

4-5 EDWARD VII., A. 1905

*Expenditure.*

Cash expenditure, 1900.. . . . .	\$ 5,437 77	
“ 1901.. . . . .	5,776 22	
“ 1902.. . . . .	7,665 34	
“ 1903.. . . . .	10,163 68	
“ 1904.. . . . .	13,542 69	
		42,585 70

*Liabilities.*

Amount due Poïson Iron Works.. . . . .	74 70
Surplus.. . . . .	1,612 58
	\$44,272 98

NOTE.—All interest has been paid. The sinking fund alone has not yet been provided.

No. 80.

QUEEN ANN'S CHAMBERS, BROADWAY, WESTMINSTER,  
LONDON, S.W., May 6, 1905.

Sir WILLIAM MULOCK,  
Select Committee on Telephones,  
Ottawa, Canada.

SIR,—I was in due receipt of your letter, date March 30, 1905, but owing to great preoccupation, have not had leisure to reply to it hitherto. I have now pleasure in replying cursorily. In a week or two the accounts of the local authorities I have mentioned will be out, except Glasgow, which is not due until after May 31, and when this occurs I shall have pleasure in writing you again with the results.

Several years ago I came to the decided opinion that telephone systems are best developed when in the hands of persons who understand local requirements. The requirements of various towns and cities, even of the same size, are frequently different, and this is truer still of small towns and villages. It therefore follows that a hard and fast system, such as is apt to be set up by a central authority, does not meet the wants of all places. In Germany the telephone system is in the hands of the Imperial Government, and the whole of it, with the exception of Bavaria, Wurtemberg and Baden, is managed from Berlin. The same rates and the same regulations apply to all places of all sizes, irrespective of location, so that no variation is possible to meet local characteristics. The ill-effects of this have been brought out prominently in Schleswig-Holstein, which, of course, is part of the German Empire, although geographically it is a portion of the peninsula of Jutland, the northern part of which belongs to Denmark. The telephone development of the German portion of the peninsula has been very slow and is decidedly behind, the number of exchanges being small and the number of subscribers to them far below the average for the sizes of the communities. This is owing to the fact that everything is managed from Berlin. On the other side of the frontier, in Denmark, a very different state of affairs exists. There every village has its telephone exchange, and there also every village is connected by trunk wires with the others, that telephone communication may be said to be universal. The rates charged are very much lower than on the German side of the frontier. This different state of affairs is due to the fact that the Danish towns and villages are managed locally, either by their own town councils or by little companies which are formed to operate in a particular district. The great difference on the two sides of the frontier led the Chamber of Commerce of Flensburg, which is the principal town on the Schleswig-Holstein side, to petition the German Government on the subject.

During the last few years several local authorities in Great Britain have taken up telephone work, such as the corporations of Glasgow, Hull, Portsmouth, Brighton and