

(December 27th, 1907.)

The Power By-Law.

ADDRESSES BY MR. P. W. ELLIS AND MR. W. T. WHITE.

PROCEEDINGS at a special evening meeting of the Canadian Club, at which the City Council of Toronto and the Electrical Development Company each provided a speaker to discuss "The Power By-law." Mr. P. W. Ellis spoke in favor of the measure, while Mr. W. T. White spoke against it. The President, Mr. John Turnbull, presided.

Mr. P. W. ELLIS, who was received with applause, said: *Mr. Chairman and Fellow Members of the Canadian Club,*—When Mr. Thompson wrote me some days ago, asking me, on behalf of the Mayor and the Board of Control, to be present here this evening for the purpose of talking upon the power question, I found it necessary to decline for two reasons. In the first place, I dislike public speaking, and, in the second place, this is an exceptionally busy time, and I was aware that I would be able to secure no time for preparation. But I was pressed again to-day in such a manner that I felt it a duty to do my part. I was told that I practically represented Toronto and its manufacturers on the Government Hydro-Electric Commission and had had the advantage of receiving my information at first hand. I was also told that my position as a member of the Niagara Park Commission enabled me to know something more than the average citizen concerning the situation. For these reasons I am here to-night to place before you the facts as I know them and the many valuable reasons for the earnest advisability of the passing of the power by-law by the citizens of Toronto in their own individual and civic interests. Owing to the fact that I have had no opportunity for special preparation, I fear my address may be somewhat discursive, but I shall ask you to overlook such shortcomings in view of the circumstances.

In order to pave the way for the discussion and in order that we may be fully informed on some of the general facts which the situation holds, let me say, at the outset, that there are at Niagara Falls three companies generating power. I shall name them in the order of their coming into being and commencing their work. First, then, there is the Canadian

Niagara Power Company, which may generate 100,000 horse power. At its head is Mr. W. H. Beatty. Its vice-president is Mr. A. Munro Greer, while other gentlemen interested are Mr. W. H. Brouse, Mr. Wallace Nesbitt, and Mr. Rankin. This company received its rights in 1898 and 1899. Then there is the Ontario Power Company, which was chartered in 1900, of which Mr. Albridge, of Buffalo, is the president. And in the early part of 1903 the Electrical Development Company, composed of our own Toronto citizens, received their rights.

At that time, owing to the fact that rights had already been granted, as I have said, to two other companies, a growing sentiment made itself apparent that the rights of Toronto and other municipalities throughout the Province should be protected in the face of the charters granted to these companies. It was felt that the great possibilities of Niagara power were drifting away into private hands, and a general public agitation developed, particularly in the industrial part of the Province.

Curiously enough, the very same session of the Legislature which granted incorporation to the Electrical Development Company created the Power Act, whereby the municipalities were given the right to generate, transmit, and distribute electrical energy. Under this Act the city of Toronto had and has the right to generate, to transmit and to distribute. Let me read you just here what the *Globe* said about the bill of the city at the time. In its issue of February 3, 1903, it said: "It is evident the city must make a good fight if its rights and the rights of other Ontario municipalities are to be preserved. The real influence that was exerted to defeat the bill of the city was because some gentlemen intended to organize a company and apply for the franchise the city was seeking." The *News*, of April 23, 1907, discussing the position, pointed out that the Electrical Development Company have no monopoly and that they were not the pioneers in the field. Said the *News* of that date of the Electrical Development Company: "Its franchise was obtained during a period of great public agitation and of strenuous resistance to the provisions which secured the company from Provincial and municipal regulation."

These extracts emphasize the fact that the company went into the enterprise with its eyes open. It knew that the people of Ontario had been aroused on the question of Niagara power and that they had been aroused to some purpose. The company went deliberately into its investments with the full know-

ledge that the municipalities had the right to enter into competition with it and had been given the right to generate and transmit power for themselves and distribute it to consumers. The company was aware that the people of Ontario were aroused and determined to maintain their privileges.

So let us be frank and honest over these things. We are here, if we can, to clear the air on these matters, to consider the facts seriously, as serious-minded men, and to do injustice to no one. It has been charged that, if the by-law passes, the Electrical Development Company is to be practically deprived of that which brought it into existence, that the credit of Canada is to suffer and that the bondholders are to lose their money. I don't take that view. No one wants to see these gentlemen suffer, but rather to receive the fruits of their industry and their enterprise. If they enter, as they may, into competition with the public service, it will be a healthy, stimulating competition, in which they will have this advantage: They generate their power and consequently secure it at cost. The municipalities buy their power—or the Government does for them—and they have to pay the generating company's profit. From such a competition the people will greatly benefit and the shareholders will not suffer. Sir Henry Pellatt, in 1906, in his letter to the British press, stated that by October of the same year the company would have 50,000 horse power ready for sale, and would receive therefrom in net profits considerably more than \$800,000, sufficient to pay the interest on the bonds twice over. The money would pay for the installation of 100,000 horse power, and the remainder of the proceeds would be added to the reserve fund and applied to the common stock. Lately, too, they have received permission from the United States to export 45,000 horse power.

In an anonymous pamphlet which has been circulated far and wide throughout the city during the past few days, it is charged that an American company is dumping power into Canada. This is not true, in fact the reverse is the case. As a matter of fact, it is Canadian power that is being dumped into the United States. This power is generated in Canada. The company's rights were secured from a Canadian Government. It is amenable to the laws of Canada, and its employees are residents of Canada. This, I believe, applies to all three companies. We manufacturers say when an American factory establishes its plant in Canada, does its work here, engages Canadian labor, it is to all intents and purposes a Canadian company. If the Ontario Government made purchases from

the Westinghouse Company of Hamilton or the General Electrical Company of Toronto, it would not be charged with patronizing an American—or United States—concern. Thus it is with the Niagara power companies. As far as they are concerned we see no difference between them. They might be German, or Dutch, or French, or English people at their head, but when they locate in Canada and spend their money here, they become, to all intents and purposes, a Canadian company. Canada welcomes capital into this country of great possibilities, no matter where it comes from. I was exceedingly sorry to read the apparently sneering remarks made concerning the Ontario Power Company. They have proved themselves worthy citizens. They have been eager and desirous to beautify the Falls. They have taken special pains to co-operate with the Parks Commission in beautifying the Park. Let me give you an instance to show the character of this company in relation to Niagara Falls Park and its surroundings. Under their agreement they had the right to erect an elevator at the Falls adjoining the Park property, and, though the plans were prepared for a building of handsome design, such as would meet with approval from the eye anywhere, it occurred to the Commission that it would be a splendid accomplishment if we could persuade them to build it elsewhere. So we approached them and put the question, "What will you ask, instead of building here, to tunnel through the rock?" General Green, who represented the company, met us promptly. "Five thousand dollars," he said. "Done!" we cried at once. And that tunneling project eventually cost the company over \$50,000, while \$25,000 more went into the building. In this way the company has sought to meet our wishes in keeping the district beautiful.

Another accusation has been made during the course of this campaign that I should like to clear up here and now. It has been stated that the company had no intention to supply Canadian customers. Now I have been told by the officials of the company that it was their intention to build transmission lines seeking for the business that was sure to come. Moreover, there is a clause in their contract providing that half the power generated must be supplied to Canadian customers. The point is this. We see the growing public sentiment that says we must own our own trunk telegraph and telephone systems. These we have allowed to pass out of our control, and if ever we want them we shall be called upon to buy them back. What then about Niagara power? That question confronts us now.

Shall we allow it, too, to pass from our control, as we have the telegraph and the telephone, and be called upon in the future to buy it back, or shall we be wise and save it to ourselves when we have the opportunity? In view of all this talk of duplication and waste, it should be considered now whether it will be cheaper and better for the three companies to grid-iron the Province by building separate transmission lines, or whether it will be the best policy for the Government to build, own and operate a single public system. These conditions should set us all thinking. We should be throwing away our night-caps and becoming alert to our own and the country's interests. We cannot, it is true, penetrate all of the future, but we can all realize something of its wonderful possibilities. If we are wise we will never allow any private franchise to take root in Niagara power. If a sufficiently wide view had been taken at the outset Canadians would never have allowed the companies to loot Niagara. And they could have saved \$15,000,000 a year to the Province by preserving these great water powers, and selling 1,000,000 horse power at \$20, instead of \$35.

In or about 1877 this country received a wonderful impetus to its development and prosperity by the coming into being of the N.P., the National Policy. While it was then a controversial question, upon which men and parties differed for a time, it is recognized now, in the fullness of time and in the light of results, by all men and all parties, that the N.P. was a great industrial bulwark upon which the country expanded, developed and prospered. To it we return thanks for the great industrial progress, for the building up of commercial strength, for the satisfaction and prosperity of the people.

To-day there lies before us the limitless possibilities of a new N.P.—may I not say of even a greater N.P.?—the N.P. of Niagara power. This is no controversial question. It is the demand of the whole people of the Province. Both political parties uphold it. It is a citizens' enterprise in the fullest sense of the word.

The new N.P. is the end of the laboring steam engine; it is the knell of the belching smoke-stack; its benefits are incalculable. The new N.P. will dwarf even the great experiences of the past. Falling water is the cheapest power in the world. It is Nature's gift to the people of this Providence-blessed land. It is the heritage of all, of each, the poor and the rich. No private body of men, no private corporation, has the right to hold for itself the benefits of this great public blessing. It is

the people's heritage, and they should be given their right to enjoy it.

There is no longer any question of the ability to transmit Niagara power to distances far removed. For a year past the Ontario Power Company has been transmitting power to Syracuse, some 160 miles away, and operating the street railway there. It is now adding another line, the first being now found insufficient. Our friends ask us, how about duplication? We reply to them that that is not the right name for it. We are not duplicating, we are adding to it. The lines are even now transmitting and using nearly to their limit. They must be added to. Another line must soon be built, either by the company or the Government.

Let me here read you the late Lord Kelvin's opinion, the words in which he bespoke his great prophetic vision on the occasion of his visit to Niagara. Lord Kelvin said: "I look forward to the time when the whole water from Lake Erie will find its way to the lower level of Lake Ontario through machinery, doing more good for the world than that great benefit we possess in the contemplation of the splendid scene now presented by the waterfall of Niagara."

This great water power means to us more than we have yet begun to realize. Every year we import from the United States five and a half millions of tons of soft coal at a cost of nearly \$14,000,000. Nearly all of this money can be kept in Canada by the new N.P. It has become a great national question. It has already had an interesting existence and a rapid development. Hon. Adam Beck was Mayor of London when the first Ontario Power Commission was formed. He brought his whole attention to bear upon the subject with earnestness, zeal, keen capability, and finally enthusiasm. So imbued did he become with the great value of the waterfalls to the Province of Ontario that he at once made the project one of the main motives of his public life and has practically staked his political existence upon it. He faced the, at that time, almost impossible task of bringing the municipalities together upon the movement. No one interest was large enough to act independently. Mr. Beck saw this and made it a part of his life work to harmonize and unify the municipal interests, and when he went into the Whitney Government he took his project there with him, with the great results which have already been achieved. He has done this Province a great and lasting good; he has done it unselfishly, earnestly and wholly in the public welfare. It makes me indignant, gentlemen, to see him

charged with running around the country, like a stump speaker, seeking self-glorification. I have been closely associated with the movement from the first, closely associated with Hon. Mr. Beck and his great work, and I want to tell you that I have never, throughout its whole course, seen any signs of the man seeking self-glorification. I never saw a man more whole-souledly, more unreservedly consecrated to the public weal. Mr. Beck has determined to nail his colors to the mast and to work out a great and lasting good in the interests of the people. As a Cabinet Minister he has devoted himself to a great work. He has neglected his home and his business to undertake its great educational mission, to demonstrate its merits, and he should receive the enthusiastic plaudits of every public-spirited citizen.

We wish no ill to the Toronto Electric Light Company. There are, we know, eight hundred of our fellow citizens who are shareholders in that company, and the feelings of everyone are not to wish them ill. We think that they will be dealt with not only justly, but generously. We have faith in our representatives not to try and drive a hard bargain with them. It will be noticed that the debentures do not come into existence until next July, giving ample time for negotiations. Why is delay now asked for? This has been coming, and we all knew it, since the last by-law was passed. Why should the company wait until now before they begin to complain? Shall we delay now, after having worked for five years to reach this psychological moment?

Voices—No, no.

Mr. ELLIS, continuing: Rather than drive a hard bargain with the Toronto Electric Light Company, the saving would be so great that we manufacturers would be willing to pay \$1, \$2 or \$3 a horse power more for power and buy the company out. If the company meet us in a fair spirit it will not be found impossible, I am sure, to close an arrangement satisfactory to both contracting parties. If an arrangement is found to be impossible, then the competition which will follow will be stimulating and strengthening, and not wasteful. Remember that the Electrical Development Company has this advantage: the Electrical Development Company secures its power at the Falls at cost, while the Government is called upon to buy its power and pay the profit of the generating company. There seems in some quarters to be a feeling that the Whitney Government should not have touched this matter, but unless some central body had taken it up, nothing could have been done. The

municipalities could not have acted individually; even Toronto, the largest and strongest of them all, would have found such a task altogether too great.

I want to emphasize the great oneness of all the interests in Toronto in this power by-law. There are 700 manufacturers in this city, employing 70,000 people, and having over \$75,000,000 capital invested, turning out something like \$85,000,000 in goods. This is no mean factor in the civic life. What would Toronto be to-day without its industrial life? Yet the manufacturers ask no special favors; they are ready to take their place with the rest. They have taken an active interest in the passing of two by-laws recently. They helped to carry the by-law for the extension of the waterworks system, and if another is found necessary to secure pure water for the citizens they will be found doing their part to pass it, and, gentlemen, they will be out helping to carry the power by-law and willing to pay their share of the taxes.

Let me, for a moment, trace the growth of public opinion on this question. It has been said by their critics that the Whitney Government should not have touched this matter. Gentlemen, it could only be done through some central body in which we all had confidence. In 1900 the Board of Trade in its annual report said: "Our hope for cheaper power is to bring the current from one of the great Niagara generating plants. The Toronto Electric Light Company have signified their intention of bringing power from Niagara Falls, and the question arises whether or not Toronto, as a city, should control this proposed Niagara power connection." In 1902 a public meeting was called in Berlin, the movement spread and the whole Province became aroused. In 1903 a vast deputation, representative of the whole western section of the Province, marched to Queen's Park in a body and demanded of the Government a Power Bill. The Ontario Power Commission was formed. Representatives of twenty municipalities met at the City Hall. A Hydro-Electric Commission of investigation was appointed and I had the honor to be on that Commission. It set about to investigate all the water powers of the Province. Then the Government Hydro-Electric Commission was formed, consisting of two members of the Cabinet and the member for North Toronto. Then in May, 1906, that great deputation came from all the municipalities to interview the Government, came from all directions and in great numbers—five special trains, laden with delegates! Was there ever such a deputation! What Government dare, in the face

of such an overwhelming expression of public opinion, stand out against it?

The effect was inevitable. Last January by-laws were submitted in all the municipalities desiring to co-operate in the movement. They were carried everywhere by overwhelming majorities. The people supported them by a majority of over four to one. Gentlemen, let me tell you that what is being done is demanded by the people. No Government could continue to live if it did not respond to the great public demand. Let me read you an editorial in the *News* of August 29th, 1905, which reflected public opinion and bespoke the convictions of the paper at that time.

The *News* of that date said editorially: "We have in the Falls of Niagara an enormous potential addition to the wealth, happiness and prosperity of the people. In a material sense, this is the greatest trust committed to the hands of the Whitney Government, and by its execution of that trust it will largely be judged. It is utterly preposterous to say that this immense public property shall be handed over to any private concern to be administered. Such a policy would be on a par with delivering over to a few individuals or private corporations, all the lands of the fertile west, all the mines and forests in Ontario. It would be delivering into private hands, not only property, but powers of Government, making the railways and municipalities and manufacturers dependent upon the owners of franchises. It would be creating within the State an authority greater than the State itself. Such a surrender of a public trust into private hands would deserve no other name than treason."

A Voice—Hurrah for the *News*!

Mr. ELLIS, continuing: As I said, gentlemen, the manufacturers are vitally interested in this movement. There is a great and growing market in the Northwest. Winnipeg is now the fourth industrial city in Canada, and the manufacturers of Winnipeg do not intend Toronto to have a foot in that market if they can prevent it. They have already spent \$300,000 in order to secure cheap power and are determined to have it at \$15. By this they secure the wonderful advantages of cheap power and light. When they secure all this Toronto will have to look out for her trade. There are some 70,000 people employed and working in the manufactories of Toronto. Perhaps 10,000 of these, or 15,000, or 25,000, I should not be surprised if there were 30,000 people employed in Toronto working for the Northwest market. Do you wish them to be

obliged to go to Winnipeg? Would you prefer to have them working in Toronto or in Winnipeg?

We need not fear that we cannot use the power we contract for, as the market will be constantly widening as new processes will be developed. The manufacturer who uses steam and utilizes the waste steam in heating will be a summer customer. He will find the cost of electricity in summer much cheaper than steam, and in winter the extra demand for light and power will take care of the difference. Professor Fessenden states: "As a result of an investigation covering more than one hundred plants, varying in size from the Baldwin locomotive works down to plants employing not more than one hundred horse power, it was found that the introduction of electric power reduced the average power needed in the factories, running at varying loads to one-third of what was required when steam was used." To that statement by Professor Fessenden I need add nothing. General Greene, in his address to the Empire Club in Toronto, pointed out that power could be secured at half the cost of steam and would result in a lowering in cost the year round in the majority of factories of from five to fifteen per cent. In the electro-chemical industries it means a saving of forty per cent. Seventy establishments or institutions in Buffalo, with an invested capital of \$140,000,000, are now using Niagara power exclusively.

They say that manufacturers using steam do not want electric power. Niagara power at the proper price would be used in many ways not now employed. The demand would be increased. There need be no fear that we could not use the power we would contract for.

Again, they cast doubt upon the figures of the Ontario Power Commission. The Commission approached the problem with an open mind. It was anxious to secure facts, to gain only reliable information, and its figures are based upon the results of the investigations of the best expert counsellors who could be secured. The Commission secured the services of Mr. R. A. Ross, of Montreal, and Professor Fessenden, of Washington. Mr. Cecil B. Smith, our own engineer, made the fullest and most detailed investigation. Mr. Rust, Toronto's City Engineer, and Mr. Roderick Parke, all conducted investigations and all confirmed each other. If we are to cast doubt upon our professional men, to demur at the findings of such experts, then we may as well stop the wheels of commerce and lose our faith in mankind. The Commission, through its experts, made a sincere effort to form absolutely correct figures, and upon those figures it is prepared to stand.

Let me speak for a moment as to the load factor. The Toronto Electric Light Company say that if we purchase at a flat rate we will be called upon to pay an amount equal to the amount utilized under the greatest demand. We say that the city would use the difference between the peak and the average load, just as other cities are doing. Toronto will use it as others have done. In Montreal, instead of a 25 per cent. average, there is a 78.5 per cent. load factor, while in European countries the load curve has been brought down to a straight line. The engineers of the Hydro-Electric Commission are prepared to stake their reputation on a flattening of the load curve. They would follow the plan adopted in Europe and California of using water storage, using all waste energy to pump the water into a reservoir, to be released when required to generate and create power. Double meters would be supplied to utilize the waste power. These would work automatically to the high rate and the low rate, and greater economy would be exercised in taking power at the high rate hours. Thus it would always be easy to relieve the situation. A stop could be made during the time of dear power and this would effectually keep down the peak load. Even the householder, anxious to avail himself of the low rate, need not light the lights till 6.30.

The Government contract is an admirable one. The city making a contract with a private company would be called upon to pay for all the power supplied whether it used it or did not use it. The Government has made a contract with the Ontario Power Company by which it pays only for what it uses. Toronto may anticipate using 15,000 horse power. If it should happen that the city only used 10,000 horse power, it would only be called upon to pay for 10,000 horse power. We are only required to pay for what we use. In event of the country procuring power cheaper—say, from producer gas, though the Commission carefully investigated the claims of producer gas and then advised strongly in favor of Niagara power—after seven years the Government can cancel the contract by three years' notice to the Ontario Power Company, and the contract thereupon ceases, while the company is bound for the full forty years.

Now let me speak for a moment with regard to distribution in Toronto, and the figures and estimates prepared for a local distribution plant. When the engineers of the Commission desired permission to examine the plant of the Toronto Electric Light Company, it was refused them. I do not criticize this

action on the part of the company. It was undoubtedly within their right either to grant or to refuse the courtesy. Our engineers then proceeded to prepare estimates of the cost of a plant on their own account. The first estimate was for \$5,000,000. That estimate covered and provided for ducts on both sides of the street. The Toronto Electric Light Company have the conduits on one side of the street only. The proposed system, which is to cost \$2,750,000, will supply everybody who wants them with light and power. As our business grows and our customers multiply we will be in a position to make further capital expenditures and further develop our plant. This expenditure, remember, is not a debt. It is an investment. When a merchant purchases one thousand dollars' worth of goods in his business, he rightly regards the possession of those goods as an asset. He sell these goods later at a profit. Toronto is purchasing electrical energy, and will resell it to the citizens. It will enlarge and extend a complete distributing plant which will be a valuable permanent asset to the city, purchased at the cost of the consumer, not the city. The cost will come entirely from the consumer, and the city, at the end of thirty years, will have a complete distribution plant free, without having cost the taxpayer a cent, having been paid for altogether by the consumer.

Moreover, the city can sell more power than it purchases. Let me illustrate. We will say I am the purchaser of 1,000 horse power at a flat rate for 24 hours. I turn around and sell Mr. McNaught 250 horse power for the 10 hours during which his factory is in operation. Then I sell Mr. Meek here 750 horse power for the same ten hours. Then the Chairman, who works in the night time, comes along and wants 750 horse power during the 14 hours per day in which my power is not needed by Mr. McNaught and Mr. Meek, and I sell him the amount he requires. So, as you see, while I have purchased 1,000 horse power, I have sold 1,750 horse power. Some companies, I am told, sell three times the amount of power that they purchase. The city is a great gainer by the \$17.50 flat rate. It has been argued that the Electric Light Company pays for every horse power used \$35 and no waste power, whereas the city will pay \$17.50 for all power used, also the same price for all power wasted, and, as the Toronto Electric Light Company only use 25 per cent. of their maximum load, if they purchased at a flat rate, three-quarters of the power would be wasted, so that Toronto will be paying for one-quarter used and three-quarters wasted. The city, however,

will not waste three-quarters. They will do as is done in Europe—use all and not waste any—with the result that as against the \$35 rate paid by the company the city rate will be \$17.50.

Let me give you a statement of the comparative cost of power by steam and by electric meter for ten hours per day:

10 horse power costs \$111.53 steam and \$28.50 electric meter.

25 horse power costs \$78 steam and \$25.50 electric meter.

50 horse power costs \$57.50 steam and \$22.50 electric meter.

100 horse power costs \$48 steam and \$21 electric meter.

You will notice that as the required amount increases the steam cost gets down nearer to the electric figures, emphasizing the fact that electric power is more beneficial to the small manufacturer than to the large one.

Now, in conclusion, for I feel that I have already spoken altogether too long, I say as a serious-minded business man, with not the slightest scintilla of feeling, that to reject the proposition would be preposterous. The Electrical Development Company will only be stimulated by a healthy competition. Every horse power of power it generates will be utilized. Their bondholders have the best of assets. I'm sorry I don't own a block of the stock myself.

To conclude, the advantages to the citizens of Toronto from the passing of this by-law are illimitable. It is the greatest domestic question that Ontario ever faced. It is, in fact, a national question, and one in which private interests must be considered as secondary to the interests of the whole people at large.

Mr. W. T. WHITE, who was received with applause, said:

I am sure you will permit me to join in congratulating Mr. Ellis upon his lucid and forceful address, and the position he has taken. It is well that sensible men can reason together on these matters, for, after hearing Mr. Ellis speak, I realize how close we are together. There is only one thing lacking in his argument, one thing that I would like to point out to him. I may, perhaps, then be able to win him over.

The thought occurred to me just now, as I listened to his address, that the city of Toronto and the Province of Ontario are to be congratulated upon having such public spirited men as Mr. Ellis to devote themselves to the public welfare, men who give their time and thought and experience and energy

whole-heartedly and unreservedly to the public service. I want, also, to congratulate the Club on the fair and impartial spirit upon which this matter has been approached and the manner in which this meeting has been arranged and is being conducted. There are two sides to every question, and he would be a very one-sided man who contented himself with one. Mr. Ellis has spoken of sneering references being made throughout this campaign. I am not here to sneer. Such conduct is unfortunate and regrettable. I impugn no company's position or no man's position. I have not a word to say against Hon. Mr. Beck; not a word to say against Hon. Mr. Whitney. I am impugning no man. "Judge not, that ye be not judged." It has seemed to me that the sneering has come from another side of this controversy. There has been an extraordinary amount of misrepresentation, abuse, vilification and hysteria in the public press, language of extraordinary virulence—a most unfortunate state of affairs. Men have been called all sorts of names, and an effort has been made, apparently deliberately, to stampede public opinion. Some of the press has used language neither helpful or elevating—much the reverse. The method has seemed to be: "If a head is raised, hit it; if a voice is heard, choke it off." Mr. Ellis' address is so different from the utterances advanced by others in the same cause that it reminds me of the traveller who declared: "Venice puts me in mind of Buffalo; it's so different." I do not impugn motives to Mr. Beck or to Mr. Whitney. I give them credit for sincerity. But the campaign for this by-law has been conducted by some of the press with little short of hysteria. There is a tendency to make the power question a fetish; there is a tendency to make it the watch-word of citizenship. I was almost afraid to come here to-night to discuss it from my standpoint. I realized that I would likely be declared to be a parasite, or a millionaire, or a magnate, or even a shareholder in the Toronto Electric Light Company. But the men who pride themselves on being Britishers don't like the gag, and even bondholders and shareholders have rights. Discussion cannot hurt a worthy cause. It is the best way to ascertain whether any project is sound or unsound, and I think the Club is to be congratulated upon arranging for a full, sane and business-like discussion of this very important issue.

I take it, then, that if there is any information to be had, you want to have it; if any of the rights of property are to be jeopardized, you want to honestly see if it can be avoided; if

there is any chance of a violation of public faith, you want to see if it, too, cannot be avoided. At the very outset let me make to you all a frank confession of my own municipal faith. I believe implicitly in the public ownership of public utilities. Toronto, I believe, made one of the greatest mistakes in its municipal history when it gave over its street railway franchise to a private syndicate, and I hope when that franchise expires that the people will take the railway over and operate it better than ever before. So I believe, too, that the city should operate the Toronto Electric Light plant, operate it through a commission. I believe that the city should operate both its street railway and the Toronto Electric Light plant through a commission.

That, then, is my confession of faith. So, you see, it is not a matter of substance upon which we differ, but how to achieve the end.

No private interests should, however, be needlessly sacrificed, and public dealings should be fair and just and honest. These things should surely transcend mere matters of dollars and cents.

There has been a great deal of talk about the Toronto Electric Light Company. Men who have dared to say a word in its behalf have been misrepresented and villified. Let us look at the facts and situation in the calm light of business common sense. The Toronto Electric Light Company has a franchise and operates within its legal rights. Otherwise it could be stopped by an injunction. It has been stated that the Toronto Electric Light Company pays eight per cent. on its watered stock. This statement is untrue. The original capital stock of the company was \$4,000,000, upon which there was a bond issue of \$1,000,000. There was, I repeat, no watered stock. Twice the capital has been increased, in 1903 by \$1,000,000, and in 1906 by \$1,000,000. The shareholders are not enjoying more than a six per cent. dividend. They are not public conspirators; they have no record of that character. The directors are, Sir Henry Pellatt, Senator Cox, Mr. Dwight, Mr. Matthews, Mr. Blain, and Senator Jaffray. They are well-known men, men who have the respect of those who know them. Let us then be just and fair to them and have regard to their rights as well as our own purposes. There are in the Toronto Electric Light Company 800 shareholders. These 800 shareholders are fellow citizens. They, too, have their rights. Let us be just and fair to them.

I have no halo for the directors of the Toronto Electric Light Company. I have no halo around loose for anyone, as a matter of fact. They are in the business to make money honestly for themselves and for the shareholders. I was delighted to hear Mr. Ellis' fair-minded references to this company and to note the high tone of all his remarks. His ideas and my own correspond in that respect.

Let me tell you frankly that I was amazed at the extraordinary spectacle, while attending the meeting of the Private Bills Committee of the Legislature last session, of seeing the high officials of the city of Toronto appearing before the members of the Legislature seeking to expropriate the plant and going concern of the Toronto Electric Light Company on the basis of scrap. Surely that was a proceeding beneath the dignity of the city of Toronto. Was it in accord with the dignity of a city with a high financial standing like Toronto to seek to obtain a going property on the scrap basis? Let us put ourselves in the other man's place. If the *Globe* or the *Telegram* was to be expropriated, don't you think they would want something for good will? Would they think it fair if we demanded their property at a scrap assessment? Suppose we said, "We will give you so much for your building, and so much for your printing plant, and so much for your accounts; but that's all." I fancy they would tell you that that was not fair, that the basis of valuation must have a connection with the good will of a running business. The building, the printing plant and the accounts are only a fraction of the value. The good will and the earning power are the important considerations. Apply the same situation to the Toronto Electric Light Company and its plant. If the city of Toronto wants to expropriate the Toronto Electric Light Company, let it expropriate on a fair and business-like basis. The company holds a franchise which has still twelve years to run. To expropriate the city has only to ask permission to do so on the ordinary principles of common law. There is need for no by-law, need for no "club"—only for proceedings on the just principles of common law.

During the past few days I have been making enquiries concerning the Toronto Electric Light Company, and I venture to say that if the company had had more of what the Methodists call grace—more of the "soft answer that turneth away wrath"—there might not have been so much trouble. But the Toronto Electric Light Company, like all the rest of us, is doubtless very human. Their increased capital had been required in extending their plant, in meeting the needs of increasing cus-

tomers, in having their plants changed to meet changing requirements.

The company has been criticized because it has not located large industries here; it has been criticized because it has not given the city the benefit and the advantages of Niagara power. It took \$1,000,000 of their money to put themselves in the position of taking Niagara power. When they went to raise the amount by an increase in their capitalization they were met with opposition from the city and it was only last year that they got the power to proceed. They were delayed and embarrassed for a year in the issue of the \$1,000,000 of new stock which was to enable them to get the new power. Then they had the greatest difficulty in selling it. Financial men will understand very well that the \$1,000,000 of new stock could not be sold at \$150 or \$160, but the public do not understand it. I am always ready to trust the public if the public knows the facts, but the public did not comprehend this situation.

Now, regarding the Electrical Development Company, I have no desire to appear before you under false colors. I am, to a certain extent, interested in this company, in that I am a trustee—or the company with which I am associated is a trustee—for the bondholders of the Electrical Development Company. I represent a company whose clients hold a great deal of the Electrical Development stock. These clients have purchased bonds to the extent of \$10,000,000, relying upon the absolute good faith of contracts and the security of the laws of our Province. Of these bonds \$5,000,000 are held in Great Britain, \$1,000,000 in the United States, and \$4,000,000 scattered about in Canada. These bonds are held by people who bought them for investment. They know nothing about watered stock. It is not so easy to raise millions even for the most promising undertakings. Anyone who goes to the Ontario Government and makes the regular application can get a charter to-morrow with the issue of letters patent, but the procuring of capital is altogether a different matter. It is no easy thing to raise millions even for the best enterprises. Mr. Nicholls went to England and tackled the task of underwriting. He had no easy task. The investors asked why they should buy bonds of what was then an uncertain enterprise, giving five per cent., when there were other investments in their own country which would yield double the return. They reasoned that they might better put their money in mortgages. This was a hazardous engineering experiment. They would not go in for five per cent. and invest six to ten millions. No

man would at that time. The Niagara project was an experiment and inducements had to be held out to attract capital. A bonus of common stock had to be given. Five per cent. was not sufficient to induce men to risk their money in the development of the power. If a syndicate went into that gigantic undertaking, surely no one would say that ten per cent. was too great a return. There was no conspiracy; they went into the project in a legitimate business-like way to develop, transmit and sell power. They secured contracts with the Toronto Street Railway and the Electric Light Company. They knew that there was an opportunity for improved service on the street railway, for, you see, a great many of them were strapholders as well as bondholders.

Now, do not mistake me, for I desire to be simply just in this matter. These men went into the project for no philanthropic purpose. They wanted to make money. That was their purpose. But they tackled a big job. They went out into the financial centres of the world to raise from \$5,000,000 to \$10,000,000. Then they went to work. They put in their shafts; they built their dam; they uncovered the bed of Niagara; they drove their tunnel to the very mouth of the precipice. They showed they were men, for that's a man's job doing that. It was a project which would build up the country, promote its material welfare. It was breaking a new field and rearing new industries. What else was involved? When they had done all this they were just beginning. There was then a transmission line to be built for ninety miles through farms, over railways, crossing ravines and rivers and stretching along the beach. And this transmission line was to be built with electricity in its experimental stage. The company intended to build lines to Brantford and to St. Thomas and to London. This was their design, and these were beneficent objects. Then there was the business standpoint to be considered. What is the use of saying that it was a conspiracy against the municipalities, when it was simply a business enterprise of magnitude, and money could only be made by serving the people of Ontario? They couldn't force any man to take their power. They had got to give him his power for a better price than he was paying. They could only make money by serving the people of Ontario. There was no monopoly of power at Niagara; there was, in fact, the fiercest competition. They are carrying on their business at the greatest possible hazard and I do not think the members of the Hydro-Electric Commission have realized or appreciated the situation. The demand will not meet the supply for years.

The Electrical Development Company entered into contracts with the Toronto Street Railway and the Toronto Electric Light Company. These have been referred to repeatedly as an injustice to the shareholders, but, as a matter of fact, they were business contracts of mutual benefit. I have recently seen the manager of the railway company, and he tells me that the railway gets its power much cheaper to-day than if it had to use coal. The Toronto Electric Light Company is in the same position. The contract was an advantage and a saving to both. We should look at these matters carefully, examine them closely, and judge them fairly. We should not allow our judgment to be stamped by the hysteria of the moment.

Toronto has already received an enormous benefit from the work done. The transmission line has been completed, and to-day Niagara is moving your cars and giving you light. Do not lose sight of the fact that it was the initiative and enterprise of this company that opened up the way for Niagara power.

Now let me lay down, at this point, what I believe to be the two basic principles upon which any action should now be taken. First, then, when the Government or the municipalities go into competition with their subjects or citizens they should do so upon honest terms of expropriation; and, second, if they expropriate against the will of the private owner, a full and generous compensation should be made for the property so confiscated. These tenets are confirmed by all English law.

My first point may need more elaboration. It rests upon the principle of fair dealing between subject and Government. The Government represents the aggregate of individuals, and the credit of the individual is not to be compared with the credit of the Government. An individual can only borrow money at five, six or seven per cent. interest, while a Government can borrow all the money it wants at three and a half per cent. interest. Fancy a competition there. No such competition could be fair. Think of it, the Government in active competition with the individual! On the investment of \$10,000,000 the private company pays an annual interest of \$500,000, while for the same amount of investment the Government would pay an annual interest of \$350,000. There, then, is an advantage of \$150,000 in favor of the Government every year on the interest on the bonds alone. Gentlemen, the end is inevitable. The private company must go into liquidation if the Government persists in its course. There is no other alternative.

I do not think that the members of the Hydro-Electric Commission or the Government realize the great injustice that is being done. Things look so rosy to Mr. Ellis. He did not realize that the so-called watered stock had not been able to pay two-thirds of the interest on its bonds. Besides, the subject pays rental for the concessions granted. The Electrical Development Company has already lost hundreds of thousands of dollars by the action of the Government. Surely, gentlemen, there is a higher thing than mere dollars and cents. I believe the Government is composed of patriotic men, men who, if they realized they were doing a grave injustice to their fellow men, would surely consider again the situation. The Electrical Development Company went ahead with its enterprise, relying on the faith of contract. What has the Government done?

The Ontario Power Company has its plant on this side of the Niagara River. General Greene, its president, is, however, an American, and the company has its head office located at Buffalo. What is the plan of this company? The Electrical Development Company is obliged to drive through its own transmission lines, to purchase its own right-of-way, and build its own whole transmission system. It is obliged to raise the money to put through its whole transmission system. Now, then, what position does the Government put them in? Practically this: that the American company is in the position of not having to do any financing on the Canadian side. Everything is provided for it by the Government, while the Electrical Development Company, an essentially Canadian enterprise, must pay its own way and build lines through the municipalities to compete with the Government-supported line if it is to keep its head above water. Do you see the situation, gentlemen?

I have no motives to impute in this matter. I believe that Mr. Ellis and Mr. McNaught and Mr. Whitney and Mr. Beck are absolutely sincere and perfectly honest-minded. They are most sincere men, but they are very sincerely deceived as to the situation. They do not realize what they are doing.

Mr. Beck as a manufacturer and Mr. Beck as a responsible Minister of the Crown stand in altogether different positions. It is perfectly open to Mr. Beck as a manufacturer to enter into a contract with the Ontario Power Company to find them their capital and construct their lines, and become the purveyor of cheap power. If that were the situation, we would say, "Come on, Mr. Beck. The terms are fair. Let us fight it out." But when Mr. Beck swings the purse of the Province

with its monies and financial strength against the resources we must provide and pay ourselves, then he is practically putting us out of business. I would ask the municipalities and the Government, if they want the cheap power which has been promised by Mr. Whitney and Mr. Beck, how they can fairly secure it. There is one honorable rule to guide them, one method which is justified by fair dealing between Government and subject. If the Government would enter the field in which the subject has already established an enterprise, let the Government expropriate that enterprise and then carry on its business. Otherwise it would be the struggle of a giant against a child, for the Government, compared to a private company, is a giant to a child in the matter of credit and resource. Mr. Ellis and Mr. McNaught and Mr. Whitney and Mr. Beck are men we respect as fair-minded, honest men. Do they think such a struggle is a fair one?

I am sorry that I cannot take Mr. Ellis' rosy view of the prospects of the Electrical Development Company. They are not rosy. Mr. Ellis has intimated that he would be glad to have some of the stock. I can assure him that he can have all he wants. He will find no difficulty in purchasing either bonds or stock. And that's the real test, the true test, the price of the stocks on the market.

The whole issue has been beclouded by a lot of rhetoric. The greatness of Niagara is not just discovered. The power has been there since Adam's time.

A Voice: Adam Beck's. (Applause and laughter.)

Mr. WHITE, continuing: Apart from all the rhetoric, the true test, as I have said, is in the price. The solid business man will ask you to give the quotations of the bonds and the stock when he seeks information as to its value. The Government has cost the Electrical Development Company hundreds of thousands of dollars by embarrassing it in the critical stage of its career.

At this point I fancy I hear some one ask, "Then have you nothing to offer? Shall we have to stand still because certain private rights are concerned?" Gentlemen, it is as simple as A, B, C. The Government of the Province can take over the Electrical Development Company. They can substitute three and one-half per cent. bonds for the existing five per cent. bonds. It will not cost them anything. They would make money on the transaction.

Mr. ELLIS: I believe they would.

Mr. WHITE, continuing: Of course they would. I knew we would come together. I expressed the hope that I would be able to win Mr. Ellis over.

Now as to the by-law, there is not the slightest difficulty over that feature, either. If the city desires to go into the electric light business, there is nothing whatever in the way. Let the city go to the Legislature and expropriate the Toronto Electric Light Company on terms that are fair and honest and decent. You will get your bill and there will be no opposition from the Electric Light Company. The company have already done much towards this. They have expressed a willingness to sell out to the city, or they have offered the city a partnership. Could anyone do more? Is it necessary to have a "club"? Surely you don't want to use a club or an axe or a bludgeon to make them sell out their property at less than it is worth—the papers are so full of violence on this matter.

Let me say that I do not think that the citizens have been quite taken into the confidence of the City Council and the Commission in the matter of this by-law. I have all the faith in the world in the people, if the people get all the facts. But have they in this case? The first estimate for the civic plant was \$2,000,000, but this was, very plainly, a blind man's guess, the effort of a blind man with a lead pencil. Then came the engineers' report to the controllers, with the estimate of \$5,200,000. I can imagine that every controller put his hand on his solar plexus when he heard that figure. They forthwith hurried into secret session. That was an enormous sum, even in these days of high finance. But it is easy to quote engineers' figures. Whoever knew engineers' estimates to be right? There is a saying that all boarding-houses are one and the same boarding-house, and boarding-house pie can be made over any number of times. It is much the same with engineers' estimates. I have had a seat on the grand stand when it comes to engineers' estimates. As a trustee for bondholders I have come in contact with nearly all the big enterprises and I never knew an engineer's estimate that was worth two coppers. The unexpected always happens.

I remember some years ago, when I was connected with the press, there was a fellow reporter of mine on the *Telegram* who had contracted the unfortunate habit of coming down late to report for work in the morning. One morning he arrived even later than usual and the City Editor sternly called him over to the desk. "Young man," he said, in his severest tones, "you are expected to report at your desk in the morn-

ing on time." "Oh, yes, I know," replied the reporter, "but it's the unexpected that always happens."

So it is with engineers' estimates. The unexpected happened at Sydney, where they procured the services of all kinds of consulting engineers. The unexpected happened again at the Sault, and so on down the whole list of modern enterprises. You may go to any enterprise in Canada and you will find conditions the same. I never knew of one to be verified. If the estimates of the Hydro-Electric Commission are within 50 per cent. of the cost, they will be unusually correct. I ask you, is this a true picture or is it not?

Controller H. C. HOCKEN: No, no.

Mr. WHITE, continuing: Then came the estimate of the engineer at \$2,750,000. I do not think anyone knows exactly what that amount is to do. It seems to me that all the resources of the English language have been called into requisition to becloud its meaning. It talks about "reasonable extensions" and "conditions which may take place." What will \$17.50 buy you? Have you a contract? Could you raise a dollar on it under present conditions? If you were going to raise the money upon such a proposal, what would you show the bondholders? The contract with the Hydro-Electric Commission is not an estimate. The investor, like the man from Missouri, would demand, "show me."

It cost the Electrical Development Company \$2,500,000 to build that ninety miles of transmission lines. It may cost the Hydro-Electric Commission less. I say that because I desire to give you the truth. It may cost less because they may not use as wide a right of way. But is it likely that the Government or the municipality will build transmission lines and plant for much less than the private business corporations? Is there anything in the history of the city or of the Province to indicate that the city or the Province or the Dominion do these things more cheaply than private business concerns? Our own City Hall and Market buildings are cases in point. The by-law puts me in mind of a jackpot at poker. You get in, and then you can't get out. You are being raised all the time and you've got to go on. They say you'll get power at \$17.50. It costs \$10.40 at the Falls. There is the transmission line to build, the interest to pay on the investment, and the providing of a sinking fund. The engineers say you will. Will you? I don't believe it.

The amount of nonsense which has been talked about this project is appalling. I do not blame men for being optimistic.

I believe the father of all this is W. F. Maclean. He has become one of the institutions of the city. He is like Cleopatra. "Age cannot wither, nor custom stale, his infinite variety." When he gets an idea he does not own it, but it owns him. He rushed into the advocacy of Cobalt stocks. They were the cheapest money-maker on earth. Then Mr. Maclean became imbued with the power question. He took it up and commenced a campaign of asserting and reasserting till he now believes in about half of what he publishes in the *World*. What wonders this power is to accomplish! The wires are to be tapped at every farm and every concession and the farm is to be lit, the cows milked, the chickens fed, and the hired man's feet washed by 60,000 volts of electricity hot from the wire. It would be taking the roof from the barn as well as the mortgage from the farm. The fact that a stepping-down station cost \$75,000 did not interfere with this Solomon-like idea. They may build a few between here and Hamilton and charge them to the farmers!

Surely it is time to pull up and see whether or not we are going crazy on this power question. The farmer will have to wait a great many years to get the power to be of service to him. It can't be done. The same stamp of hysteria is offered to the electors on the power by-law. Even the papers have been stamped lest they should be charged with being in the power of the electric ring. They have lashed themselves into a journalistic fury, and "Old Reader," "Pro Bono Publico," "Constant Contributor" and other old friends have been working overtime.

It is not a manly thing for citizens to argue that they want the by-law for a club. The elementary principles of justice taboo the club and the axe and the bludgeon. Do the decent thing; act creditably and honorably. If you vote for it, go on with it and make it a success. Don't vote for anything to be a "club." Don't take the Toronto Electric Light Company over on the basis of scrap. It has 800 shareholders, many of them your fellow citizens who bought and paid for their stock. A considerable number of them are women, though I do not desire to emphasize that feature of it.

Suppose the city of Toronto dealt fairly and generously in this matter. Suppose the city paid \$7,000,000 for the Toronto Electric Light Company—and I have no authority for using that figure. The company earns 12 per cent. and distributes 8 per cent. If the city bought them out on a fair basis and substituted city bonds at $3\frac{1}{2}$ or $3\frac{3}{4}$ per cent., it would cost the city

\$275,000 a year. In return the city would have a revenue of \$480,000, the earnings of the plant. But it has been said you can't do this because contracts have been entered into. But I am told that the Toronto Electric Light Company has the best of it in its contract with the Electrical Development Company, and I think the figures would be found to be much the same as the figures of the Commission. Remember, it is a higher thing to preserve honor and justice and integrity and vested rights than to gain a dollar or two a horse power and have injustice done.

The earliest recorded case of expropriation that I know of is that of Naboth's vineyard. Ahab, King of Israel, coveted Naboth's vineyard, and offered him money for it. It is not so stated, but he may have offered to purchase on a prairie land basis, instead of as an improved property, just as the city of Toronto wants to purchase on a scrap iron basis. But Naboth would not sell the inheritance of his fathers on any such basis, and Ahab was sad.

You know how Jezebel, his wife, asked: "Art thou not King in Israel? Take away Naboth's vineyard!" So Naboth was stoned and his vineyard taken.

Now, mark what happened to Ahab! Ahab went forth to battle, and a certain man drew a bow at a venture, and smote Ahab between the joints of his harness and he died.

If the Government of Ontario desires to go into competition with the Electrical Development Company on behalf of American capitalists, if the city of Toronto wants the property and business and contracts and good will of the Toronto Electric Light Company, let them do what is just and right and honorable, let them pay for Naboth's vineyard.

And I say that any Government that attempts to do injustice, to take away property rights from citizens, to crush out private enterprise, has a loose joint in its harness that will be found in time.

Finally, and in conclusion, if the Government wants to go into the power business, let it take over the Electrical Development Company at a fair figure, and use it for the benefit of Ontario, and if the city of Toronto wants the property and rights and earning power of the Toronto Electric Light Company, let it do what any fair-minded man would do and pay for Naboth's vineyard.
