

THE POST OFFICE AND THE TELEPHONE.

The Telephone Exchange system was introduced into this country by private enterprise, but before it had had time to establish itself in public favour, the exclusive control of all forms of telephonic intercommunication was claimed by the Post Office Department in virtue of the Telegraph Acts. The claim was based upon a technicality; but the Post Office having gained the test action, the Telephone Companies, somewhat unwisely we fear, in view of what has followed, decided to make terms with the Department in preference to appealing to the House of Lords. Licenses were granted by the Government to the Companies, and under these the business has since been conducted. The main features of these licenses are that a royalty of 10 per cent, upon the gross receipts of the business is paid to the Postmaster-General, and that he has control of the Companies' operations even in matters of detail. Having secured the lion's share in the shape of royalty—for it may be safely said that no business could fairly be expected to pay under such a head more than 10 per cent. of its gross earnings—it might have been reasonably supposed that the Department would have been satisfied with a merely nominal control, and that, provided no very extreme proposals were made by the Companies, they would have been allowed to develop their business practically unfettered. Far different ideas of the matter, however, existed at St. Martins-le-Grand, and from the day the compromise was concluded, nothing but the most vexatious, frivolous, fractious interference of every kind has characterised the actings of the Department.

As so little is known of these matters, we may go a little into detail in order to establish this statement. The areas within which Telephonic Exchanges were allowed to be established were ridiculously restricted. As a rule a circle of from three to four miles radius is the largest scope which has been anywhere allowed. The subscribers must all be within that space, or they must not be allowed to inter-communicate. It is true that in a certain limited number of cases permission has been granted to run lines under what is called "ultra-radial" license, but only subject to an additional royalty of 2½ per cent. upon the gross rental. It is needless to point out how absurdly narrow are the limits thus laid down, and how impossible it is in such districts as the Midland Counties of England, for instance, to satisfy the most ordinary requirement of business firms under such conditions. It will no doubt be asked how is it, then, that towns such as Edinburgh and Glasgow, Manchester and Liverpool, &c., are in telephonic communication with each other? The answer is, that all such connections are kept exclusively in the hands of the Post Office itself. "Trunk" wires as they are called, cannot be constructed except by the Department, and it leases, but will not sell them. Moreover, such lines are only erected after the Companies have so far satisfied themselves that they will pay as to take the risk of guaranteeing the rent. Nor is this all, for the line, once rented is not at the free disposal of the Company to do with it as it pleases, but is subject to serious restrictions upon its use. It can on no account be employed for the service of the general public, and under no circumstances can press messages be sent over it. It must be kept for the exclusive use of such individuals or firms as become annual subscribers, and even the minimum rate which these renters may be charged is fixed by the Postmaster-General. Add to all this that the rent is exorbitant, being at the rate of £10 per mile per annum, or say £500 for a line between Edinburgh and Glasgow, and it will be at once realized how carefully swaddled in officialism and ingeniously red-taped the whole supervision of these trunk wires is.

Within, however, the limited areas allotted to urban systems, numerous regulations limiting facilities and preventing the popularising of the telephone, exist. No company can obtain a license at all unless it is prepared to grant to the Department an unlimited supply of such instruments as it intends to use, and to grant them on more favorable terms than it supplies them to the general public. Answering a question in the House of Commons last week, on this subject, Mr. Fawcett stated that since the institution of the condition in question, while 77 licenses were applied for, only eight had been granted—the reason being that the applicants would not consent to the condition. The ostensible reason of the Department for imposing it

is that the demand is in the interest of the public. We presume the meaning of this is that the patented instruments so obtained would be used upon Government exchanges. The idea is ludicrous. Since the decision in its favor in the test case, the Department has made strenuous efforts to establish exchanges of its own, and in order to further its plans, has, while publicly professing to desire only to compete fairly and upon equal terms with private enterprise, so managed matters that in many of the principal towns of England it has retained the field for its own exclusive use. What has been the result? In every single case in which a Government Telephonic Exchange has been established, with the solitary exception of Newcastle-on-Tyne, where a moderate success has resulted, the experiment has been a total failure. On the other hand, notwithstanding the restrictions under which the business is conducted, there is no instance of a Telephonic Exchange carried on by private enterprise being otherwise than a success. There are towns, moreover, desirous of having telephonic communication, and in fact urgently pressing to be allowed to possess it, and which are debarred simply because of the practical refusal of licenses to which we have referred. It is true that the Department has offered to supply these towns itself. The offer, however, in view of the dismal failure of its efforts elsewhere, has very properly been declined.

In the cases in which Companies have obtained licenses, in addition to the very limited area conceded, vexatious restrictions exist. Telephonic Exchanges can only be connected with Post Offices, so that telegrams may be telephoned to subscribers' offices immediately on receipt, and replies despatched by the same medium, upon terms which need not be stated, but which are so exorbitant that in no single case has a Telephonic Exchange, as far as we are aware, been so connected. The strangest restriction of all, however, remains to be mentioned. The general public, in whose interest Mr. Fawcett tells us he is acting, is absolutely prohibited from using any Telephonic Exchange.

The companies are willing, and indeed anxious, to establish calling stations—that is to say, places to which any one could go, and on payment of a few pence converse for, say five minutes, with any one who was in connection with the system. One Company has even offered to make the experiment at a charge of "one penny per talk." The applications, have, one and all, met with refusal; and while, in almost every country where the telephone has been introduced, the public has been considered and this facility provided for them, here alone the door is shut, and only those who are annual subscribers can use the telephone at all.

We are quite aware that all this absurdity is defended on the ground that having paid ten millions for the telegraphs, it is necessary to protect the telegraph revenue. This is most plausible, but unfortunately, like all plausible statements, it is utterly hollow and misleading. The telephone and the telegraph are not competitors in the sense that they tend to destroy each other. They are, on the contrary, healthy rivals, the effect of whose efforts is to increase the demand for both facilities. We believe that it is only necessary to make the public alive to the facts of the case to secure that the dog-in-the-manger policy of the Post Office be no longer tolerated. We regret that the Chamber of Commerce did not see its way to make its petition much more specific in its indication of what was needful, and more pointed in its demand for the withdrawal of restrictions. With the fact that in other countries the free extension of the telephone has not diminished the telegraph revenue, but has gone on side by side with its increase, and the admirable safeguard of one-tenth of the whole gross earnings of the companies secured to the department without outlay as a protection against loss, it is surprising that a great political economist, such as Mr. Fawcett is admitted to be, should have taken the line he has done. No doubt the permanent heads of the department have a great deal to answer for. Be this as it may, we have no hesitation in saying that very shortly public opinion will be so educated upon the question that the narrow-minded officialism which presently obtains will be swept aside, and the public will be allowed the free use of what is undoubtedly at once the greatest scientific marvel and the most perfect business facility of our time.—*Edinburgh Courier.*

—The Wall Street News has heard, or made up, a story of a young American, from the wooden nutmeg state, probably, which we commend to the Canadian cotton manufacturers who are just now in need of suggestions as to how best they can make an honest profit: "During the illness of the president of a New England cotton mill his son was sent Washington on some private business, and when he returned he enthusiastically announced:

"Father, I've made a big thing for our mill—an awful big thing!"

"What?"

"Got a contract to supply the Indian Department with half a million yards of hickory shirting. It is to go by weight, and we can use a quarter of a pound of starch to the yard."

"Mad youth! where were your wits?" groaned the old man. "Had you got a contract for blue jeans we could have worked in a pound of glue to the yard and scooped in the pot!"

Happily, our cotton mill men are not, so far as we know, of the class who need make the disclaimer: "We are virtuous, but you had better not tempt us." Canadian cottons are honest value, and it will be a pity if the pressure of over-competition should lead the makers into too intimate acquaintance with starch and glue.

—Of the 68,687,181 proof gallons of distilled spirits used in the United States last year, over 44,000,000 gallons, it is stated, were used strictly in the arts and manufacturing industries, leaving less than 25,000,000 gallons to be consumed as drink.

—Wisconsin is credited with being the leading Dairy State in the Union, its products in that line last year amounting in value to \$19,500,000. There are in the State 1000 creameries and cheese factories and 500,000 cows.

Commercial.

MONTREAL MARKETS.

MONTREAL, June 24th, 1884.

The city generally is *en fete* this week on account of the St. Jean Baptiste celebration and wholesale circles are very quiet, but retail trade, especially in dry and fancy goods, is pretty active. There is a very large influx of strangers, particularly from the east and south and considerable money will be spent, to the advantage of the local trade. In this section we have been having weather very favorable to the advancement of the crops, which are reported to be in excellent form, but from some sections in the Ottawa valley there are still complaints of insufficient rain. For the season, payments are fairly good, some houses reporting them better than others. The money market is still well supplied at from 4 to 5 per cent., discounts 6½ to 7 per cent. The stock market has ruled weaker, and there is no demand for investment.

ASHES.—The tone of the market is not so strong, quotations for No. 1 Pots being \$4.55 to \$4.65, seconds \$4.25. Pearls nominal at \$5.25, with few transactions. Receipts continue fair. Total receipts since January slightly 8,000 brls; in store now about 1,400 brls.

BOOTS AND SHOES.—Manufacturers in this line are not busy this week as nearly all the hands are *en fete*, and enjoying the St. Jean Baptiste festivities. Travellers out for fall orders report fair business, but rather behind last year at this time.

CEMENTS, ETC.—Prices in this line remain on same basis, and we quote: Portland Cement \$8.25 per brl., in round lots from \$2.90 to \$3.00; Roman, \$2.75; Canadian, \$1.75; Fireclay, \$2.00 per bag; Firebricks, \$25 to \$30, as to brand.

DRUGS AND CHEMICALS.—Business is reported pretty fair for the season by some houses, and travellers who are out doing a certain amount of sorting trade. City trade is expected to be very dull this week. Payments are reported moderately good. Prices call for very little revision and we quote: Sal Soda, \$1.10 per 100 lbs.; Bi. Carb. Soda, \$2.50 to 2.60; Soda Ash \$1.65 to