



TELEPHONE NEWS



LATEST INFORMATION

of the

CANADIAN INDEPENDENT TELEPHONE ASSOCIATION

etc., etc., etc.

Canadian Independent Telephone Association

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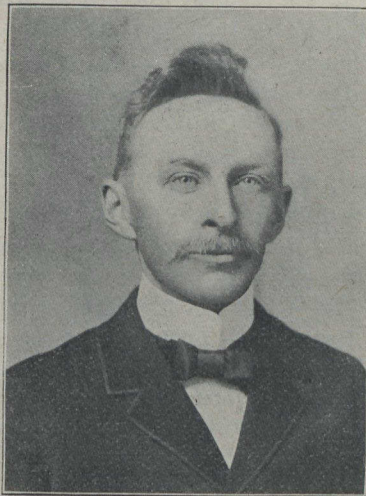
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Organization of Rural Companies. Mutual vs Joint Stock.



A. R. Walsh.

There are four different plans open to a rural community to obtain telephone service.

(1) By organizing a sub-Bell party line. This is to be avoided most decidedly, because the chief aim of the Bell octopus, next to securing dividends, is to crush out all opposition, and it will give connection to no rural line, unless it is sure of finally owning the whole outfit.

(2) By forming a mutual or co-operative line, building and operating at cost *prorata*, and as other lines spring up connect by a central exchange, owned and operated mutually.

Disadvantages—The lines are generally built too cheaply. Expenses increase each year, and there is no provision to defray same. Everything is arranged in a haphazard way.

(3) By forming a company in the town or village where the central exchange is located, and giving connection to radiating lines at town limits, these lines being organized on plan 2. Connection being given for so much per phone or per message.

Disadvantages.—Same as for No. 2, as while the central equipment may be first class, they cannot without considerable friction, compel the rural lines to come up to the standard.

(4) By organizing and operating a Joint Stock Co., and securing several honest, shrewed, aggressive, business men who will invest considerable money and take charge of management. Decide on location of central exchange, outlying centrals and radiating lines. Do some close figuring as to amount of capital required, keeping in mind that a good, healthy, telephone system is a voracious consumer of capital; also as to your rental rates, placing them high enough to meet operating and maintenance expenses and pay, with toll collection, not less than 8 p. c. on capital, making sure that your rates are high enough, so that they may be lowered, but never have to be raised. Now you are ready to dispose of stock and canvas for subscribers. Convince the people, from the history and experience of independent companies all over the continent, that it is a safe, growing and paying investment. Your system being rural, you will have to depend on the farmer for some of the capital and most of the rentals. The farmer, who has never had 'phone service, will think your rates are as exorbitant as the Bell, but tact and fair dealing will soon bring him into line. Organizing in this way, you will build your system to last, only the most up-to-date apparatus will be used, and so many of the subscribers being shareholders, all will take an interest in securing the best of service.

But some one says, you have not provided for long distance service. Experience proves, that 92 p. c. of phone business is within the radius of an average township, 6 p. c. within the county, and only 2 p. c. long distance, therefore, go to Bell booth for 2 p. c. of your business, and keep pushing out your own system, until we are all connected up and have our own copper wires.