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The Great Electric Struggle

THE Ontario Government and the City of Toronto on the one side and the Toronto and Niagara Power Company, the Electrical Development Company and the Toronto Electric Light Company on the other, are having a battle royal. The details of the fight should interest every citizen in the Dominion because of the principles involved.

The events which led up to the present situation may be briefly told. The Toronto Electric Light Company lights the streets, business places and houses of Toronto which use electricity. It also supplies all the electric power of the city, except in the case of certain large firms who generate their own power and light and in the case of the Toronto Railway Company which also produces its own power. Those interested in the Toronto Electric Light Company and the Toronto Railway Company sought to get power from Niagara Falls. The firms there refused to sell except at what was considered an exorbitant rate. These people then formed two new companies. The Electrical Development Company has a plant at Niagara Falls, produces and distributes power. For the purpose of transmitting the power to Toronto, the Development Company uses a transmission line built and owned by the Toronto and Niagara Company. At the outskirts of the city, this power is sold to the Toronto Electric Light Company and the Toronto Railway Company, which carry it through the city, the former for distribution, the latter for operating the street cars. All these companies are provincial incorporations except the company which owns the transmission line; it is working under a Dominion charter.

THE GOVERNMENT MOVES.

Enter the Government of Ontario. There is a cry that Toronto and other Ontario municipalities are to be bled by an electric power monopoly. Hon. Adam Beck to the rescue with a Power Commission. The Ontario Government, after investigation, decides to build transmission lines throughout Ontario, if the municipalities will make contracts to take sufficient power to justify the expenditure. This power is to be bought from the Ontario Power Company, a United States concern with a plant on the Canadian side of the Falls. Toronto and other municipalities vote on power by-laws and approve the scheme. The Government goes on, makes a provisional contract for the power, and tells Toronto it is ready to sign a contract. The City Council get a report on what it will cost to put in a receiving station and to place wires on the streets and underground. A partial distributing plant will cost two and a half millions, and a by-law is to be submitted at the municipal elections on January 1st to spend this amount of money.

This being the history in brief form, there are some questions to be asked and answered.

How is it that the Ontario Government is entering into competition with companies which have already spent fourteen million dollars or thereabouts in providing for the present service? The Government will spend three or four millions on a transmission line, and the City of Toronto is to spend two and a half millions on a distribution plant. Later, the City, if it goes on to the legitimate conclusion of the enterprise, will spend five or six millions. Here, then, is ten millions to be spent to compete with fourteen millions already invested. Ten millions of public money against fourteen millions of private capital. It looks ominous, but that does not explain why. The real reason probably is "fear"—fear on the part of light and power users that the private companies will charge exorbitant prices. The history of these companies and of the men who operate them is that they are none too lenient in the treatment of the

public—so the consumers declare. The impression is probably due to the autocratic attitude of the managers of the companies. They have failed to reassure the public by honeyed words and smooth promises. Moreover, the public ownership bacillus has got to work with a vengeance, and, cultivated by hungry newspapers and ambitious politicians, it has penetrated the blood of the people.

THE REASONABLE SOLUTION.

The proper result of the agitation which has gone on for two or three years would be an agreement which would regulate the rates at which the Electric Development Company and the Toronto Electric Light Company would sell power. Control of rates would be equally effective and less expensive. It would ensure to the public more advantages than can be gained by a competing plant. It is the wiser solution from an economic point of view. However, it takes two people to make a bargain, and though there have been attempts made to come to such an agreement, neither party was very sincere in its desire.

The City of Toronto is riding for a fall. It has many important schemes on hand which are much more important than its fight with the Toronto Electric Light, though this is of some value. It has a sewage problem which will require the expenditure of millions. Its drinking water is none too good and a few millions are needed to guarantee the absolute purity and constant supply of this necessity. There are other pressing reforms. It is strange that these problems which affect the health of the community should be shoved into the background for a problem which at best means but the saving of a few thousands of dollars annually to a small number of manufacturers. It does not speak too highly for the intelligence of the community that it allows its prejudices against two or three financiers to stampede it into a fight over a sentimental advantage, when these more important problems should be engrossing all its attention. Nevertheless, the result of the vote on January 1st may prove that the people have kept their heads and that they are not willing to sanction a heavy expenditure for what at best is a doubtful advantage.

THE EFFECT ON THE INVESTOR.

If the Ontario Government and the City of Toronto go in for this power scheme, there will be some unremunerative capital in both the private and public undertakings. This will be unfortunate. A great many British and Canadian investors have bought stock and bonds in these private companies, presuming that the franchise was valuable and that the undertaking was likely to be remunerative. If the Britishers lose, and they must lose if the Government goes ahead, Ontario will not have a very enviable reputation among the financiers of London. This would be most unfortunate, since much of Ontario's future depends on the amount of British capital which flows in here in the next twenty-five years. Even were the rates charged by these companies slightly excessive, the loss to Toronto would not be any greater than would be the case if the investors in such enterprises should become timid and shy.

There is something peculiar in our public men, if a government can enter into a contract not to compete with a company and then after that company has completed its undertaking, the Government should step in and make the undertaking unprofitable by setting up competition. That the Government has changed and new men are in office is no excuse for the breaking of a bargain. Even were there no such clause in the Electrical Development Company's charter, the Ontario Government has

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