

own the telegraph lines, and the Bell Telephone Company under their Act have a perpetual charter. In the absence of existing competitive exchanges to any number, where is the inducement for the Government to acquire the system, and what are the possibilities of making a satisfactory deal with a company having perpetual rights? These are points which have apparently not been considered by those asking for the proposed legislation, and we repeat that the only immediate and effective remedy is to restrict the "Bell" from operating its long distance system in the sole interest of its own subscribers, thereby enabling that monopoly to exact excessive rates from telephone users, the majority of whom require only the local service.

Regarding the proposal to give municipalities power to control telephone construction on the streets, we fully agree that the local authorities should have the right to grant or withhold these facilities, and to make proper regulations under which such work shall be carried on, but we hesitate to say that they should exact their own terms for such privileges. We are just a little afraid that councils are more eager to impose terms and conditions which are prohibitive than they are to encourage independent telephone competition for the benefit of the whole community.

The telephone has become as necessary to the farmer in the remote rural districts as it is to the merchant in the city, and it is in the interest of the people that the rapid spread of telephone systems in the country should be encouraged in every possible way. For this reason we do not think it would be wise to give local authorities absolute power to "hold up," or exact prohibitive terms from independent telephone companies desiring to do a legitimate business to the public advantage. Such a power vested in the local authorities would have a tendency to encourage interference by the "Bell" monopoly in a way that is not now possible. It would be far better if those interested in obtaining the proposed legislation were to consult with some competent authorities representing independent telephone interests here or in the United States, and draft a set of conditions which while adequately safeguarding the rights of the municipalities would be acceptable to independent companies desiring to do business in Canada.

In conclusion we would point out that the end to aim at in all proposed legislation is the immediate extension, improving and cheapening of the telephone service in every part of the Dominion. This is what the people want without further delay. Relief will not come from legislation, however satisfactory, which may take years to carry through Parliament. The remedy lies in the hand of the municipalities, who by establishing or introducing competition will do more to curtail the powers of monopoly than miles of petitions to the Governor-General, or innumerable deputations to the Government.



TELEPHONE COMPETITION vs. TELEPHONE MONOPOLY.

It is frequently asserted by the opponents of Independent Telephony that the telephone business is a natural monopoly, and that it is not in the public interest to introduce competition into this class of service. How far this statement is corroborated by facts is shown by the marvelous results achieved in the United States within the past eight years, and also in Great Britain within a much shorter period. In the

beginning of 1896 the "Bell," and its subsidiary companies as a result of over twenty years undisputed possession of the field had less than six hundred thousand telephones in use in the United States, whereas to-day the Independent companies have over seven thousand exchanges with two and one-half millions of telephones, representing an investment of \$200,000,000. Further than this, seventy-five per cent. of the cities having a population of over twenty thousand inhabitants are installed with a telephone system in competition with the "Bell." We need only enumerate such centres as Chicago, Cleveland, Philadelphia, Detroit, Pittsburg, Baltimore, St. Louis, Buffalo, Minneapolis and St. Paul; Portland, Me.; Louisville, Ky.; Los Angeles, Cal.; Salt Lake City, Utah; and Seattle, Wash.; to show that the most important cities in all parts of the United States appreciate the value and importance of telephone competition.

In Great Britain the growth of telephone competition has been limited by the fact that the Post-Office department which controls this business will permit only municipalities to establish competitive services, and then only after an exhaustive and expensive Government enquiry has been held, in which a formidable array of legal talent and expert evidence in opposition, has to be surmounted. This procedure cannot be said to encourage municipalities in their desire to obtain relief from the monopoly, but notwithstanding this, competitive systems have been established in Glasgow, Portsmouth, Brighton, Swansea, Hull, and in the islands of Guernsey. In each of these places the results have exceeded the anticipations of the most enthusiastic supporters. Manchester, Salford, and Stockport are also arranging for a joint municipal service, and other systems contemplated are Scarborough, Cambridge, Belfast, Oldham, Burnley, Aberdeen, and Barrow-in-Furness.

In order to throw some light upon the financial side of telephone competition we publish herewith some statistics showing results of the working of telephone monopolies in Great Britain and Canada, in comparison with those of competitive undertakings. These figures prove conclusively what it is possible for a company or municipality having a system that is well managed and legitimately capitalized to accomplish, as compared with a monopoly whose capital includes much watered stock, and whose obsolete plant is replaced at the expense of telephone users instead of being charged against the profits of the undertaking. It will also be noticed that on both sides of the Atlantic the comparisons between the monopoly and its competitor show almost identical results, the slight difference being in favor of the two United States Independent companies quoted. This is due to the fact that there are more subscribers within the same area, in American cities than in Great Britain. Another very significant fact is that the average capital per station of the monopoly (and especially is this the case in Canada), includes a large proportion of obsolete plant and single grounded lines; whereas the competitive systems are all modern plants comprising long distance telephones, copper metallic circuits, and a large percentage of underground wires. The figures for the United States and Canada include the long distance lines, which in Great Britain are owned by the State, therefore some allowance must be made in this respect, but it will be seen from the mileage of long distance wire per phone, that if the figures could be accurately dissected, it would not make the "Bell" compare more favorably with the "Independent" results. In the case of the revenue per phone, with the