

APPENDIX No. 1

In all these cases, however, one thing is clear, viz.: that the fundamental and guiding principle is the public interest, and that no restraint upon trade or restriction upon legitimate business in any part of the country should be regarded as reasonable and in harmony with public policy, unless it can be clearly shown that it does not interfere or tend to interfere with rights and interests of the public in that locality.

It may be said that an exclusive privilege, such as that in the telephone agreement, does not interfere with the public interest, because the public will be better served by a strong, well-equipped organization such as the Bell Telephone Company, than it would be served if free competition were allowed. That may or may not be so. One thing we know, viz., that this is the argument of all monopolists. We also know that, generally speaking, the people are the best judges of their own interests; and, on a well-established principle of government in free countries, they should be allowed to decide such questions for themselves—whether to depend wholly on an organization such as the Bell Telephone Company, or to establish a municipal system of telephones for their own use.

It is also said that when this agreement was entered into there was nothing in the law to prevent it, and therefore it should be regarded as a natural and reasonable agreement under the common law of the country. If there was nothing in the law to prevent it then, there is nothing in the law to prevent it now; so at the expiration of this agreement, a new agreement may be entered into and the prohibition against municipal and other competing telephone systems made perpetual, unless under terms of compensation, which, in large towns and cities, will be virtually prohibitive; and who will venture to say that such a condition of things will be in the public interest?

So, taking the law as set forth in the judgment of the Chief Commissioner, and considering all the facts of the case, I am forced to the conclusion that the exclusive privilege in the agreement of the Bell Telephone Company and the Canadian Pacific Railway Company aims at creating a monopoly, is intended to prevent competition in the telephone business, interferes with the public interest, is against public policy, and as a consequence debars the contracting parties in the agreement from all claims for compensation against the municipality of Port Arthur, or any other municipality which, with the consent and approval of the Board of Railway Commissioners, may install telephones at its own expense in the stations of the Canadian Pacific Railway Company, upon payment of reasonable compensation for use of the premises occupied and the expenses of operating their telephones in the said stations.

No. 31.

GRAND VALLEY, April 14, 1905.

Sir WM. MULOCK,
Chairman, Select Committee on Telephones,
Ottawa, Ont.

SIR,—In your reports I do not see any system arranged and worked as ours is, so that a few words regarding the operation and management may be of interest.

A line thirteen miles long runs through the township of East Luther and ends in Grand Valley, a village of 900, the market place for said township.

A co-operative association was formed having shares of \$10 each, and this stock was subscribed by people in the village and the township to the amount of about \$1,400, each subscriber taking from one to four shares. Having more money subscribed than was necessary, we only called for 60 per cent.

A telephone was put in a convenient rural residence about every two miles, and any one wishing to use the line goes in and pays 15 cents for a talk. The time is not limited for the conversation. Messenger service is charged according to distance, usually 5 cents and 10 cents; or if a farmer two or three miles away is wanted it may be 25 or 50 cents. That is mutually arranged before the messenger goes.