

CHAPTER XXVI.

THE PUBLIC AND PUBLIC FRANCHISES.

What shall Detroit do with its street railroad franchises? This is a burning question, and the proper solution of the problem rests with those who for the next ten years will elect the aldermen and mayor. Heaven as well as the other place will be overturned, if possible, to give life to another corporation with a franchise, and unless the people are sharper than they have ever been before, the corporation will win. For the sake of a three or four-cent fare now, the electors will be willing to sacrifice a one or two-cent fare five or six years hence.

But while the street car franchises are here, harnessed to our backs with all the ingenuity known to the law, and the owners, firmly seated in their respective saddles, are riding us to a financially profitable winning, there are some things that might be done to ease the burden. As often happens, however, the seemingly easiest method is not always the best, just as the longest way around may be the quickest way home. Mark these four points:

1. Our law courts interpret the language of a franchise as a contract that cannot be changed without the consent of both parties. So many precedents have now been established that few, if any, judges can be found willing to give a contrary decision. Lately, however, a little loophole has been discovered through which franchise-holders may be reached. This is the so called "police power" inherent in every community. This is a point, it is now being held, that communities have no power to delegate to corporations. Through the police power, mayhap, much can be done to curb the exactions of corporations. At any rate, it is worth trying.

2. There is still left to the community some remnant of the taxing power. Sometimes it is in the shape of the right to tax franchises as personal holdings of corporations. Exercise this to the fullest extent. Make the value of a franchise property in proportion as it gives the corporation the power to exploit. Tax franchises.

3. Stop granting public franchises. Those now in existence will run out some time. There may have been occasions, and there still may be, when a private corporation could serve the public better than the public would serve itself, just as a wise despot might at times be a better ruler than an ignorant or weak president, urged to wrong doing by "duty and destiny." But these occasions are few and far between, and the public had better wrestle as best it may with a new problem of municipal government rather than bind itself over for thirty or more years to the tender mercies of some corporation with whom mercy must ever be a stranger.

4. It is possible that, as regards the municipal control of our street railway system, a compromise at first would be politic. The city might own the tracks and then either rent them or throw their use open to competition. Individually, I prefer complete municipal ownership, on the broad principle that it is not safe to delegate any municipal duty to any corporation. When this stream is reached it will be time enough to cross it. In this city it is nearly ten years away, as regards one of our avenues, and an average of about sixteen years away as regards most of them. Before that time arrives the people, through information gained by public and newspaper discussions, may be able to intelligently deal with the problem.

The danger of private ownership of public duties lies in the almost universal rule of not receiving full value for the costs charged; of inadequate service when the public good requires more generous recognition,

and of dealings with officials who are tempted to make bad bargains for personal gain, thus betraying their constituency and saddling unborn generations with bad contracts.

The danger of public ownership of municipal activities are many, and not a few of them can be seen with the naked eye. Often it is politics rather than business that governs the acts of the commissioners in charge. Instead of a department whose only duty it is to supply water or light, or to protect person and property from thieves or fire, or to guard the public health from contagious diseases, or to inspect boilers or factories, or to hold at even balance the scales of justice, or to pave, repave or clean the streets, it is turned into a machine to further the personal ambitions of would-be governors, presidents, mayors, congressmen, sheriffs, legislators or aldermen. Offices and places are created to make room for good party workers, or influential members of organizations, or they are abolished to get rid of officials who cannot be swerved from the performance of a public duty for the sake of a party.

Another danger of municipal ownership is the manipulation of public services whereby private individuals are benefited at public expense. A street railway commission, for example, might thrust a line into a new territory before it were needed just to aid a real estate speculation. The old water works board was wont to lay pipes at public expense through vacant territory for the special benefit of land speculators, who immediately added a dollar or two per foot front to their holdings.

It is doubtful if the cost of public service is any cheaper—if as cheap—than can be provided by a private corporation, but it is doubtless vastly cheaper than it would be furnished were the service a monopoly. Given a monopoly of anything, and human nature is apt to magnify the service. Thus the public is made the victim. It is a fact, however, that the public can build cheaper than the private individual. Money can

be borrowed at lower rates, and contracts can be made at closer figures. Under public control there is less friction between city departments than between corporations and the municipality. While it is true that offices are created for political favorites, yet the same thing is done by the stockholders of private corporations, who fill positions of trust and emolument with friends and relatives less competent than the same salaries would employ outside help. Taking a broad view, it may be said that under municipal control a great public service will be performed more cheaply than by those working under a franchise. Its greatest success will be found when it comes in direct contact with the people, who will watch it more closely and kick more quickly than they will at private corporations.

The street railways of Detroit should be owned and operated by the municipality, cost to govern the price of transportation until such times as the entire burden can be placed on land values, where it belongs. And instead of giving the present company a freight franchise or anything akin to it, the right should be held in reserve, the city itself to do all in this line of which there may be need.

Doubtless at first blunders will be made, but at least they can be corrected inside of thirty years. The cost may be above the value of the service in the beginning, yet even then it will be nearer equity than if charged by a corporation. Friends of the "friends of the people" will hold down some of the comfortable chairs in well-lighted and well-furnished offices, still their services will be as valuable as if they were relatives of some stockholder, or representatives of a franchise-giving alderman.

The liberty to have and to hold all that one produces is the most sacred of human rights. Every time a franchise is bartered away, a link is added to the blood-rusted chain binding humanity to harsh conditions, and unborn generations are mortgaged to capitalists.

With the experience of the past for a guide, it would seem impossible that in Detroit at least any more street railway franchises would be granted; but it is only by the exercise of eternal vigilance that our public servants can be kept to the mark, and not allowed to sell or give away to some corporation for a mess of pottage duties and privileges that belong to the public.

What shall Detroit do with its telephone companies? Under the present state law anyone can start a telephone company with one, or 100,000, or any number of subscribers. There is no way of preventing people combining to supply themselves with telephones either for private use only or for the public. This is as it should be. Yet after all the business is such as to fall into the category of a monopoly, just as is the supplying of water, or light, or the carrying of letters. Time and again it has been proved by experience that two gas companies covering the same territory increase the expense of supplying gas. For there must be two sets of pipes, two sets of officers and offices, two plants, and two profits to provide for. It is inevitable, therefore, that eventually rival concerns will unite, and, while reducing the price to the consumer, make greater profits for the stockholders.

Rival telephone companies covering the same area are subject to the same law as are the gas or water supplying corporations. Divided, they work at a disadvantage. United, better service can be given and a larger number of subscribers reached with the same expense. But, unfortunately for the public, when rival corporations unite, the officers endeavor to make the price for the service cover the cost of all the mistakes of both corporations when running separately. The user is expected to not only pay for the actual cost of the service, but also a good round bonus on discarded apparatus, rotting poles and dead wires.

It is impossible to devise any scheme whereby an old corporation, composed of amalgamated rivals and loaded with watered stock, can be made to serve the

public anywhere near actual cost. The interests of the public and stockholders are too wide apart to ever reach common ground. And so the only way to procure service at cost, in such a contingency, is to start fresh under such rules and regulations as the successes and failures of the other telephone companies may show to be the best way to make this quasi-public enterprise THE corporation of the municipality.

Believing as I do that the business of telephoning is a societary function, and therefore should be owned collectively, I hope that the present scheme (March, 1902) to start a rival to the present Michigan monopoly may prove a success. This mainly because it has in it the material proposition for municipal ownership as soon as the legislature, or the majority of the electors of Michigan, if a constitutional amendment is necessary, grants the city of Detroit the right to do its own business without asking the permission of some corporate creature, the child, mayhap, of another state. For with this proviso as to municipal ownership it must eventually become the only telephone company, with the question of profits entirely eliminated.

It is because the Michigan Telephone Company cannot, under any scheme that may be devised by its officers, give service at cost, that the organized labor element of the city, which has come into existence for the purpose of doing away with profits through the increasing of wages until cost represents price, should enter heartily into the battle now waging between the cooperative and the monopolistic idea. One must absorb the other, and it is self-evident that, with the community as a unit in support of collective ownership as soon as practicable, the monopoly of telephoning will find its natural level as a municipal function and bless instead of bleed the community.

It is natural to expect that the monopolistic corporations should either openly or secretly fight any scheme looking to cooperative control of municipal functions. And this while a cooperative telephone

system might be of direct pecuniary value to them. But they are averse to the concept of the public ownership of public utilities gaining ground, for it is inevitable that as the idea spreads and what has heretofore been a private business becomes a public business, through absorption, it must eventually reach their own monopoly, and so reduce them to the level of being paid by the community only what their services are worth as compared to other employments.

It is also natural to expect that organizations desiring to do away with the useless classes—and those who live on profits from public service monopolies belong to one of them—should do what they can to aid the movement. And while the members may not in many instances be direct users of telephones, they are, as customers of those who do—such as grocerymen, for example—indirectly interested in seeing cooperation in telephoning made a success. For the cost of this service to the middlemen, who stand between the factories and wholesale houses on the one side and the wealth-consuming public on the other, enters into the cost of the goods handled just as well as the cost of the raw material to the manufacturers themselves.

Eventually I hope to see every business block and private residence in the city connected by telephone. There might be no monthly or quarterly rates, but calls could be charged for at cost. Checks could be bought at the public station, and one fed into the machine each time it was used, just as street railway tickets are bought and handed out when riding. This would do away with much of the useless using now indulged in by subscribers, for people would be apt to think twice before tying up a line with palaver when it represented coin. However, all this is a matter of detail, which it is not safe to work out until the demand actually arises for putting telephoning within the reach of the humblest citizen desiring occasional attention as well as a great mercantile establishment receiving over the wires hundreds of calls a day.