

the company and labour each sacrificed something, or subscribers and the company may have profited, while financially the operators may have been left in a relatively worse condition. When it is remembered that the company's business was constantly increasing, through new phones being added month by month, increase on extension sets and in private branch exchange sets, some increase of expenditure would be the normal thing to expect, it by no means follows that this would mean an increase in cost per subscriber to the company, or any reduction in its net profits.

Nor were the possible benefits to be derived from such increases as were made in the schedule rates as considerable as might at first appear, for the reason that only a small percentage of the operators would ever reap the advantages of the more favourable changes. It will be observed that under the old schedule the highest rate fixed was \$25 per month at the end of two and a half years. Under the new schedule operators at the end of two years were to be increased to \$27.50, and at the end of three years to \$30. The evidence before the commission went to show that the time during which the majority of the operators remained in the company's employ did not exceed 2½ years or 3 years at the most. In other words, that the 'average life of an operator' was less than 3 years. Various reasons were ascribed for this.

Mr. Dunstan gave evidence as to this subject as follows:—

'Q. What is the average life of service of an operator ?

'A. It is variously estimated from 2½ years to 3 years.

'Q. So that by the time they are getting \$20 they were worn out ?

'A. Not worn out—ready to get married.....Many—a certain percentage—marry; then in many cases a sister marries and they are needed at home. Then, if a father is prosperous because times are good, it may not be necessary for her to stay, and the mother may need her at home.....I may not have included that we supply a large number of what are termed "private branch exchange operators" to the wholesale merchants and others of the city. That is, they apply to us for an operator. She leaves our service and enters theirs.....Now, there are between 250 and 300 such private exchanges in the city, and probably the majority of the persons in charge of such switchboards have graduated from our office.....Then, again, there are cases of persons who have gone to the offices, serving originally as switchboard operators, and who, because of their training and ability, have been taken into the office or promoted to some other branch, and then their place is taken again by another operator, probably from our force.'

Mr. Maw in his evidence, said:—

'Q. As I understand it, the life of an operator is about three years. Did they go out after they got educated sufficiently to get into better positions, or was it because they were not being paid enough ?

'A. For various reasons, no special reason; some possibly take better positions, and others went home.

'Q. The large majority of them went out after two or three years' service ?

'A. That has been practically the standard under all conditions.

'Q. That is your experience ?

'A. Yes.

Whatever the cause, the facts are that the period of service of the average operator being what it is, the changes which were made in the wages schedule were such that to the majority of the operators the more favourable changes would be of no advantage whatever, since they lay beyond the period of average employment. On the other

hand, it is extremely doubtful if the changes by which the majority were actually affected were such as to appreciably improve, or improve at all, for them their chances of being able the better to meet the increase in the cost of living.

The Question of Wages and Profits.

In this connection a word as to the profits of the company, and the general question of wages and profits may not be out of place.

The total earnings of the Bell Telephone Company amounted during 1905 to \$3,517,595.52. Its expenditure to \$2,615,276.82; \$251,586.19 was set aside as reserve contingency, leaving \$650,215.96 to be divided as net profits on capital amounting to \$8,604,840. A dividend amounting to 8 per cent was declared for that year.

At the Toronto exchanges the total expenditure for salaries and wages for 1905 amounted to \$274,425.03, of which amount \$100,381.38 was incurred on account of wages paid to operators, other than chief operators, assistant chiefs, supervisors, monitors and inspectors of service.

The commission endeavoured to ascertain the views of the company on the relation of wages and profits, the amount paid to operators for services rendered as compared with the amount received by the persons whose invested capital is the means of procuring these services. When asked as to his views in this matter, Mr. Dunstan replied as follows:—

'Q. Was there any question of the increased profits made by the company ?

'A. There was not.

'Q. Then how did you determine as to what proportion of increase you should make to the employees when you have not considered the question of the increased profits ?

'A. Not considered on that basis.

'Q. Do you think they should not be associated ?

'A. I do not.

'Q. Should the amount paid to the local manager have any bearing with the amount of profits occasioned by the local manager ?

'A. I cannot answer a question of that kind. I will say this, as a qualification of what I have just stated, that it must necessarily follow that if a company is not making money they may not have the ability to pay as much as they would like to do. Possibly if they are making a great deal of money it may affect their ability to pay. Without question there might be a connection between the salaries paid and the ability of the company to pay.

'Q. And 1 per cent dividend would be \$90,000 ?

'A. Yes.

'Q. That would aid very materially, would it not, to the remunerating of your operating staff ?

'A. It would.

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'Q. And that was not considered at all in connection with your service ?

'A. It was not.'

Mr. Maw gave the following views:—

'Q. Do you think that considering the question of wages, the matter of profit should be considered at all ?

'A. I do not see that that is connected with the question.

'Q. You do not think that has any bearing at all on the question ?

'A. I do not.