

A few illustrations of the reductions effected in large American cities by competition will show that the independent rates are governed by the high "Bell" rates, and not by the actual cost of giving service. In Philadelphia rates were reduced: Business from \$160 to \$80, residence \$130 to \$48; St. Louis, business \$120 to \$60, residence \$60 to \$36; Indianapolis, business \$70 to \$40, residence \$40 to \$24; and Rochester, \$94 to \$48, residence \$41 to \$36 and 24.

In the January Canadian Engineer a list was given of a number of over-capitalized independent companies which bears out the contention now made. One of the companies referred to was the Columbus (Ohio) Telephone Co. with an average capital and bonded indebtedness for 6,277 subscribers, of \$216, with no toll lines, charging rates of \$40 and \$24. In contrast with this the Citizens' Company, of Grand Rapids, Michigan, with an average capital for 12,367 subscribers and 2,000 miles of toll lines, of \$96 per subscriber, having no bonded indebtedness, can afford to give rates of \$30 and \$20 in the city, down to as low as \$9 in villages, and has paid 8 per cent. per annum since its inception in 1896, and has moreover a surplus of over \$50,000. The difference in rates between these two cities may be accounted for in the fact that while Grand Rapids pays dividend on capital used in building the plant, Columbus has to find dividends on \$705,000 capital in the promoters' hands, and interest on \$650,000 bonds, with which the system was constructed.

To come back to the proposed competition in Canada, while it is admitted that the "Bell" rates are excessive, it must also be remembered that they are not as high as the charge in cities of equal size in the United States before the advent of competition. There is, therefore, no margin for the inflation of capital and bonding of plants; hence no proposition can hope to be successful unless it is based on the earning of dividends on stock which is represented by actual value in plant. In other words, there must be no "water."

The City Engineer of Toronto, in an estimate of the cost of constructing and operating a municipal telephone system of 10,000 subscribers, gives the cost of installation at \$1,200,000; that of operation, including maintenance, depreciation, interest and sinking fund, as \$205,000 per annum. The revenue, at \$30 for business and \$18 for residence connections, was estimated to produce \$252,000. These figures would seem to indicate that the proposed rates of \$36 and 24 include provision for a certain proportion of water.

The second offer made to Toronto is one that is likely to prove more successful in competition with the "Bell," inasmuch as a subscriber having two phones is not burdened with the payment of two full subscriptions, the second phone costing him only a fixed rental of \$6, beyond which he is only called upon to pay one cent per call when speaking to subscribers not on the "Bell" system. In other words, he gets full value for every cent expended, and is not paying full rate for a second phone, the greater part of which service may, for a time, be obtained on the old system. Such a system not only overcomes the disadvantage of paying for two telephones, but it should result in a more rapid growth of the independent exchange than the old method of charging flat rates. The mayor of Toronto has declared himself in favor of the offer, subject, of course, to the necessary provisions to ensure the proper performance of the terms of the franchise. The decision of the Toronto City Council will be awaited with interest by several cities which are struggling with the telephone problem, including Ottawa, Brantford, London, Kingston, St. Thomas, Ont., and St. John, N.B.

There is no doubt that if Toronto adopts independent telephony, its example will be followed in many other places, and there is every reason to predict that the result will be as successful as in the United States during the past few years.

The Bell and its supporters loudly declaim against the evils of telephone competition and the disadvantages of dual telephony. Evidence has, however, been obtained of a most conclusive and irrefutable character on this subject. The independent subscribers of 189 exchanges, spread over seventeen of the United States, were recently circularized on this matter. Five questions were submitted, and the following is a summary of the replies: Has competition resulted in better telephone service in your city? 1. By an improved service on the part of the Bell Company. 2. As given by the independent company. Answers: 1. Yeas, 982; nays, 154. 2. Yeas, 1,245; nays, 26. Has competition increased the number of subscribers? Answers: Yeas, 1,261; nays, 8. Has competition brought about greater civility and attention? Answers: Yeas, 1,222; nays, 37. Have rates been reduced by competition? 1. By the reduction of Bell rates. 2. By lower independent rates. Answers: 1. Yeas, 1,238; nays, 45. 2. Yeas, 979; nays, 120. Would it be preferable to return to the conditions prevailing before competition? Answers: Yeas, 14; nays, 1,245.

The present telephone service is altogether inadequate to the needs of the Dominion. There is a demand on the part of the people for more telephones. The existing subscribers are universally dissatisfied with the present service, and would welcome any means of providing them with a better and cheaper one. Competition is the one means of supplying the people's need. It, therefore, only remains to organize local companies, as has been done in Toronto, and for the citizens to give such systems their loyal support in preference to the "Bell" monopoly. If this policy were pursued with energy and determination the people would soon have the country covered with a network of exchanges and toll lines in every way equal to the independent service in the United States.

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—We are glad to learn that the proposed boiler inspection act relating to agricultural engines and boilers in Ontario has been withdrawn. The mover, Mr. McKay, has had the good sense to realize that the measure, if passed, would have done injustice to many a man competent to run a threshing machine engine, while at the same time it would have left a clear loophole of escape for those really responsible for the accidents and loss of life due to bad workmanship and materials, apart from accidents due to the ignorance of those operating such machinery. We would suggest to Mr. McKay a study of the British Acts dealing with boiler explosions and accidents to machinery, and that at a later session he introduce a broad measure founded on those Acts, and applying to all classes of machinery and engine accidents. This Act, carefully framed, would, we feel sure, prove to be so just and effective that it could with safety be recommended to all the other Provinces as the basis of a Dominion Act. Such legislation, it appears, falls within the sphere of the Provincial Parliament, but by mutual agreement of the Provincial Government a Dominion Act, based on the proved efficiency of the Ontario Act, could be accepted by all the other Provinces. The advantage of delegating such authority to the Federal Parliament is that the machinery for carrying it out would be simpler, cheaper and more uniform in its operation. We be-