

Personalities and Problems

5---Herbert S. Holt, Power Financier

Whose Motto is—Competitors Must be Absorbed and the Public Pays the Piper

By AUGUSTUS BRIDLE

THESE is at least one man in Canada who believes absolutely in the beneficence of corporations. To Herbert S. Holt, the power and light financier of Montreal, the benevolence of a big, well-managed corporation somewhat resembles the kindness that animated creation when first the command went forth—Let there be light! No doubt about it; he is the one man capable of convincing you that a great light, heat and power company has something to do with the sun, moon and stars.

Incidentally should you wander down Craig St. any time before midnight, you would see the most sumptuous daily free display of electric light the year round in Canada. The Power Building where Mr. Holt has his offices is seven storeys high; every night in the most good-natured way illuminated to resemble fairyland. All it lacks is WELCOME. You feel at once that the big company of which H. S. Holt is President stands for the diffusion of light, heat and power at the most profitable rates to consumers—and stockholders. And there is a lordly magnificence about the M. L. H. P. Co. that compels admiration. Ask the consumer. He will tell you that six weeks ago the M. L. H. P. Co. reduced the cost of electric light and power to 7 cents a kilowatt hour. Ask the shareholder. He will tell you that the dividends are now 8 per cent.

THE two are co-operative. It is in the ritual of the M. L. H. P. that whenever dividends are raised, rates to the consumer are proportionately lowered. Keep this up long enough and some day Mr. Holt may be able to announce that the dividends are a hundred per cent. and that light costs nothing per kilowatt hour.

However, there are reasons why this paradox will never take place. Mr. Holt knows them all. There is probably nothing about the practical science of light, heat and power that Mr. Holt does not know. He is an eminent engineer; trained in the mathematics of engineering at Trinity College, Dublin—for he is a real Irishman, every inch of his more than six feet one, and a big, well-knit, powerful man that knows the open, whether burrowing underground to plant wires, or swinging across prairie and up into the Rockies, to build railroads, which he did for the C. P. R. away back in the early eighties.

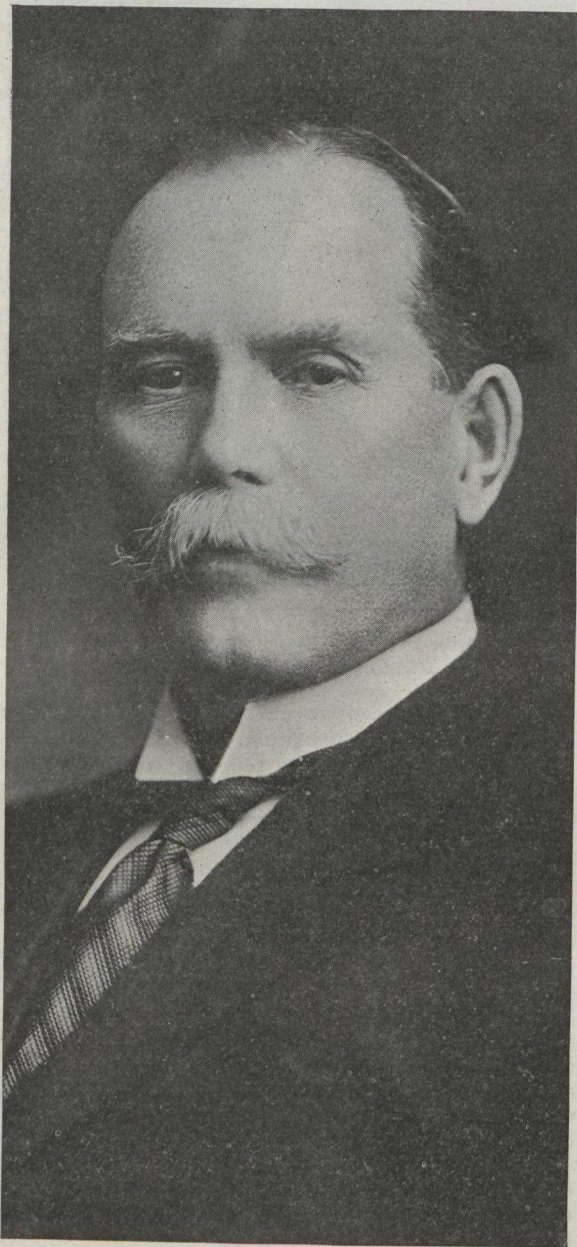
He is also an eminent financier; millionaire and President of the Royal Bank, whose recent amalgamation with the Traders Bank is the latest consolidation under the strenuous wizardry of Mr. Holt. He is a liberal investor in stocks of any kind that have any phase of industrialism at the root. He is one of the top ring in Montreal to whom most big financial deals naturally relate. He is President, Vice-President or director of more companies of various kinds than there is room in this article to enumerate. From now on Mr. Holt could very well afford to forget all he knows about the net difference in the cost of lighting by gas and by electricity, and confine himself to the quips and cranks of the money market.

But H. S. Holt is instinctively an engineer. If he were out of a job to-morrow morning he could step into the engine-room of any power-plant in Canada and make big wages running the machinery of light, heat and power. He can read you the cost of a factory day's work in kilowatts. He can look at a dynamo and the engine she is direct-connected to and just about tell from the tune she plays what the stoker in the next room is doing with the steam lump at the stoke-hole. He can look at your gas jet and compute by the colour of the hydrocarbons in the core just why the gas costs you a dollar a thousand, less or more. He can walk into a kitchen and tell any housewife what she is losing in time and heat units by not using a gas stove. And on the billboards of Montreal you may observe posters advertising how to buy a gas range from the M. L. H. P. for three dollars down and a dollar a month—not including gas.

FUNDAMENTALLY H. S. Holt is the kind of constructive Irish-Canadian that finds it as natural to do things in a big, practical way, as to eat or sleep. He struck Canada from Ireland in 1875, before there was a commercial electric light in America; before trolley cars were in operation;

when railroads in this country had less mileage than the streets of Montreal have to-day; when even gas was a luxury and when half the dwellers in towns and cities had wood stoves or fire-places.

As a phase of this pioneering it happens that H. S. Holt has the distinction of once having been the employer of Sir William Mackenzie and Sir Donald Mann on C. P. R. contracts. That was some years after he had been engaged on engineering work for a string of railways in Ontario. He remembers the strenuous days of railroading when there wasn't a pound of beef or a bushel of wheat in the West. From '84 till '89 he did C. P. R.



"A Big, Powerful Man, that Knows the Open."

contracts in Maine, Quebec and the Rockies; up till 1892 he was associated with Messrs. Mackenzie and Mann and James Ross building side lines north from Calgary and Regina. Then he quit.

Mr. Holt says he got tired building railroads. Anyway it was after Prince Albert and Edmonton had been linked up to the C. P. R. that he went east and got into Montreal, which in those days was as badly lighted, heated and powered as a town of that size could be and hang together at all. There were a lot of jerkwater utility corporations, most of them poorly administered. It became the direct business of H. S. Holt, in company with Mr. C. R. Hosmer, the telegraph builder, to merge these into one company by the introduction of modern methods. He hammered away at the consolidation idea till he got the old Gas Co., the Royal Electric, Montreal and St. Lawrence Light and Power Co., the Citizens' Light and Power Co., the Temple Electric, the Lachine Rapids Hydraulic and Land Co., and the Consumers' Gas under one centralized management.

There was one root idea; the elimination of competitors. The root has grown into a tree which is the M. L. H. P., the biggest thing of its kind in Canada. The M. L. H. P. lives to eliminate competition; mainly because H. S. Holt radically believes and openly preaches that competition in public utilities such as light, heat and power is the worst of economics. To him consolidation is the root of economy. It is an engineer's principle; and you find it in every centralized power plant. Incidentally it means bigger dividends as well as reduced rates. But that's the financial result that traces back to the engineering principle.

There are two axioms in the economic science of Mr. Holt. One is a paradox: that when almost every other known commodity in civilization is increasing in cost, light, heat and power are becoming cheaper. Cause—consolidation and centralized management. The other is: that if competitors insist upon butting in, they must be absorbed—and the consumer pays the ultimate cost of the absorption.

So let the small competitor keep out.

THIS is the motto that is written all over the Power Building, upon the third floor of which the President of the M. L. H. P. has his office. Down the corridor leading to the President's door are seven doors marked "Private"; a fashion which seems to be spreading in Montreal. But there is no such door leading direct to Mr. Holt. To reach him you must present yourself at a general office, show cause why he should be interviewed, and pass through into the biggest private office in Montreal, which happens to be also the Board Room, with a long, handsome table in the centre doing its best to cover a fraction of a tremendous Oriental rug big enough to hold a symphony orchestra. At the far end of the big room, in a profound, almost mysterious silence, sits Mr. Holt at his desk.

Once reconciled to the finality of the principles embodied by Mr. Holt, you find him one of the pleasantest men in the world. Dispute him on the economics of light, heat and power and he overwhelms you with batteries of arguments as swift as the turn of a fly-wheel.

Moment I mentioned "consolidated corporation" he was off. Present agitation against corporate activity in America he regarded as purely political. So with the packing-house iniquity some years ago.

"Why the existing laws were adequate to remedy such rotten conditions," he said. "But for the sake of a political sensation Roosevelt made it the subject of a White House message."

But as to the business of LHPing Montreal: here he showed first of all the schedule of rates lowering from 13½ cents a kilowatt hour in 1902 to 7 cents now.

"That, of course, doesn't apply to gas," he said.

"But doesn't the cost of one illuminant affect the cost of another in competition?"

"There is no real competition between gas and electricity. Neither is it possible to standardize the rates for both. Each has its own conditions."

Speaking off-hand as an amateur I suppose the price of coal has a good deal to do with the upkeep of gas; since gas can't possibly be manufactured by water-power in transmission.

"So that with the cheapening of electricity—what's to become of gas that stays up, Mr. Holt?"

He smiled; scenting a fallacy.

"Years ago," said he, "people talked about trolley cars driving out railroads. The motor-car was to eliminate the horse. More railroads and more horses are used now than ever. Electricity will never drive out gas."

HE delivered an almost poetic eulogium on the gas stove; depicting the affection that arises in a woman for the stove that economizes time and fuel.

"Electric heating is not largely practical yet. It is too expensive."

I omitted to ask Mr. Holt about gas grates and gas fire-places. I fancy he has none in his own house. There is no cottage too humble to be included in his ramified system of pipes and wires. Probably the homes of Montreal have more to do with the system than the factories and the office buildings and the street-car service—all big cus-