

"MUNICIPAL OWNERSHIP."

A portion of an address upon the above subject, delivered before the Henry George association, of Chicago, January 18, 1903, by Judge Edward F. Dunne.

In recent years perhaps no subject has engrossed so much of the attention of the public in great cities of this country, and in Chicago particularly, as the question of the ownership and operation by the public of public utilities. By these I mean street cars, gas works, electric light plants, telephones, telegraphs, railroads and other enterprises, the operation of which requires the possession and use of public property.

In this city to-day a citizen is charged from \$40 to \$175 for the annual rent of a telephone, and the service is not overgood at that. The same service is given in Stockholm, Sweden, for \$20 a year (on the average); in Christiania, Norway, for \$22 a year (on the average); in Trondhjem, Norway, for \$13.50 a year (on the average); in Berne and Zurich, Switzerland, for \$10 and upward; in Berlin, for \$36 per annum; in Copenhagen, from \$27 to \$48, and in Paris, France, for \$78.

In Chicago to-day we are paying \$1 per thousand feet for gas, which has been sold to the citizens of Hyde Park, in this city, up to two years ago, for many years past, for 72 cents per thousand.

The city of Glasgow is charging 52 cents for the same kind of gas, and the average price charged by all the cities in England, operating municipal gas plants, in 1897, was only 75 cents, upon which price the municipalities netted 18 1-3 cents profit, making the gas cost the consumer only 56 cents net.

In Chicago to-day electric light companies charge from \$105 to \$125 per annum, per arc lamp. They are empowered by law to sell electric light to private consumers all over the city, while the city, which cannot sell light to private customers and is confined by law to furnish gas to itself, is producing the same for \$99 per lamp.

The city of Detroit is producing the same light for \$61 per arc light; Aurora, Ill., for \$50; Elgin, Ill., for \$50, and Bay City, Mich., for \$52.

In Chicago to-day the shortest ride a man can take on the street car costs him five cents, and then he rides a great part of the way hanging to a strap, most of the time in a dirty car, and always, during the rush hours, jammed, jostled and jolt-

ed about, in a manner that is irritating to his fellow-passengers, and indecent to the gentler sex.

The fare paid in other great cities of the world, outside of the United States, is about half of this amount.

In most other American cities a citizen is charged the same price for the same reason, to-wit, because the service is in the hands of private companies.

This state of facts and figures in Chicago, and this state of facts and figures elsewhere in the world, have caused, are causing and will cause the people of Chicago to endeavor to find the reason for this situation of affairs, this discrepancy in the cost of such necessities of life, and when the cause has been discovered, to find a remedy.

On the threshold of this inquiry the people of Chicago have discovered that all these public utilities furnished to the citizens of the city of Chicago are owned and operated by private corporations, organized and conducted for private gain.

On stepping over the threshold into the vestibule of the investigation they have also found that in all the cities above mentioned, where public utilities were furnished at a cheaper price, these public utilities were being owned and operated by the public—in other words, by the municipalities themselves.

Must or must we not conclude that the difference in ownership and operation is the cause of the wide discrepancy in the cost of these absolutely essential necessities of life to the residents of cities?

If it be found upon investigation that in Chicago and other cities where these public utilities are furnished by private persons or corporations, the prices charged for the same are higher than they are in a few other large cities where these utilities are furnished by public corporations, it might appear, upon investigation, that the different prices result from many and various causes.

But if we find upon investigation that private corporations in different parts of the world, and under varying conditions, nearly always charge more than public corporations for the same service, we must conclude that private corporations charge exorbitant prices, and that it is to the interest of the public to place the production of their utilities in the hands of the public authorities.

According to the official report of the American consul in Liverpool,

now on file in Washington, dated May 19, 1902:

There are now in Great Britain 961 municipalities, owning water works; 99 owning the street railways; 240 owning the gas works; and 181 supplying electricity. Municipalities were not allowed to work tramways until 1896. It is estimated that half the gas users in England use municipal gas.

Among the municipalities owning and operating street cars are cities ranging from 4,000,000 to 50,000 inhabitants.

In Germany, Wurtemberg, Bavaria, Bulgaria and some of the Australian states all telephones are owned by the public. In Switzerland nearly, if not all, of the telephone systems are owned by municipalities. Many of the municipalities of Norway and Sweden own their own telephone system, and in the duchy of Luxemburg the telephone system is owned and operated by the duchy. In Holland the telephone system was private till 1896, when the two leading cities, Amsterdam and Rotterdam, secured franchises for municipal plants. In France the telephone was in private hands till 1899, when the government took possession and reduced rates. Austria and Belgium began with private exchanges and afterwards adopted public ownership. In Denmark the government in 1898 assumed control of the telephone business, reserving the power to fix rates, and in England there is a decided movement from private to public ownership.

Municipal ownership and operation is now practically in force in the following great cities of Great Britain: London (in part), Glasgow, Leeds, Southampton, Nottingham, Liverpool, Hull, Bradford, Blackburn, Aberdeen, Sheffield, Huddersfield, nearly all of which cities have a population of from 100,000 to over a million.

In Milan, Italy, a city of half a million, the city owns its gas works and railways, and has a joint interest with the private corporation in the net proceeds of the company.

In Saxony the gas plant is owned by the public.

In Great Britain, approximately, 60 per cent. of all the gas consumers are served by publicly owned companies. Birmingham, Glasgow, Manchester, Leicester, Nottingham, etc., own their own gas works, and probably 60 per cent. of the municipalities of Great Britain also manufacture their own electric light.

Let us now examine and see what are the prices charged in these differ-

ent countries for these public utilities, when furnished by public corporations:

TELEPHONES.

Telephone charges in the United States are three times the government tariff in England, and also three times the charges permitted by the government in France.

In Trondjhem, Norway, with 780 exchange lines, the average rental was \$13.25 a year per 'phone. Subscribers speak to 11 towns, within a radius of 50 miles, for five minutes for five cents.

Stockholm has an average of \$20 per 'phone, and communication within a radius of 43 miles. The Bell company, bought out by the government, charged \$4 for the same service. The public telephone of the duchy of Luxemburg (44 by 30 miles) makes a uniform yearly charge of \$16 for each 'phone, and each subscriber can talk all over the duchy.

In Switzerland, which has an excellent system (metallic circuit), the cities make a moderate charge of \$8, plus one cent for each call. In Zurich and other cities the average total rate is \$15 per 'phone per year.

In Sweden there are 160 cooperative telephone exchanges, and the average of their charges is \$10 per 'phone per year.

GAS.

In England, where municipal ownership has been established, the cost of gas is, on an average, one-half what it is where the same is furnished by private companies.

The private companies, operating in Glasgow, before the same were purchased by the municipality, charged consumers \$1 per thousand feet, while the municipal company now being operated by the city of Glasgow charges 52 cents per thousand.

Private gas companies in England are now charging 90 cents per thousand, and publicly owned companies charge from 52 to 60 cents per thousand.

The private gas company or companies in the city of Chicago, as we all know, charge \$1 per thousand for gas, and in many cities of the United States private gas companies charge considerably more.

It may be urged, however, that the difference in the price of gas in American and European cities might result from the increased cost of labor, or some other reason outside of the character of the management. That this is not true is shown by the fact that in those States of the

union where any of these public utilities are furnished by both private and public companies, the same difference in rate prevails as those between American and European cities.

Some years ago it was found, upon investigation, that there were eight private gas companies in Virginia and four municipal plants. All but two of the private companies charged from \$2 to \$3 per thousand feet, and the average of the eight companies was \$2.11. Three of the public works charged \$1.50 per thousand, and one of them \$1.44, and the average cost to the people, operating expenses and all fixed charges, was \$1.17.

In West Virginia there were five private companies and one municipal plant. One of the private companies charged \$1 per thousand feet, another \$1.60, and the other three \$2 and \$2.25. The public works in Wheeling charged 75 cents per thousand, and the total cost to the people was 50 cents, there being no debt and no interest to pay, operating cost, depreciation and taxes were the whole expense.

Of the 89 private companies in Pennsylvania, 26 charged \$2 per thousand, and over 55 charged \$1.50, and only eight made a rate as low as \$1. At the same time the public works in Philadelphia, Pa., charged \$1.50 per thousand, but 60 cents of it was clear profit in the treasury, above the cost of operation and fixed charges, so that the people really got the gas for less than \$1.

In Kentucky none of the 18 private companies sold as low as the public works in Henderson, Ky.

In Ohio there were two public plants, one at Hamilton, which supplied gas at a total of \$1 per thousand (30 cents of it being interest), and the other at Bellefontaine (free of debt), which supplied gas at a total cost of 63 cents per thousand. Of the 43 private companies only five made so low a rate as \$1.

ELECTRIC LIGHT.

What is true of gas and water is also true of electric light.

While private companies in Chicago are charging from \$105 to \$125 per annum, per arc lamp, the following cities, which have municipal plants, are furnishing the same light for the same period at the following prices:

Bangor, Me.....	\$46 00
Lewiston, Me.....	52 00
Dunkirk, N. Y.....	53 50
West Troy, N. Y.....	75 06
Allegheny, Pa.....	57 00
Easton, Pa.....	95 00
Bay City, Mich.....	52 00
Detroit, Mich.....	61 50

South Park Plant, in Chicago.....	57 00
Aurora, Ill.....	50 00
Topeka, Kan.....	51 00
Little Rock, Ark.....	49 50
Wheeling, W. Va.....	57 50
Peabody, Mass.....	61 50
Braintree, Mass.....	61 50
Danvers, Mass.....	56 50
Jamestown, N. Y.....	49 00
South Norwalk, Conn.....	47 50

The city of Boston, Mass., is furnished electric light by a private company, which charges one cent per meter hour; the city of Braintree, Mass., is furnishing light by a public plant, which charges one-half cent per meter hour. Brookline, Mass., is charged one cent per meter hour, by a private company; Swanton, Vt., one-third cent per meter hour, by a public plant. In New York city the charge by a private company is one cent per meter hour; Westfield, N. Y., has a public plant, which charges one-half cent per meter hour. The city of Philadelphia, Pa., is charged three-quarter cent per meter hour, by a private company; and Newark, Del., three-tenths cent per meter hour, by a public company. In Detroit, Mich., the private electric light plant charges \$1 per month for each lamp; in Wyandotte, Mich. (near Detroit), the charge by a public plant is 16 2-3 cents per month for each lamp. In Kalamazoo, Mich., citizens are charged 20 cents per kilowatt, by a private company; Coldwater, Mich. (near Kalamazoo), which has a public plant, charges five cents per kilowatt. In Chicago, Ill., the charge is one cent per meter hour; and in Peru, Ill., the charge by a public company is one-half cent per meter hour.

WATERWORKS.

The same is true of waterworks in the United States. In Indiana the charges made by private companies have been found to be double those charged by public companies. Only nine of the 50 large cities of the United States are supplied with water by private companies, and only two of these companies have made public their receipts and expenses. The two that have made reports admit that they have earned from 30 to 40 per cent. per annum on their capital stock.

The following statistics with relation to the rates paid for water by Illinois cities will convince the most skeptical that the rates charged by private companies for water are much in excess of those charged by publicly owned and operated companies:

Private Water Supply and Ownership.	Total Revenue per Family per Year.
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Lincoln, Ill	\$18.00
Mount Vernon, Ill.....	10.00
Effingham, Ill	6.50
Alton, Ill	4.33 1-3
Sterling, Ill	8.70
Kankakee, Ill	7.90
Chillicothe, Ill	9.80
Calro, Ill	10.66 2-3
Oak Park, Ill.....	20.00

9) \$94.90

General average \$10.50

Public Water Supply and Ownership.

Moline, Ill	\$4.50
Taylorville, Ill	4.50
Savanna, Ill	2.00
Lexington, Ill	3.00
Elgin, Ill	3.00
La Salle, Ill.....	4.50
Evanston, Ill	6.40
Rock Island, Ill.....	5.33
Aurora, Ill	4.00

9) \$37.20

General average \$4.10

What is true of gas plants, electric light plants, waterworks and telephones is also true of street railways.

STREET RAILWAYS.

The street car fare paid in the United States, where private ownership prevails, we all know to be five cents a ride, whether it be short or long, which is more than double what is paid to municipal street car companies in Europe, as will be apparent from the following table:

Town.	Population.	Fare. cents.	Average Fare. cents.
Milan	440,000	1 and 2	1.8
Vienna	1,500,000	1.6 and 2	2.7
Berlin	1,800,000		3.
Buda-Pesth ..	500,000		2.7
London	4,000,000		2.5
Belfast	256,000		2.2
Glasgow	840,000		1.78

The principal street car companies in Chicago are capitalized and bonded for over one hundred millions of dollars. The value of their tangible property is shown by Mr. Arnold's recent report to be less than \$30,000,000. Until recently they have been paying interest and dividends upon their total bonds and capitalization.

In other words, they have been compelling the citizens of Chicago to pay them five per cent. dividends upon over seventy millions of dollars of stock, which has no tangible property behind it, and which has not been invested in the railroads, but which is the value placed by these companies upon the charters given to them by the very people out of whom they are squeezing this extortionate income.

A consideration of the foregoing figures must convince the most skeptical that private companies that are furnishing water, gas, electric light and street railway transportation, both in this country and in Europe, are charging exorbitant prices for these commodities, and much more than they can be, and are being, furnished by publicly owned companies.

This cannot be the result of mismanagement by private companies and efficient management by public companies, for it has always been claimed, and I think it will be conceded, even by advocates of private ownership, that the wages paid by publicly owned companies are always higher than those paid by private companies, and that the publicly owned companies are not managed with the same stringent economy that is characteristic of private ownership, where every attention is paid, even to the minutest detail, in order to decrease the cost of production. It must then result solely and exclusively from the fact that private companies, in their anxiety to swell the dividends of their stockholders, charge the public more than is reasonably necessary for the pecuniary success of these enterprises, and charge such rates as can safely be called "extortion."

The interest of the private companies is solely to make big dividends for their stockholders; the interest of the public companies is mainly to furnish the utilities to the public as cheaply and efficiently as possible, consistent with successful management of the enterprise. The spirit which actuates the former companies, is that of private gain; the spirit which actuates the latter companies, is the public good. The motive controlling the former companies, is selfish; the motive that actuates the public companies, is altruistic.

But it has been said by those who oppose municipal ownership and operation that the service rendered by the public corporations is not as efficient or as satisfactory as the service rendered by the private corporations.

The American consul at Liverpool, England, in his report, dated May 19, 1902, declares:

Liverpool is one of the foremost cities in municipal socialism. It owns the waterworks (one of the best systems in the world); it operates the street cars; it supplies the electric light and power; it has one of the largest and best public bath systems anywhere, and proposes to erect the finest Turkish bath in Europe.

The London correspondent of the New York Tribune has been investigating the government and varied industries of Nottingham, and he sends the following report to his paper:

Good local government (he says) is the chief glory of modern England, and cannot be too highly extolled, and the great distinguishing feature of English local government, as compared with American, is the extension of the local government into enterprises which in this country are, for the most part, carefully kept in private hands, who overlook no opportunity to plunder the duped and befogged citizens.

Nottingham, a city of 240,000 people, owns its own markets, cemeteries, waterworks, gas and electric light service and street railways, and while giving the people very low rates, it has been able to turn into the treasury within five years \$20,000 as net profit, after payment of interest on purchase debts, payments to sinking funds, and liberal allowances for depreciation. This profit serves to reduce the tax rates materially. But while profit for tax reduction is secured, it is not the sole or the greater object of the city in conducting these enterprises. The collective interests of the community are mainly considered—the advantage of the common people considered apart from their liability as tax payers.

Water, for example, is furnished to tenements of low rental at not exceeding 4 cents per quarter year; and still the works are made to yield a small profit to the public treasury. The charges for municipal gas range from 28 to 34 cents per 1,000 cubic feet, and electric light and power service are correspondingly low.

In speaking of public utilities in Liverpool, the American consul says:

Liverpool boasts of having one of the best railroad systems, not only in Great Britain, but in Europe. The corporation got control of the system in September, 1897, and has substituted electric for horse cars.

The same consul in the same report speaks of his observations with reference to the operation of public utilities by the public throughout the kingdom, and concludes his report by saying:

Two observations are appropriate to be made in conclusion. Speaking generally, municipal government in Great Britain is honest, intelligent and energetic; and as a rule politics has but little to do with the engagement or retention of civic employes.

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Corruption of public officials, the stealing of public property, favoritism in the selection of employes, strikes, inefficient service, exorbitant charges, and insolence towards, and defiance of the public, have marked the history of private management of public utilities in Chicago, and elsewhere in America.

The people have called a halt. The demand of the people to place a check upon public corruption by and with the referendum, at first feeble and unheeded, has swelled into a roar whose reverberations are heard in the council chambers of the land, as well as in the temples of finance.

No longer will the people be despoiled and flouted, as they have been in the past, and the legislator or councilman who remains deaf to the cry of the people, and heedless of the popular demand for municipal ownership and the referendum, may as well prepare for sepulture under a stone, upon which will be written the epitaph:

HE SERVED THE CORPORATIONS—
NOT THE PEOPLE.