The predilection of the French people for "Renties" is proverbial, and it is to this in large measure that France's rapid recovery after 1870 is attributable and we can look for this same predilection to produce a rapid recovery of the same great nation from the storm and stress of the past four years.

In other words, national thrift accumulates national wealth, makes for national stability and produces the capital for the development of national enterprise.

Should not Canadians provide Canadian capital for Canadian enterprise? Possibly this country will need more capital than it can itself supply, but as it progresses from the lot of the debtor towards that of the creditor nation, the proportion of its exports required to pay its debts and interest charges will diminish until ultimately, perhaps, a considerable portion of its imports will, as was the case in Britain, represent payment for financial services rendered.

The government of Canada has expended much money and energy in educating the people to invest in Government bonds; it has built up a bond selling organization of an efficiency undreamed of five years ago. A prominent member of