

In consequence of these amalgamations the British Postmaster General decided that no more licenses would be granted to companies and ultimately the Parliamentary Committee reported that inasmuch as the only method of extending the telephone systems and cheapening the cost to subscribers was by competition, licenses would be granted to these municipalities desiring to establish local systems, but no licenses would be given to companies in view of the possibility of their being bought over by the existing monopoly.

This brings me up to the period of municipal competition, which I will deal with under the heading 'Municipal Telephones.'

#### MUNICIPAL TELEPHONES.

Municipal telephony in Great Britain is at present in its infancy, no system having been long enough in operation as a completed plant to show the actual profits earned in one year. Glasgow: The best example on record is that of Glasgow, where an analysis of the accounts for nine months ending May 31 last, shows that 4,718 direct exchange lines yielding an average rental of \$10.22 for the nine months, enabled the department to meet all legitimate charges and carry forward a profit of \$1,940. Had all these lines been earning revenue during the whole period which the accounts cover, at the municipality's annual charge of \$25.60, the profits would have been very much higher, but as a fact this rate was not fixed with a view of producing profit, over and above the payment of interest and redemption of loan.

Before the establishment of the Glasgow municipal exchange, the rates were \$48.79 in the city and \$97.40 to \$121.75 in the suburbs. The telephone area of the municipal system is 143 square miles, and the rate is \$25.60. The system now numbers 9,000 subscribers, and at a recent meeting of the City Council, it was decided by 48 votes to 9 to borrow an additional \$400,000 to enlarge the plant to a capacity of 15,000 lines.

Many misleading statements upon this subject, copied from the English papers, have appeared in the press here. It is needless to say that these articles were the work of inspired writers, written for the purpose of discouraging the municipal ownership of public utilities. The following letter from Mr. A. R. Bennett, M.I.E.E., furnishes an indication of the inaccuracy of these published criticisms:—

'SIR,—The references to the Glasgow corporation telephone system in your article on "Municipal Socialism," of September 30, have been read with astonishment in this city. It is a pity that your contributor did not consult the accounts themselves instead of the garbled versions of them which have been published and circulated throughout the country for the purpose of deterring other municipalities from imitating the latest successful venture of the Glasgow corporation.

'It is not my wish to engage in any controversy, but in the interest of accuracy, and lest those not in a position to judge should be egregiously misled, it is necessary to state that your contributor's conclusions have little or no foundation in fact. The auditors of the Glasgow Municipal Telephone Department, Messrs. Thompson, Jackson, Gourlay & Taylor, one of our leading firms of chartered accountants, whose reputation is not confined to Glasgow, have found it expedient to write to the local press, pointing out that the accounts did not justify the interpretation sought to be put upon them by the writers to whom your correspondent has gone for inspiration.

'For instance, his insinuation that the year 1901-2 was credited with the whole of the £28,171 received during the nine months ending May 31 is totally untrue. Credit was taken for only £15,356, the proper portion, £12,417 was carried forward to the credit of 1902-3, and £398 remained as a surplus. Your contributor adopts the absurd and dishonest canard about the central switchboard, and is equally at sea in respect to the sinking fund, and most of the other topics touched upon. He actually commiserates the corporation upon their license expiring in 1913, in ignorance of the fact that it was at the express desire of the corporation that that date was fixed.

Mr. FRANCIS DAGGER.