

## LETTER TO THE EDITOR

## Are Large Cities More Efficient Than Small Ones?—How Our Financial Resources Can be Best Applied

I read your annual issue with much pleasure and have to express my appreciation of your efforts in the collecting and arranging of excellent articles which are very "a propos" at the present time. Some views which have been expressed, however, I am not quite prepared to agree to. This is, of course, natural, because unanimity of opinion on public questions cannot be expected, nor would it be desirable.

## Civic Efficiency

I notice in your editorial on Public Utilities that your expressions do not imply that public ownership is to be advocated, excepting, perhaps, in our smaller cities, "where the standard of municipal life is higher than in our larger cities." Further on you remark that "private ownership of public enterprises has demonstrated its efficiency and has shown that under careful regulation it will be sufficiently elastic to meet the changing conditions of municipal life." These two statements are worthy of discussion. In the first place, why should the standard of municipal life be higher in smaller cities? Is it an uncontrovertible fact that such is the case? If it is, then the old Biblical teaching—that in the multitude of counsel there is wisdom—is erroneous. One is accustomed to believe that in proportion to the magnitude of an enterprise it is possible and even imperative to employ officials who are capable of administering the affairs with commensurate efficiency. For example, we would expect Toronto to employ specialists of greater calibre than would be engaged, say, in Edmonton, and Edmonton again could afford to employ more expert men than, say, Welland. I am not imputing anything against any of these places, but simply name them as indicating my line of argument. If such a condition is not to be found, then your statement about a higher standard of municipal life in smaller cities is proven. It may be contended with a considerable degree of confidence that there are in every community public spirited men who are willing to devote their energies and abilities in behalf of the community and that the number of such men is probably proportionately greater in a small city than in a large one. On the other hand, officials in charge of public utilities have a freer hand to manage their affairs in a large city than in a small one. The miasma of politics, unfortunately, permeates our public institutions much to their disadvantage, whilst in private concerns dividends alone count and not politics. Mr. Henry Lye states (page 208) that "it is futile to expect local officials to rise superior to local politics," which in my experience needs qualifying. A general imputation like Mr. Lye's carries its own refutation. Although there are some officials who may be guilty of laxity of conduct, there are others who are beyond reproach. But it is the black sheep that are noticeable, and these are found in high and low offices. Despite these occurrences, there is no sound logical reason why public utilities should not be managed by municipal authorities with great efficiency. There are many examples of very successful large municipal enterprises, as well as small ones.

## Tendency Towards Public Ownership

The second quotation from your editorial impelled me to ask if private ownership of public utilities had really demonstrated its efficiency. The curious fact that public authorities are gradually taking over concerns which were previously owned and operated by private companies, does not seem to confirm the above statement. The Ontario Hydro-Electric Commission has acquired some of those enterprises, and incidentally it is interesting to have the press information that the New York State proposes to emulate Ontario. The latest issue of the journal "The Public" (January 11th, 1919) contains an article on "High Finances and Public Utilities." The Brooklyn Rapid Transit Co. and the Interborough Rapid Transit Co. transport a daily average of four million passengers, which no doubt constitutes a world record, and yet these huge concerns are either confessedly bankrupt or such

a calamity is officially predicted. The efficiency of the management of these utilities is emphatically questioned and many interesting details are presented. It is not my object to decry private ownership, but to argue that both public and private ownership may be disastrous or beneficial to a community according to the manner the businesses are administered. Pittsburg and Chicago street railways may afford arguments against private ownership, but we have publicly owned utilities which have not been organized or managed with due regard to efficiency.

Thus it is that I refer to your editorials as offering excellent basis for discussion by financiers and engineers as to the advantages and disadvantages of public versus private ownership of public utilities.

## Peace Preparation

The Hon. T. C. Norris, the Premier of Manitoba (page 18) stated that "the outlook for the future is, in the opinion of many qualified observers, wrapped up in the return of our fighting men from the field of ruthless struggles to the accustomed walks of peaceful life in a country that has never really known war." May I respectfully point out that this important fact and pleasurable contemplation would be promoted in an increased measure if we had carefully organized our plans so that these valiant men would have the delightful prospects of returning without delay to civilian pursuits. This has been urged on several occasions by me, and there is time yet to prepare a handsome and practical reception for the men if the public authorities would now plan schemes which will be advantageous to the communities and beneficial to the men. But if they receive a royal welcome and no work, the effect will be disturbing, to say the least.

## Control of Financing

Prof. Adam Shortt's article on Financing after-the-war Industries is instructive. He advances suggestions with respect to the control of investments; that is, he proposes that the government should periodically publish a list of investments which are approved as for essential productive enterprises. It was comparatively a simple matter to urge the people to invest their savings in Victory Bonds, because it was both patriotic and remunerative and the security was unquestioned. But to urge people to save and to advise them how and where to invest their savings in a multitude of enterprises which may be both patriotic and safe, is an undertaking of grave responsibility. Mr. Shortt does not suggest that the government should be responsible either legally or morally for losses incurred in investments which are virtually recommended. Still, the government can do much to restrain investments in questionable enterprises. For example, the Manitoba Public Utilities Commission in a large measure prevented the sale of oil shares in that province which were freely sold elsewhere and caused many disappointments.

Another point referred to by Prof. Shortt was the need for regulating public expenditure. I mentioned this in my article, and it is interesting to observe that several writers to your Annual dwelt upon this feature. This does not mean the curtailment of essential public works nor any unnecessary interference with the element of home rule in the conduct of local matters, excepting in a certain direction. It means the judicious regulation of expenditures of money and therefore also the preparation of schemes of a public character. Even Russia in pre-war days adopted this measure to preserve the credit of the public authorities and also of the Imperial government. It is highly important that public works should be initiated, financed and executed in some order of priority, so that labor may be usefully and evenly employed in the Dominion. Moreover, it is still more important that public works should be so distributed in the order of time that there will be left sufficient capital and employment for slack times when they are so sorely needed. In the past we embarked on schemes when money was abundant, but labor was otherwise fully employed, and when labor was abundant money was not. Consequently the period of depression was accentuated by the relative absence of useful public works. Mr. James White remarks (page 101) that "it is idle to talk