

and if that right was granted he believed the city would vote on the question immediately. He cited the report of the Railway and Municipal Board to the effect that the Conmee clauses of the municipal law should not be repealed.

The Premier—That does not apply to the Hydro-electric Power Commission.

Should Delay Application.

Mr. Fullerton said that, while this was so, there should be the right to expropriate so that there would be no need of duplicating plants. He referred to the Government's new joint stock companies act, which would give large powers of control over matters of this kind; and at the least the company's application might be held until the new act was passed. Mr. Fullerton touched inferentially upon the situation as it affected the city in its relation to the cheap power problem, asking if the Government would take the attitude of leading the municipality with one hand and with the other placing a stumbling-block in the way.

The Premier asked if, in Mr. Fullerton's opinion, the Lieutenant-Governor in Council had the discretionary power to allow or refuse the issue of supplementary letters patent.

Mr. Fullerton believed he had, but in reply to a further question from the Premier he thought that conditions could not be imposed by the Lieutenant-Governor in Council in issuing letters patent, unless the company concerned agreed to accept them. The new act, however, gave the power.

Mayor Coatsworth's Address.

Mayor Coatsworth in representing the city declared that he was backed up by the unanimous voice of the Council, as well as the Canadian Manufacturers' Association. A meeting held in Galt also passed a resolution to the effect that the supplementary letters patent should be for the time withheld. The crucial point had been reached. The city desired to secure the existing distributing plant. He pointed out the folly of duplicating the existing plant, which would be exceedingly disastrous to the company. The public at large would demand that cheap power should be secured for them. "We should expropriate your plant, and if we do not we will be obliged to ruin your enterprise," said the Mayor. The city wanted to deal with the Toronto Electric Company fairly, and to pay them every dollar that their plant was worth.

Public opinion would not support them in doing an injustice to any private interest and this would safeguard the company's interests. The city was going to urge the expropriation bill very strongly, and he believed it would carry. It might be necessary to expend large sums in extending the plant, but they wanted to expend it themselves if they were going to take it over. The Government would be embarrassing the city very much if this increase should be granted at the present time. If this stock was granted at any time it should be stipulated that it be sold in the open market.

Has Government the Power?

"Have we the power to sell in the open market?" asked the Premier.

Mr. Fullerton said that the new act would give that power and should be made to apply in this case.

Controller Hubbard thought that all were now convinced that the low prices for power quoted by the commission were correct. The ownership of the company's plant was essential to Toronto getting the benefit of those prices. The Premier asked if the Controller had noted a statement made in the Legislature to the effect that the day of electric power had passed and that producer gas was to take its place.

The Controller answered that the same thing had been said about gas when the city was seeking legislation allowing the city to buy stock in the gas company.

Sir H. M. Pellatt's View.

Sir Henry M. Pellatt apologized for the small number of shareholders present. Had there been longer notice of the conference he thought it would have been impossible to accommodate them all.

Proceeding, he said that in twenty years the Toronto Electric Light Co. had spent over \$6,000,000 in the plant and extensions. For the first six or seven years no dividends had been paid, since then only seven per cent. had been paid, and he did not think anyone would contend that that was too large. The company now desired to raise an extra \$1,000,000 for the purpose of expending the same in extending and perfecting the system. They could not understand why the City Council should step in to interfere with vested rights. An example of the results of such interference had been given in the absolute failure of municipal ownership in Great Britain and the recent financial panic in the United States. If the city desired to take over the plant of the company, in which 800 shareholders, more or less, were interested, they should come to the directors and open up negotiations with them, instead of trying to get the expropriation bill through in this hole in the corner way.

The Premier—Supposing that the city and you people get together, do you think there is a chance of your agreeing?

Sir Henry—Certainly, if they come to us in a liberal, businesslike way. But if they come to us with the idea that they are going to get our company for old iron they had better stay away.

Faith in the Government.

Mr. W. D. Matthews declared that the question of expropriation carried much argument. No business had undertaken greater risk owing to changes in machinery. They had kept pace with improvements, and, after bringing up the enterprise to a good position, the city desired to take it from them. Those who had invested money in the enterprise had faith in the men who managed the company, and were willing to pay a premium for the stock as an investment. The success of the Niagara Development Company followed on the trail of the success of the Toronto Electric Light Co. Capitalists would not put money into a company in which they could not see a future. It was this cheap power prospect that had induced many to invest in the company, and \$9,000,000 had been invested in the Development Company, which was now threatened by this agitation.

The Premier—Do you say that in no case expropriation should be allowed?

Mr. Matthews did not reply directly to the question. Referring to Controller Hubbard's remark that there was no haste, he said that machinery had to be ordered, and, indeed, they had taken the responsibility of ordering some of this machinery, anticipating no trouble in getting an increase to their capital stock.

The Premier again asked Mr. Matthews as to his opinion on the general question of expropriation. He had refused to say anything about the propriety of expropriation. "Is your position that under no circumstances would the Legislature be justified in granting the right of expropriation?"

Mr. Matthews replied that they had faith in the honesty of the Government. If the city should buy the business they should do so in the open market at its true commercial value.

The Power Commission.

Mr. W. R. Brock said that if the City Council acted toward the electric light and power question as they had about the municipal buildings and the market they would make another great blunder. In view of the city's record in connection with those buildings he thought the Mayor and the Council ought to be ashamed to come and prefer the requests they had made to-day. There was a great outcry about cheap power and a Minister of the Crown had gone around the country haranguing the people, but had one single municipality passed a money-by-law in connection with that agitation? Proceeding, Mr. Brock said that the money market in England had already been affected by the appointment of the Hydro-electric Power Commission and its powers. British investors were alarmed, as Hon. Mr. Matheson would find out if he had occasion to go to Britain to raise more money.

The Premier did not suppose the meeting was for the purpose of discussing the merits or demerits of the Hydro-electric Power Commission. He did not wish

to be compelled to make statements, as he could do, regarding the money markets and their control in England. If that question was to be discussed the Ministers would have to discuss them, too.

Security for Bondholders.

Mr. Frederic Nicholls said there were important factors which had not been discussed. One of these related to bondholders. The city's 30-year agreement with the company was part of the security of the bondholders. The city had gone to the court of last resort—the Privy Council—to attempt to break that agreement and had been refused. Now they were asking the Legislature to give them what the courts had refused to grant.

Mr. Nicholls referred also to the power development at Niagara Falls and the bringing of it to Toronto. The Electrical Development Company had raised \$9,000,000, largely in England, for that purpose and their contracts with the Electric Light Company, the city and the railway company were in a large measure in the nature of securities to the English investors.

Canada was placing herself under a distinct disadvantage by endangering vested rights. The country was becoming more or less a subject of ridicule among the financial men of the United States. He alleged that there was a conspiracy of silence between the press and the city because a letter which he had written the Council, suggesting that city water be pumped by Niagara power, had scarcely received any attention from the Toronto press.

The Mayor denied this and said that if Mr. Nicholls desired publicity of his letter he should have given it to the press himself.

"The Government should not break a contract that had been carried out on one side," was Mr. Nicholls' concluding remark.

The Legal Aspect.

Mr. E. F. B. Johnston went into the legal aspect of the question. There was only one test, and that was whether or not the increase was bona fide. This was made clear by the companies act. Mr. Johnston then went on to show that for a long time the shareholders had been discussing the proposed expenditure in order to take advantage of the cheaper Niagara power. There was no secrecy. Not one act of mala fides in the action of the company could be pointed to. It was wrong that the Government should be asked to oppose their request because the city came and said, "We have another scheme in view." What the city was after was "appropriation," not "expropriation." Mr. Johnston asked if it would not be better to pass a general act that would apply to all municipalities, thus protecting the rights of the people and making clear the position of the investing public. The position taken by the city was analogous to expropriating the T. Eaton Company, after saying we will give you 50 per cent. for your shop-worn goods, invoice prices for your recent importations, but not one dollar for the splendid business that you have built during the past years. They objected to expropriation and to prospective legislation that would interfere with their rights to-day. The bona fides of the application could not be questioned, he repeated in conclusion.

Mr. Fullerton replied briefly, with the consent of the Premier. With respect to the assertion of Mr. Johnston that the application was bona fide, it was only in part right. That was where the duty of the Legislature began—where Mr. Johnston left off. It was simply brought in here as a piece of by-play.

Mr. Leopold Goldman, managing director of the North American Life Assurance Company, as a large shareholder thanked the Premier for his assurances that the investment which they had made innocently and in good faith would be protected.