Lakehead University

'A Municipal Ownership Town': The Organization and Regulation of Urban Services in Port Arthur, 1875-1914

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INTRODUCTION

Municipal enterprise was an innovation born of necessity in the hinterland regions of Europe and North America. In an era of rapid industrial and population growth, urban governments struggled during the late Victorian period to respond to enormous pressure to establish and expand urban services. The nature of this reponse was determined primarily by the ability of private enterprise to satisfy public demand for running water, natural gas, electric generation, electric lights, a street railway and telephone service. Consequently, the greatest manifestation of municipal enterprise was in aspiring hinterland towns and cities where private enterprise had failed to provide these urban services.

Port Arthur (a small frontier town at the 'head' of Lake Superior) was a pioneer of municipal ownership in North America. While the scarcity of finance capital in the region prevented utility entrepreneurs from providing urban services, the sense of urgency generated by inter-urban rivalry led to indirect municipal intervention (bonuses), and eventually to municipal enterprise. This process was greatly facilitated by an atmosphere of inter-class cooperation conducive to collective action, and to public confidence in the municipal administration. A false dichotomy has been created between the municipal ownership of urban services and

private enterprise because historical interpretation respecting utility organization and regulation in large metropolitan cities have been applied to all urban centres. This thesis reconsiders this assumption and responds to several fundamental questions which have yet to be explored. Why did Port Arthur pioneer municipal enterprise in North America? How did the legal environment influence the scope of municipal activity? Was the municipal administration controlled by a booster-orientated economic elite? How did the municipal ownership of urban services differ from private ownership?

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environment and municipal acitivity, and Dr. Thorold Tronrud (who was also the second reader) regarding the effects of boosterism in Thunder Bay greatly influenced my approach. I would also like to thank Dr. Gilbert Stelter for agreeing to be my third reader. In the course of my research, I was fortunate to have had the invaluable assistance from the archivists and staff of the Thunder Bay Archives (Jo-Anne Anderson, Richard Hargraves, Maggie Lesparents, and Alex Ross), Thunder Bay Historical Museum Society (Jeff Sumner), Lakehead University's Northern Resource Centre (Dennis Sawyer and Louise Wuorinen), Bell Telephone Archives (France Jutras), Ontario Archives, Public Archives of Canada, and the National Library. I would be remiss if I did not thank my comrades in the History MA program at Lakehead University who made my studies in Thunder Bay an extrordinarily enriching experience. David Black who acted as a sounding board for my ideas (drawing my attention to the colourful article in The Reader repeatedly cited in this thesis) especially contributed to this work. Finally, I want to express gratitude to my parents whose support and patience kept me going over the course of the past year--this thesis is dedicated to you.

THE BASIS OF MUNICIPAL ENTERPRISE IN PORT ARTHUR

"When we take into consideration the fact that we are giving the people a 15 minute service, in our Town, to and through Fort William, in comfortable cars, at a rate of fare as low as any in the Province, our Electric Lights are equal to any found elsewhere, our schedule of rates is as low as consistent with good service, our Telephone service is equal to any in America, considering the population and extent of territory we cover, it may be readily seen that the people of Port Arthur are enjoying advantages that are the lot of but few municipalities..."

-James McTeigue, July 25, 1905

The extent of municipal ownership in Port Arthur prior to 1914 was unequalled anywhere else in North America.[1] The municipality operated its own street railway, electric lights, hydro-electric power development, water and sewerage works, and a telephone exchange. Several of these municipal franchises were important innovations which were subsequently emulated by other municipalities in Canada and the United States. While the completion of the Port Arthur Electric Street Railway in 1892 was the first of its kind in the world, the inauguration of a municipal telephone service in 1902 gave the town the first publicly owned telephones on the continent.[2] As a result, according to the statistics provided by the Bureau of Labour, no other town or city in Ontario invested more public capital, before 1911, into municipal enterprise than Port Arthur when the waterworks franchise is excluded.[3]

Port Arthur distinguished itself from Fort William, the second most active municipality in the province (in the field of municipal ownership), by pioneering municipal enterprise. Fort William, on the other hand, emulated its rival after the turn of the century.

Port Arthur's standing as a municipal ownership town was reflected by the international attention the town received prior to 1914. The minutes of the Port Arthur council reveal that municipal leaders were inundated by inquiries from other municipalities, newspapers and curious individuals from across the United States and Canada. These letters ranged from university students interested in the operation of the street railway to other municipalities contemplating municipalization. People also travelled great distances in order to see Port Arthur's municipal enterprises in action. One such example was a Chicago-based correspondent for The Reader who travelled to the Lakehead in 1907 because it was widely assumed that municipal ownership in the two cities "had reached its greatest development on the American continent."[4] J. O. Curwood then went on to suggest that he saw municipal ownership "flourishing as it flourishes no-where else" in North America.[5] The international attention Port Arthur received supports the contention that no other municipality on the continent could match the scope of municipal

activity at the Lakehead, and of Port Arthur in particular.

This chapter investigates why an opportunity for municipal enterprise existed in Port Arthur and how this might have differed from other towns and cities. It will establish that an opportunity for municipal enterprise to flourish resulted from three factors: an atmosphere of inter-class cooperation, a collective sense of urgency generated by inter-urban rivalry, and the failure of private enterprise to respond adequately to public demands for urban services. The translation of this opportunity into reality will be explored in chapter two, in which municipal administration and finance are examined more closely.

Historiography

The rapid growth of urban centres during the late nineteenth and early twentieth centuries placed tremendous pressure upon municipalities to respond to demands for urban services. Canadian urban historians have, over the past twenty years, published detailed studies on the organization and regulation of utilities. With very few exceptions, these works have focused upon large urban centres and have been usually limited to the study of a single utility in isolation. As a consequence, the historiography consists of works on streetcars in Toronto, Montreal, Winnipeg, Regina and

Edmonton; waterworks in Vancouver; lighting in Victoria; hydro-electric power in Toronto, Montreal and Quebec City; and telephones in Kingston. Only a handful of historians have attempted to investigate utility organization and regulation on a larger scale.

One such study is Monopoly's Moment by Christopher Armstrong and H.V.Nelles, who sought out to analyze "the problems of technology transfer, company promotion, industrial organization, and public choice in regulation within a regional or local context."[6] While this is clearly the most significant work written in the field, the authors were obviously hampered by the absence of research in all but the largest urban centres. As a result, while the authors attempted to remain sensitive to the regional or local context, the work concentrates primarily upon the organization and regulation of utilities in Montreal and Toronto. This was reflected by the focus of Armstrong and Nelles on the struggle between private utility companies and the municipal governments of the two cities, while they ignored, the absence of private utility companies in most smaller urban centres. This illustrates the need for more research into the organization and regulation of utilities in these smaller hinterland towns and cities.

One of the few Canadian historians to explore the organization and

regulation of utilities within the boundaries of a single municipality is Paul-Andre Linteau, whose comprehensive study of Maissoneuve, a working-class suburb of Montreal, is in many respects the inspiration of this thesis. Linteau illustrates how a set of local circumstances such as the rate of population growth, the nature of economic development and the cultural expectations of the population determined the physical growth of the city and shaped the nature of utility organization and regulation.[7] This recognition of the intimate relationship between the urban environment and utility regulation is perhaps Linteau's greatest contribution to the field. In the case of Maissoneuve, Linteau identifies four stages in land development and demonstrates how property relations shaped the socio-economic development of the town. The land area of the future urban centre was initially farmland before being unified into even larger tracts by speculators as the potential for urban growth became apparent. This land was subsequently "improved" by real estate developers who subdivided the land and sold it to small and medium sized landowners.[8] Land development differed in Port Arthur due to its rugged landscape. As a consequence, instead of farmers controlling the land base during the initial phase of development, mining companies were involved.

The importance of property relations in the determination of social

relations and the nature of municipal activity has been explored by British historians. A recent study by Avner Offer, a British historian, explores the relationship between the distribution of property and the nature of social relations, economic activity and political power. According to Offer, property relations represent the foundation of the urban centre and determines how members of the community interact with one another.[9] Offer defines property as "a bundle of rights, comprising claims enforceable in law," thus making property essentially a legal construct.[10] Property relations in Great Britain contributed towards the emergence of municipal enterprise, according to Offer, because property relations alienated private capital from the urban interest. Large property owners did everything within their power to minimize their property tax burden, creating enemies, in the process, on the municipal council.[11] The character of social relations, economic activity, political power and, I would hasten to add, the role of the municipality within the community, were largely determined by property relations. The politics of property must therefore be considered when dealing with the organization and regulation of utilities.

Canadian urban historian, Thorold J Tronrud, has written extensively about boosters and boosterism at the Lakehead prior to World War One. In

Guardians of Progress, Tronrud makes a major contribution to the understanding of property relations in the two towns when he observes that "(l)and was developed in each community in similar but not identical fashions."[12] The nature of ownership over the land base of the two communities had already been determined by 1875 when the government decided to locate the terminus of the transcontinental railway along the Kaministiquia River. Residents of Prince Arthur's Landing (Port Arthur), who had purchased much of the land up for auction in Port Arthur in 1872, did not have as much influence with Ottawa politicians as had the handful of speculators from outside the region who controlled the land base of what would become Fort William (including the "town plot" in West Fort William). These absentee landowners, Tronrud discovered, included such prominent men as Featherston Osler, a future judge, and Conservative Member of Parliament George Alexander Drew.[13] The decision to locate the terminus in West Fort William and the subsequent transfer of Canadian Pacific Railway operations onto Hudson Bay Company land in the East End ensured that the community of Fort William would develop distinctly working-class sections of town. The physical growth of Port Arthur, on the other hand, was much more densely concentrated as a result of local land ownership and the physical barriers to urban sprawl including the hill

to the west and McVicar's Creek to the north (see appendix I).

While Tronrud admits that property relations differed between Port Arthur and Fort William, he does not consider whether this may have produced distinctive social relations as well. The potential impact of the domination of absentee landlords to social relations and municipal governance was explored by Melvin Baker in his study of property relations in St. John's, Newfoundland. Baker found that absentee landlords, who controlled the land base of the city, obstructed the expansion of municipal activity, with the help of their local agents, in order to discourage increased taxation.[14] In due course, the relationship between local tenants and landowners, who were based in Great Britain, was characterized by bitter conflict. The absentee landowners were successful, however, in forcing the municipality to franchise out to private enterprise the provision of urban services.[15]

There is some evidence which indicates that absentee landowners in Port Arthur and Fort William likewise attempted to constrain the activity of the two municipalities. For example, an editorial in the Daily Sentinel observed in 1883 that absentee landlords had tried unsuccessfully to block the incorporation of Port Arthur into a town.[16] The preponderance of absentee landowners in Fort William would suggest, however, that the

constraining effect was much more pronounced in that community. It seems likely, then, that the differing property relations at the Lakehead acted to constrain municipal enterprise in Fort William, at least before the turn of the century, while the local landownership in Port Arthur may have acted to facilitate municipal activity. I base this suggestion on the possibility that local landowners were swayed by the sense of urgency generated by inter-urban rivalry and were therefore more willing to risk municipal enterprise.

In addition to property relations, British historians have recognized the profound importance of socio-economic factors in the evolution of municipal government. Several of them have argued the impossibility of drawing sweeping conclusions about the nature of this experience, which varied enormously from city to city. This obstacle was overcome by Asa Briggs who found that the nature of economic growth in an urban centre determined class relations and consequently shaped the scope of municipal activity. The response to industrialization therefore varied between the five cities chosen by Briggs in his Victorian Cities. A brief comparison between two of these, Manchester and Birmingham, illustrates this point fully and contributes to a broader understanding of the nature of the urban environment in Port Arthur prior to 1914.

The giant cotton mills of Manchester dominated that city's economy and resulted in the existence of a relatively small middle-class and an enormous working-class. Inter-class relations in Manchester were characterized by the alienation and conflict inherent in the large industrial workplaces of this era. The middle-class stubbornly clung on to laissez-faire liberalism while working people turned to radical working-class movements. In this polarized atmosphere, it was hardly surprising that the municipal government remained largely inconsequential.[17] The "class imprint," as Briggs so aptly phrases it, on Manchester was entirely different than that which existed in Birmingham during the mid-nineteenth century.

Birmingham was a city of small workplaces and a large skilled workforce. Inter-class cooperation was fostered by the non-conformist faith of the middle class who channelled their religious fervour into the "civic gospel."[18] The civic gospel was characterized by a conception of community wherein the municipal government was expected to respond to the problems associated with urban life. Under the dynamic leadership of Joseph Chamberlain and the Birmingham Liberal Association, the municipality undertook an ambitious program of local improvement and municipal enterprise which earned the city a world-wide reputation for

good government. Briggs establishes that a connection existed between class relations and the nature of municipal activity. In an atmosphere of class conflict Manchester's municipal government was unable to overcome the sense of alienation in the community to respond effectively to the problems of rapid urban growth and industrialization, while in Birmingham, a remarkable degree of inter-class cooperation acted to facilitate the development of municipal enterprise. It is therefore not altogether an exaggeration when Briggs observes that, had Frederick Engels chosen to live in Birmingham instead of Manchester, Marxism may have evolved somewhat differently.

These secondary sources clearly establish a close relationship between the nature of the urban environment of a particular city and the scope of municipal activity. It would appear that class conflict worked to impede the emergence of municipal enterprise while inter-class cooperation acted to facilitate it. Property relations and the nature of economic growth are identified by these historians as the most significant factors in the determination of social relations. The conflict or cooperation which characterized social relations would inevitably be reflected in the operation of the municipal government and shape the ways in which different social classes perceived their municipal government and its role

within the community. It is therefore essential that the nature of the urban environment in Port Arthur be established in order to comprehend why municipal ownership took hold, to the degree it did, prior to 1914.

An Atmosphere of Inter-Class Cooperation in Port Arthur

The historical literature has suffered from a marked tendency to treat Port Arthur and Fort William as though they were one "Lakehead" community. This has resulted in misleading and often inaccurate generalizations by a succession of historians which have distorted the nature of socio-economic relations in Port Arthur. In order to disentangle this research I will explore social relations in Fort William as well as Port Arthur, but will conclude that the urban environment of Port Arthur, similar to that of Birmingham, created an atmosphere of inter-class cooperation conducive to municipal enterprise.

Firstly, the myth of "community and conflict" created by Jean Morrison must be dispelled. According to Morrison, the relationship between the working and middle classes "changed from one of amity in 1903 to one of hostility in 1913."[19] This interpretation depends almost exclusively upon newspaper accounts of labour disputes during this period. In investigating the labour disputes, she treats the Lakehead as though it

were a single homogeneous community, and mistakes a deterioration of inter-class relations with distinctive sets of social relations in Port Arthur and Fort William. Whereas social relations in Fort William were characterized by class conflict throughout this period, I would argue that a remarkable degree of inter-class cooperation existed in Port Arthur. Secondly, Morrison argued that the response of workers to the growing conflict at the Lakehead was determined by the ethnic background of the strikers as expressed during the various labour disputes between 1903 and 1913. She suggests that the nature of these responses was transplanted with the immigrants to the Lakehead. As a consequence, Italian and Greek immigrants responded with violence , workers of British origin formed trade unions, and Finnish immigrants turned to socialism.[20] While I do not discount altogether that old world traditions helped shape social relations at the Lakehead, in suggesting this, however, Morrison has resorted to stereotypical assumptions to bolster her case. Had she taken account of the urban environment in Fort William and Port Arthur during this period, she might have reconsidered some of her observations.

Strikes and lockouts were much more frequent in Fort William than they were in Port Arthur between 1900 and 1914. The nature of the strikes also differed between the two urban centres as Port Arthur

strikers were overwhelmingly non-industrial unlike their Fort William counterparts. The second appendix indicates that between 1900 and 1914 (earlier records were not compiled by the federal government) there were at least thirty-three strikes or lockouts, twenty of which were located exclusively in Fort William, five extended to both cities and only eight were located in Port Arthur.[21] Nearly fifty percent of the strikes exclusive to or extending into Port Arthur involved the operations of the Canadian Northern Railway. The remainder involved strikes of carpenters, painters and plumbers, construction labourers, street railway motormen and conductors thus indicating the non-industrial character of Port Arthur's economy. The strike data indicates a much greater level of industrial conflict in Fort William where at least eight strikes involved the Canadian Pacific Railway, and others extended to carpenters, plumbers, painters, moulders, iron workers, machinists, dock labourers, boilermakers, grain elevator workers, factory workers and municipal employees. This evidence suggests not only that labour conflict was much more pronounced in Fort William than Port Arthur, but that, the strikes in Port Arthur involved essentially non-industrial workers.

The scale of these strikes also differed considerably between Port Arthur and Fort William. The labour disputes which occurred in Fort

William, as far as I could determine, involved larger numbers of strikers then the corresponding strikes in Port Arthur. Among the ten Fort William strikes where the number of strikers was identified, three involved more than four hundred workers, four others involved from one hundred to four hundred strikers, and three were small disputes involving less than one hundred people. In comparison, all five of the strikes identified in Port Arthur involved less than three hundred strikers. When the total number of strikers involved in labour disputes is considered, Fort William accounted for three-quarters. The average number of strikers in any given dispute involved 350.3 in Fort William, 225 in strikes extending to both cities, and 207.2 in Port Arthur. The workplace in Port Arthur was therefore smaller, on average, than that of Fort William. When the number of strikers is broken down into occupational groups, railway workers represented over seventy-five percent of the total number in both communities. The composition of the remainder reveals significant differences, however, between Port Arthur and Fort William.[22] The importance of the industrial sector in Fort William and the building trades in Port Arthur suggests class relations in the two towns differed substantially.

The nature of the labour disputes strongly suggests that violence was

not an expression of ethnic background, but rather the product of class relations in Fort William. The proportion of strikes ending in success for the workers was much higher in Port Arthur than in Fort William, indicating a lower level of conflict between employers and their employees. This may have been the result of greater employer hostility to the demands of the strikers in that city. The 1910 carpenters' strike serves as a convenient example of this distinction. Striking for an increase in the minimum wage paid to carpenters and for the ten hour work day, Port Arthur contractors settled with the strikers long before their Fort William counterparts were forced back to the negotiating table.[23] The expressed reasons for the strikes also differed as they centred on demands for wage increases, shorter working hours, and reinstatement of union members in Port Arthur, whereas strikes in Fort William also broke out over the failure of the employer to recognize the union, the employer's insistence on an open shop, questionable timekeeping practices, the appointment of out-of-town managers in lieu of local people, and the breach of the municipality's fair wage clause.(See Table I) The only lockout at the Lakehead also occurred in Fort William when the structural iron workers employed by the Canadian Bridge Company based in Walkerville Ontario were prevented from working in

1909, and replaced by strike breakers imported from the United States and Eastern Canada, due to outstanding grievances over working conditions, wages and union recognition.[24]

Table I

The Nature of Labour Disputes at the Lakehead, 1903-1913			
Reason For Strike	Lakehead	Port Arthur	Fort William
Wages	3	2	6
Union Recognition	0	0	1
Lockout	0	0	1
Open Shop	0	0	1
Union Discrimination	1	2	0
Working Conditions	0	2	0
Fair Wage Clause	0	0	1
Managerial Appointment	0	0	1
Timekeeping	0	0	1
Unknown	1	1	7
TOTAL	**5**	**8**	**19**

All of the outbreaks of strike related violence which Morrison identifies in her article were, with only one exception, confined to the Fort William Coal Docks area. The exception was during the Port Arthur Coal Handlers Strike of 1912 when a picket line scuffle got out of hand and a worker of Italian origin was shot. This single incident of violence in Port Arthur was in no way comparable to the large-scale riots which broke out in Fort William during the freight handlers strikes of 1907, and 1909 and during the street railway strike in 1913. In the case of the later, a mob overturned and smashed up a streetcar and then proceeded to storm a

police station in the vain attempt to free an arrested colleague.[25] The reaction of the mainly Port Arthur striking motormen and conductors (as expressed in the Daily News) who condemned the violence in Fort William and called on citizens to peacefully apply pressure on the municipalities reveals a greater willingness on the part of Port Arthur working people to play by the rules. The only community which appeared to be in conflict was Fort William, and the strike-related violence probably had more to do with the antagonistic social relations of that city then with the ethnic background of the strikers.

The strike data suggests that the economic functions of Port Arthur and Fort William differed prior to 1914, resulting in distinctive class imprints, as Asa Briggs found in Victorian cities in Britain. Economist, Livio Di Matteo has written extensively about the wheat boom era at the Lakehead between 1900 and 1914.[26] In adopting the staples theory, Di Matteo indicates that the economic development of the Lakehead centred on its role as a trans-shipment point for the east-west trading axis inaugurated by the National Policy of Sir John A. MacDonald. The exploitation of the region's natural resources also figured highly in the economic development of the Lakehead.[27] The failure to distinguish between the economic development of Port Arthur and Fort William

distorts these observations, to some degree, as the two towns developed specialized economic functions.

The economies in Port Arthur and Fort William evolved quite differently. While Fort William acted as a major trans-shipment point, first for the North West Company, then for the Hudson's Bay Company and subsequently for the Canadian Pacific Railway, Port Arthur acted as the commercial and administrative centre for the mining and lumber camps north and west of the Lakehead. As a result, Fort William was much more dependent upon large companies based outside the region. In his study of frontier social structure at the Lakehead as revealed in the censuses of 1871 and 1881, Thorold J Tronrud makes a rare distinction between the two communities. He describes Fort William as "almost egalitarian" because the social structure consisted of an immense lower strata and "an upper class of government officials, Hudson's Bay Company managers, and Catholic clergy imposed upon it from outside."[28] Conversely, Port Arthur is portrayed as a more hierarchical environment as it "had a larger, more entrenched elite of professionals and men of commerce..."[29] This description of the social structure of these two frontier towns confirm my hypothesis that Port Arthur was primarily a non-industrial centre. Even after the turn of the century, industrialization in Port Arthur

lagged behind Fort William due to a critical shortage of electricity in Port Arthur between 1906 and 1910.

The consumption of electricity can be used as an accurate guide to the nature of Port Arthur's economy prior to 1914. Using the consumption figures for the Electrical Department of the City of Port Arthur for 1913 we can investigate the degree of industrialization at the end of the period under review.[30] This can be assumed to be an accurate reflection because industry required electric power and, with the exception of a steam power plant which met the needs of the Canadian Northern Railway, the city provided all of the electricity for Port Arthur power consumers. The data indicates that in 1913 there were only eight customers which required in excess of one hundred horse power, including three city departments, three grain elevators, the dry dock and a hotel. The non-industrial nature of Port Arthur is even more clearly established when the total of 6489 HP consumed by customers of more than a single horse power is proportioned to the various economic sectors. The single largest consumer of electricity was the municipality itself which required 3740 HP, or 57.6% of the total electrical output. These figures illustrate the importance of municipal enterprise to the community. This was followed by grain elevators which consumed 1804 HP, or 27.8%, commercial and industrial

enterprises which required 1074 HP or 16.6%, and finally, an assortment of hotels, churches and newspaper offices which consumed the remaining 1.9% or 123 HP. These figures indicate that there was relatively little industrial activity in Port Arthur during 1913 and that the municipality was the single largest consumer of electricity. Unfortunately, similar figures are unavailable for Fort William during the same time period; the municipality in Fort William likely trailed the grain elevators and industry as consumers of electrical power.

The census figures for Port Arthur and Fort William indicate that the religious and ethnic background of the residents of the two towns differed substantially prior to 1914. Until the turn of the century nearly three of every four residents of Port Arthur were of British origin.[31] The non-British population consisted of French, Finns, Germans, and Italians respectively. The proportion of the population in Fort William of British origin was somewhat smaller and the ethnic minorities included French, Amerindians, Ruthenians, Italians, Finns, Germans and Scandinavians. Over the course of the next ten years, however, an influx of new immigrants resulted in the rapid growth of the non-British population. According to the 1911 census, 62.4 percent of the residents were of British origin, 12.7 percent were Finns, and the remainder included people

of French, Polish, Italian, Scandinavian and German origin. In Fort William, on the other hand, 59.1 percent of the population were of British origin, the Ruthenian population represented 14.7 percent of the population and the remainder included, in order of importance, French, Italians, Finns, Germans and Scandinavians.

The character of immigration exaggerated class conflict in Fort William, while it acted to bridge class differences in Port Arthur. Canada's immigration policy was based on a racial hierarchy, according to Donald Avery; British and Northern European immigrants had "preferred" status, followed by the French, East Europeans, South Europeans, and finally, at the bottom of the list, were non-white immigrants.[32] The nature of this policy reflected the xenophobia of the Anglo-Saxon middle class. As a result, inter-class relations in Fort William and Port Arthur were profoundly influenced by ethnicity. As an important trans-shipment point and industrial centre, Fort William attracted a large pool of unskilled labour from so-called 'non-preferred' nationalities. Their presence exaggerated class conflict by accentuating the cultural differences between the working and middle classes. The ethnic mosaic in Port Arthur, on the other hand, acted to bridge potentially divisive class differences because the proportion of immigrants who were not from

either Great Britain or Northern Europe was much smaller. This was demonstrated by the 1911 census which indicated that 25.9 percent of the population of Fort William claimed ethnicity of a non-preferred status; non-preferred immigrants comprised only 12.6 percent in Port Arthur. The absence of large employers of unskilled workers in Port Arthur resulted in a community where ethnicity and the Protestant religion united the social classes.

The religious convictions of the inhabitants contributed to an atmosphere of cooperation in Port Arthur much more than in Fort William. In his Masters Thesis on the Protestant reaction to non-British immigration to the Lakehead, Marvin MacDonald illustrates that a much greater degree of inter-religious cooperation existed in Port Arthur during this period. MacDonald cited several examples of how Baptist, Presbyterian and Church of England congregations in Port Arthur reached out to the Scandinavian community. While the Baptists sent the Reverend Fred Palmberg to preach among the large number of Finns and Swedes who settled in the town, the Church of England went so far as to sponsor the construction of St. Ansgarius Church in April 1910.[33] The Reverend S.C. Murray, the Presbyterian Minister of St. Paul's, was "keenly interested in the social problems at the Lakehead, in labour struggles, in civic

responsibility..." and was largely responsible for a close relationship between the Presbyterian and Evangelical Lutheran Churches.[34] The congregation at St Paul's, in an expression of inter-denominational cooperation, subsidized the activity of the Lutherans by donating four dollars per week. St. Paul's was the centre of social gospel activity at the Lakehead after the turn of the century through the activity of the Brotherhood which allowed working and middle class men to work together on a campaign against municipal corruption.[35] The memoirs of the Reverend Murray reveal that he had emigrated directly from Birmingham, England, where he was undoubtedly influenced by the "civic gospel," which may account for his keen appreciation for inter-class cooperation in Port Arthur.[36] MacDonald observes that the social gospel did not take hold in Fort William until much later, as Presbyterians in that city were primarily attracted instead to evangelicalism. The greater degree of religious cooperation suggests that the middle class in Port Arthur were more inclined to inter-class cooperation then their Fort William counterparts.

The physical environment fostered inter-class cooperation in Port Arthur and class conflict in Fort William. Tronrud is mistaken when he suggests that the working-class at the Lakehead "lived a segregated

existence--residentially separated into squalid 'foreign quarters'..."[37] The Finnish and Italian immigrant enclaves in Port Arthur were not physically segregated from the rest of the town, as were the working-class ghettos of Fort William. In fact, Jean Morrison observed that relatively speaking working people were much more dispersed throughout Port Arthur.[38] This was possible because of the virtual absence of large employers (until after the turn of the century) which would have obligated working people to live in close proximity to their place of employment and created segregated working-class neighbourhoods. It was only after the turn of the century that a handful of large employers such as the Canadian Northern Railway, the Pigeon River Lumber Company, and a dry dock were located in Port Arthur. The existence of a street railway in the town prevented the creation of segregated working class areas. The high density of the town also facilitated inter-class contact. As Bryce M. Stewart observed in his social survey of Port Arthur in 1913, twelve thousand of the sixteen thousand residents of the town lived just below the hill.[39] Even this level of dispersal beyond the confines of the area south of McVicar's Creek, North of John Street and East of the Hill was only possible after 1910 when the electric street railway was finally extended up the hill and a belt line built north of the creek. The physical

growth of the city promoted by these extensions inextricably altered social relations, as the middle class gradually migrated out of the downtown core. Inter-class relations in Port Arthur, at least until the outbreak of World War I, reflected the degree of cooperation possible in a small, non-industrial, frontier community. If class "is a relationship, and not a thing" as E.P.Thompson argues, the daily contact between people of all walks of life in Port Arthur may very well have created a sense of community which bridged socio-economic status.[40] The provision of municipal services would have been perceived by the working-class in a better light as waterworks, sewers, street lighting and telephones were not confined to exclusively middle class areas of the city as they were in Fort William. The urban environment facilitated municipal enterprise because inter-class cooperation, like in Birmingham, created an environment conducive to collective action.

Inter-Urban Rivalry

The connection between rivalry and the nature of state intervention has been explored by Hugh G.J. Aitken, who argued in the 1960s that the perceived threat of American expansionism created a sense of urgency which led the federal government to escalate its intervention in the

economy. This interpretation has since received widespread acceptance among Canadian historians when applied to the emergence of the National Policy.[41] The rivalry between the United States of America and the fledgling Dominion of Canada for control of the West forced the Canadian government to advocate an aggressive policy which would people the Western plains, build a transcontinental railway and promote industrial growth through tariff protection. This international rivalry certainly had an important affect on the growth of urban centres and on public ownership. Robert Babcock's comparative study of Portland, Maine and Saint John, New Brunswick illustrates how this rivalry contributed towards state intervention.[42] Urban historians have adapted Aitken's approach in order to study the impact of inter-urban rivalry, commonly referred to as "boosterism". A handful of urban historians, in turn, have suggested that boosterism was the genesis of municipal enterprise.

Alan F.J. Artibise imported the concept of boosterism from the United States where American historian Richard Wade had developed it. Boosterism is defined by Artibise as a philosophy of growth shared by the commercial classes of prairie towns and cities.[43] "Urban boosterism," observes Artibise,

> was something more than a compendium of super salesmanship or

> mindless rhetoric, and something less than a precise ideology. It was a broad, general conception that had as its central theme the need for growth, the idea that for a city to become 'better' it had to become bigger[44]

Artibise argues that boosterism was a product of the Prairie experience. However in his investigation of the 'Metropolitan Thesis', Donald Davis dismisses boosterism as the expression of "incipient western separatism, at least among historians."[45] He also believes that booster historians have fallen into the trap of celebrating urban elites and their inter-urban struggles. "One would not expect scholars," Davis observes scornfully, "who spent their days reading promotional literature churned out by ever-optimistic town boosters to evolve a pessimistic view of the world."[46] This is an important word of caution to historians interested in exploring the booster phenomenon.

Historians of boosterism have focused almost entirely upon the bonusing of private enterprise through cash grants, loan guarantees, tax exemptions and various other means, while ignoring almost altogether the direct intervention of the municipality through municipal enterprise. Artibise and Linteau admit as much in their comprehensive review of urban historiography when they suggested that municipal administration and enterprise "has not received the attention it deserves from urban

historians."[47] The absence of research into municipal enterprise has prevented historians from recognizing the possibility that municipal bonusing of private enterprise and municipal enterprise were two possible instruments available to the booster. One of the few urban historians to investigate the relationship between boosterism and municipal enterprise has been John C. Weaver, who suggests that boosters understood at the turn of the century the relationship between municipal enterprise and industrial growth.[48] Inter-urban rivalry was therefore responsible for the creation of an atmosphere conducive to risk-taking and innovation. Municipal enterprise was one such innovation.

A theory of inter-urban rivalry has been frequently applied to the Lakehead in order to explain economic and urban growth. Elizabeth Arthur was the first historian to make the connection between this particularly intensive rivalry and the formation of a municipal street railway in 1892.[49] Arthur believed that the rivalry between the two urban centres was unique, in Canada, due to their close proximity to one another. Since this early research, Thorold Tronrud has published extensively on boosters and boosterism at the Lakehead. Tronrud discovered that the intensity of inter-urban rivalry was such that almost every private enterprise in the area prior to 1914 received some form of public financing. He estimates

that between 1885 and 1914 the two municipalities together paid out two million four hundred thousand dollars in bonuses, representing twelve times the expenditure of the average for Southern Ontario cities during the same period.[50] Even though boosterism was a by-product of the inter-urban rivalry between the two cities, Tronrud makes no apparent distinction between boosters and boosterism in Port Arthur and Fort William, whereas a comparative analysis between the two towns might capture the overwhelming sense of urgency which produced much of the excesses that Tronrud illustrates.

Boosterism has been portrayed as a destructive force by Tronrud, who argues that boosterism failed, at enormous expense, to promote what it set out to achieve, namely industrial growth. While I tend to agree that boosterism failed, in large part, to influence urban and industrial growth, I would suggest, that boosterism contributed to the emergence of municipal enterprise in frontier towns like Port Arthur. Municipal leaders and ratepayers were more willing to experiment with municipal enterprise because of the profound sense of urgency generated by inter-urban rivalry and the empowering effect of booster rhetoric. The citizens of Port Arthur convinced themselves that they could overcome all barriers to their dream of greatness for their city, alternately described as the

"Chicago of the North", the "Geneva of Canada", and perhaps most accurately of all, the "Birmingham of Canada."

The Failure of Private Enterprise

The development of the staples economy in Canada, according to Harold Innis, required state intervention in order to overcome what he considered the economic backwardness of the country.[51] Although Innis only applies this theory to the actions of the federal government, it proves even more applicable when applied to urban centres. As a result of the fixation of urban historians with metropolitan centres or regional exclusiveness, the relationship between the availability of finance capital and the nature of utility organization and regulation has never been fully explored. Instead, John Baldwin, an economist with the now defunct Economic Council of Canada, has assumed that public and private capital were mutually antagonistic. In so doing, Baldwin portrays public ownership as the product of an "opportunistic" state unconstrained by the kind of constitutional guarantees for private property that existed in the United States.[52] One of the first historians to grasp the connection between the degree of finance capital available to entrepreneurs and the emergence of municipal enterprises was John C. Weaver. "Public ownership caught

hold," he observed, "where private enterprise could not be secure, retained, or where its lack of expansionist zeal frustrated important civic interests."[53] The scarcity of finance capital often combined with a sense of urgency created by inter-urban rivalry to create an opportunity for municipal enterprise.

The study of the relationship between finance availability and economic growth was the focus of James D. Frost's article which explored the workings of the Bank of Nova Scotia. He found that the bank inhibited economic growth in the Maritimes, as deposited monies were regularly invested outside the region in order to maximize the return.[54] In their comparative study of hydro-electric power development in and around Toronto and Montreal, Armstrong and Nelles discovered that in Toronto's case the "capital market was not apparently large enough and impersonal enough to underwrite competing hydro-electric promotions" and thereby resulted in monopoly control.[55] Surely if capitalists were unable, or unwilling, to promote more than one hydro-electric project in a city the size of Toronto, there was little chance that smaller towns and cities like Port Arthur could do any better without substantial outside investment. This was particularly true for such capital intensive utilities as street railways, waterworks, electric lights, and hydro-electric power.

American and British historians have placed far more importance on the availability of finance capital than has so far been the case in Canada. Did financial institutions contribute directly towards industrialization? How did the scarcity of finance capital affect economic growth? What was the role of the state in banking? These are some of the substantive questions Rondo Cameron explores in his study of the relationship between banking and industrialization in Europe. While bankers were supposed to lend, in theory, only on a short-term basis, Cameron found that, in most European countries, banking facilitated industrial growth through the provision of long-term loans. Competition between Scottish banks, for example, resulted in tremendous economic growth as finance capital was freed up and put at the disposal of entrepreneurs.[56] However, Cameron argues that when the state chose to intervene in order to control banking, as was the case in France, economic growth was retarded due to the resulting scarcity of finance capital.[57] The existence of an unsatisfied demand for capital financing sometimes resulted, as was the case in Russia, in the emergence of such non-traditional financial institutions as municipal banks and mutual credit societies.

The United States, in comparison, adopted a "free banking" model due to the exaggerated demand for finance capital. American historian Brand

Hammond establishes that while banking practices varied from state to state, the adoption of free banking by Michigan in 1837 and New York in the following year resulted in a free-for-all as banks opened their doors without regard for the stability of the concern.[58] While the new policy seemed to work reasonably well in New York, it proved disastrous for Michigan and other mid-western states. Somewhat ironically, it was the scarcity of finance capital, which was the reason why free banking was adopted in the first place, which caused the collapse of dozens of these unincorporated banks. The Canadian banking system, on the other hand, was a model of conservative management according to Hammond. Canadian bankers even preferred the security of incorporation after a free banking law was adopted in 1870 than the uncertainty of cut-throat competition. Only a mere handful of private banks were therefore organized under the Act.

Assuming Hammond to be correct, the opening of two private banks in Port Arthur during the 1880's indicate that the scarcity of finance capital was such that citizens were willing to take a greater risk than their Southern Ontario counterparts. The appearance of the Ray, Street and Company and the British-American Bank indicate that the demand for credit was greater than that which the branch of the Ontario Bank, the

only incorporated bank in the area, was willing or able to satisfy.[59] Ambitious local entrepreneurs were obviously unable to acquire what they considered to be adequate financing from the Ontario Bank, at least during the early years. The distance of the branch from its head office in Toronto would certainly have contributed to this scarcity. The relatively insignificant deposits and securities of these local financial institutions would certainly have limited their ability to lend out large sums of money and prevented them from providing long-term loans. The rapid disappearance of the British-American Bank and the failure of Ray, Street and Company during the real estate collapse of 1913 illustrate the kind of drawbacks associated with private banking in hinterland areas.

While banks were probably the most obvious potential source of finance capital to entrepreneurs, insurance companies represented an important alternative in many places, but not in Port Arthur. Insurance companies were second only to banks as a source of finance capital for American entrepreneurs, according to Philip L. Merkel. Unlike banks, however, Merkel discovered that insurance companies were extremely centralized institutions, which made it difficult for entrepreneurs outside the major financial centres to access the immense wealth of some of these companies.[60] A survey of the annual reports of the Bureau of

Insurance Companies of the Ontario government indicates that not a single insurance company was based in Northwestern Ontario prior to World War One. Advertisements in Port Arthur newspapers suggest that premiums paid for fire and life insurance went to companies based in Southern Ontario, Great Britain and the United States. In any case, it was not until 1899 that security restrictions on life insurance companies were lifted thereby freeing up millions of dollars for investment.[61] It does not appear, however, that the Lakehead benefitted much from this change, as I could only find one case where a substantial loan was made by an insurance company to finance a scheme in the area. The exception was a promised one hundred thousand dollar loan to Edward S. Jenison in 1900 to finance his scheme to harness the waterpower of the Kaministiquia River.[62] Jenison's scheme ironically failed to materialize, partially because of inadequate financing. Consequently, instead of providing a source of finance capital to Port Arthur entrepreneurs, insurance companies exaggerated the scarcity of finance capital by siphoning money out of the region through premiums.

The potential sources of capital financing in large urban centres such as Toronto far outnumbered those in small frontier communities like Port Arthur, thereby contributing to the failure of private enterprise to

respond to demands for urban services. A private utility entrepreneur in Toronto, at the turn of the century, could expect to raise capital financing from any number of banks, insurance companies, investment banks, and capitalists within what remained a close-knit business community. The Toronto based promoter had the added advantage of extensive personal contacts. These opened doors that were otherwise closed to those from the outside. The Port Arthur entrepreneur was, in comparison, isolated from the major sources of finance capital, as there were only a handful of banks, no insurance companies, no investment banks and few indigenous capitalists in any position to invest large sums of their own money into a private utility company. The failure of the Port Arthur Water, Light and Power Company to fulfil its promise to build a waterworks, a hydro-electric project and an extensive system of electric lights during the late 1880s and early 1890s attests to the obstacles Port Arthur utility entrepreneurs faced.

Utility companies based outside Northwestern Ontario, with the exception of the Canadian Northern Railway and the Bell Telephone Company, were not interested or incapable of locating in Port Arthur prior to 1914. This is hardly surpising for, as business historian Douglas McCalla has established, business organizations were relatively small

during this period.

> It was a world of growing specialization and complexity of business institutions and, increasingly, an urban business world in which fewer and larger centres dominated in most areas of economic activity. But not until virtually the end of the period, in 1914, could the modern bureaucratic, multi-branch, multi-product company be said in any sense to have typified Canadian business.[63]

It was therefore the exceptional case where a company based in the United States or Eastern Canada could consider providing urban services in the region. The Bell Telephone Company was able to exploit its patent licences, its control of long-distance telephone lines, and its sheer size to buy out or eliminate local rivals. Important studies of Bell Telephone operations in the United States and Canada by Gerald Brock and Graham Taylor have established that the company set out to to maximize profits. This resulted in anger and frustration in many places, including the Lakehead, and ultimately, in the organization of municipal telephone exchanges in Port Arthur, Fort William and Kenora. In more ways then one, the organization and regulation of telephones in Port Arthur proved an exception to much of what has been discussed in this chapter because a private company did, in fact, establish itself. The basis of municipal ownership in this field, at least, resembles patterns of utility organization and regulation in Toronto or Montreal.

A direct correlation between the scarcity of finance capital and the emergence of municipal enterprise is established by statistics compiled by the Ontario Bureau of Labour which suggest small hinterland cities were far more inclined to experiment with municipal enterprise than large urban centres before 1911.(See Table II) As the table indicates, when waterworks are excluded from the calculations, the top five municipal ownership towns, as reflected by the capital invested in municipal enterprise, were in order of importance, Port Arthur, Fort William, Guelph, Kenora and Berlin. These communities share three things in common: they were all small or medium-sized urban centres, they were all enthusiastic boosters of urban and industrial growth prior to 1914, and none of the five were substantial financial centres. The fact that three of the five were

Table II

Total Investment in Municipal Enterprise in Ontario up to 1911		
Municipality	Total Value	Excluding Waterworks
Port Arthur	972 700	572 700
Fort William	1 255 824	553 985
Guelph	829 560	505 595
Kenora	633 775	456 724
Berlin	656 548	449 969
Ottawa	2 580 000	330 000
St. Thomas	600 000	325 000
Orillia	440 000	325 000
Kingston	614 437	314 437
Wingham	670 000	300 000
Owen Sound	430 331	204 431
Brockville	441 000	175 000
Niagara Falls	325 000	125 000

Statistics compiled from Bureau of Labour, Sessional Papers, 1911

located in Northwestern Ontario seems to confirm my argument that there existed a scarcity of finance capital within the region. The ability of private utility companies to raise finance capital in Toronto, Ottawa, Hamilton and Windsor made municipal enterprise not only unnecessary but undesirable from the point of view of the economic elite. The scope of municipal enterprise in Fort William was partially the result of the pioneering efforts of Port Arthur. While Fort William's street railway was actually owned and operated by Port Arthur until 1908, the construction of two municipal steam power plants in Fort William were in response to municipal power projects in Port Arthur.

The perceived role of the municipality in promoting economic growth depended upon the availability of private enterprise to raise finance capital. In large urban centres like Toronto, Montreal and Hamilton, the municipality failed to bonus, to any great extent, not because they lacked a philosophy of growth, as Artibise would have it, but rather because there were plenty of other sources of finance capital. There was therefore little pressure on the municipality to finance private enterprise, and even less desire on the part of ratepayers to foot the bill. In addition, it was virtually impossible to get out a sufficient vote to pass a bonus by-law in a large urban centre. Among hinterland towns like

Port Arthur, on the other hand, there was great difficulty raising sufficient financing for private schemes. As a consequence, there existed enormous pressure on municipal councillors to provide financial support to entrepreneurs frustrated by the scarcity of finance capital. It is reasonable to assume that municipal politicians and ratepayers recognized this obstacle to economic growth and were therefore much more willing to use public finances in support of private initiative. In this context, the distinction between "public" and "private" enterprise, which is so evident in the historical literature, loses much of its meaning. The real choice with respect to utilities was really between bonusing private enterprise, municipal enterprise, or simply going without.

Conclusion

In conclusion, the existing historical literature has suffered from its focus upon utility organization and regulation in large urban centres. This has created a distorted image which does little to explain why municipal enterprise seemed to flourish the most in smaller hinterland towns. It has also resulted in an unfortunate assumption by some historians that "public" and "private" enterprise were mutually antagonistic. This chapter has established that, prior to 1914, a real opportunity existed in

hinterland towns like Port Arthur for the emergence of municipal enterprise. The basis of municipal enterprise in Port Arthur was the combination of an atmosphere of inter-class cooperation which facilitated collective action through the municipal government, a profound sense of urgency generated by the particularly intensive inter-urban rivalry with Fort William, and the failure of private enterprise to respond to demands for urban services due to the scarcity of finance capital. While the opportunity for municipal enterprise existed during this period in many towns and cities across Canada and the United States, Port Arthur emerged as a pioneer in municipal enterprise because its citizens had confidence in their municipal government. The next chapter will explore how this confidence led ratepayers to turn away from the bonusing of private utility companies and towards municipal enterprise. There is little question that Port Arthur truly was "a municipal ownership town" prior to 1914.

ENDNOTES

[1]This contention is supported by the existing literature relating to municipal enterprise in North America: Elizabeth and Gerald Bloomfield, Urban Growth and Local Services: the Development of Ontario Municipalities to 1981(Guelph: University of Guelph, 1983); Morton Keller, Regulating a New Economy: Public Policy and Economic Change in America, 1900-1933(1990); Gerald W. Brock, The Telecommunication Industry: The Dynamics of Market Structure(Cambridge, Mass.:Harvard University Press, 1981); Christopher Armstrong and H.V. Nelles, Monopoly's Moment: the Organization and Regulation of Utilities, 1830-1930(Philadelphia: Temple University, 1986).

[2]In addition to the references referred to in the previous endnote, this contention is supported by: John P. Mckay, Tramways and Trolleys: the Rise of Urban Mass Transport in Europe(Princeton: Princeton University Press, 1976); John C. Weaver, Shaping the Canadian City(Kingston: Institute of Local Government, 1977); J. R. Kellet, "Municipal Socialism, Enterprise and Trading in the Victorian City," Urban History Yearbook(1978).

[3]Ontario. Bureau of Labour, Sessional Papers(1911).

[4]J.O. Curwood, The Reader (1907), 566.

[5]Ibid..

[6]Armstrong and Nelles, Monopoly's Moment, 4-5.

[7]Paul-Andre Linteau, The Promoters City: Building the Industrial Town of Maissoneuve, 1883-1918 (Toronto: James Lorimer and Co., 1985), 23.

[8]Ibid., 21.

[9]Avner Offer, Property and Politics, 1870-1914: Landownership, Law, Ideology and Urban Development in England (Cambridge: Cambridge University Press, 1981), 1.

[10]Ibid., 5.

[11]Ibid., 152.

[12]Thorold J. Tronrud, Gaurdians of Progress: Boosters and Boosterism in Thunder Bay, 1870-1914 (Thunder Bay: Thunder Bay Historical Museum Society, 1993), 16.

[13]Ibid..

[14]Melvin Baker, "The Politics of Municipal Reform in St. John's Newfoundland, 1888-1892" Urban History Review, Vol.15,no.2(October 1986), 165.

[15]Ibid., 166.

[16] Port Arthur Daily Sentinel(DS), March 10, 1884.

[17]Asa Briggs, Victorian Cities (Middlesex, GB: Penguin Books, 1968), 92.

[18]Ibid., 184.

[19]Jean Morrison, "Community and Conflict: A Study of the Working Class and its Relationship at the Canadian Lakehead, 1903-1913" (M.A. thesis, Lakehead University, 1974), ii.

[20]Jean Morrison "Ethnicity and Violence: The Lakehead Freight Handlers Before World War I," Essays in Canadian Working Class History, eds. Gregory S. Kealey and Peter Warrian (Toronto: McClelland and Stewart, 1976), 143.

[21] Canada. Department of Labour, Strike and Lockout Files RG 27, T-2685 to T-2690 in Public Archives of Canada; Canada. Department of

Labour,The Labour Gazette, 1902-1914.

[22]While 19.3 percent of Port Arthur strikers worked in the trades and 3.5 percent were general labourers, Fort William strikers in addition to railway workers were 12.8 percent industrial workers, 7.1 percent labourers and only 4 percent tradesmen. This distinction between the two urban centres is a significant one because it suggests that industrialization was much more pronounced in Fort William.

[23]Labour Gazette, Vol. 13, (September 1912), 235, 271.

[24]Canada. Department of Labour, Strike and Lockout Files, RG 27 T-2686, document 457.

[25]Daily News(DN), May 12, 1913, 1.

[26]Livio Di Matteo, "The Economic Development of the Canadian Lakehead During the Wheat Boom Era, 1900-1914," Ontario History, 83 (1991), 279.

[27]Ibid., 306.

[28]Thorold J. Tronrud, "Frontier Social Structure: The Canadian Lakehead, 1871 and 1881," Ontario History 79 (June 1987), 153.

[29]Ibid..

[30]Report on Power Situation Given to Board of Trade, December 16, 1913, 866 Public Utilitieshunder Bay Archives. Hydro Box #2, January 1, 1910-December 30, 1913.

[31]Canada Census, 1861-1911.

[32]Donald Avery, Dangerous Foreigners: European Immigrant Workers and Labour Radicalism in Canada, 1896-1932(Toronto: McClelland and Stewart, 1979), 2.

[33]Marvin MacDonald, "An Examination of Protestant Reaction Toward

the Non-English-Speaking Immigrants in Port Arthur and Fort William, 1904-1914" (M.A. thesis, Lakehead University, 1976), 74.

[34]Ibid., 80.

[35]Ibid., 89.

[36]Memoirs of S.C. Murray, Thunder Bay Historical Museum Society (TBHMS)A 6/1/1.

[37]Thorold Tronrud, Guardians of Progress,43.

[38]Morrison, "Community and Conflict," 147.

[39]Bryce M. Stewart, Report of a Preliminary and General Social Survey of Port Arthur,4.

[40]E.P. Thompson, The Making of the English Working Class (London: Penguin Books, 1980), 10.

[41]Hugh G.J. Aitken "Government and Business in Canada: An Interpretation" The Development of Canadian Capitalism: Essays in Business History, ed. Douglas McCalla(1990), 111.

[42]Robert Babcock, "Private vs Public Enterprise: A Comparison of Two Atlantic Seaboard Cities, 1850-1925," Power and Place: Canadian Urban Development in North America, eds. Alan F.J. Artibise and Gilbert A. Stelter (Vancouver: University of British Columbia, 1986), 75.

[43]Alan F.J. Artibise, "Boosterism and the Development of Prairie Cities, 1871-1913", Town and City: Aspects of Western Canadian Urban Development, ed. Alan F.J. Artibise(Regina: University of Regina,1981), 211.

[44]Ibid..

[45]Donald Davis, "The 'Metropolitan Thesis' and the Writings of Canadian Urban History," Urban History Review Vol. 14, 2 (October 1985), 98.

[46]Ibid., 105.

[47]Alan F. J. Artibise and Paul-Andre Linteau, The Evolution of Urban Canada: An Analysis of Approaches and Interpretations(Winnipeg: Institute of Urban Studies, 1984), 30.

[48]Weaver, Shaping the Canadian City, 38.

[49]Elizabeth Arthur, "Inter-Urban Rivalry in Port Arthur and Fort William, 1870-1907," Western Canada Past and Present, ed. A.W. Rasporich (Calgary: University of Calgary and McClelland and Stewart, 1975), 58.

[50]Thorold J. Tronrud, "Buying Prosperity: The Bonusing of Factories at the Lakehead, 1885-1914," Urban History Review, 19,1 (June 1990), 2.

[51]Harold Innis, "Government Ownership and the Canadian Scene," Essays in Canadian Economic History, ed. Mary Q. Innis(Toronto: University of Toronto, 1956), 90.

[52]John Baldwin, Regulatory Failure and Renewal: The Evolution of the Natural Monopoly Contract (Ottawa: Economic Council of Canada, 1989), 1-2.

[53]John C. Weaver, "'Tomorrow's Metropolis' Revisited: A Critical Assessment of Urban Reform in Canada, 1890-1920," The Canadian City: Essays in Urban History, eds. Gilbert A. Stelter and Alan F. J. Artibise (Ottawa: McClelland and Stewart, 1977), 400-401.

[54]James D. Frost, "The 'Nationalization' of the Bank of Nova Scotia, 1880-1910," Essays in Canadian Business History, ed. Tom Traves (Toronto: McClelland and Stewart, 1984), 112.

[55]Christopher Armstrong and H.V.Nelles, "Contrasting Development of the Hydro-Electric Industry in the Montreal and Toronto Regions, 1900-1930," The Development of Canadian Capitalism: Essays in Business History, ed. Douglas McCalla(1990), 175.

[56]Rondo Cameron, ed. Banking in the Early Stages of Industrialization(New York: Oxford University Press, 1967), 293.

[57]Ibid., 127.

[58]Brand Hammond, Banks and Politics in America: From the Revolution to the Civil War(Princeton: Princeton University Press, 1957), 604.

[59]DS, March 3, 1884.

[60]Philip L. Merkel, "Going National: The Life Insurance Industry's Campaign for Federal Regulation after the Civil War," Business History Review 65 (Automn 1991), 528.

[61]Armstrong and Nelles, Monopoly's Moment, 120.

[62]Marc Lavoie, "Kakabeka Falls: The Origins and Early Development of Hydro-Electric Power, 1889 to 1900," (Honours Thesis: Lakehead University, 1993), 49.

[63]Douglas McCalla, "An Introduction to the Nineteenth-Century Business World," Essays in Canadian Business History, ed. Tom Traves (1984), 15.

Chapter 2

MUNICIPAL ADMINISTRATION AND FINANCE

"In entering upon the consideration of municipal affairs, so vast is the subject in its comprehensiveness, and so diversified the subject matter, that the stoutest heart might reasonably feel overwhelmed whilst contemplating the extent of the scope afforded for the exercise of thought, and the application of one man's limited experience."
-William Powis, Municipal Finance and Accounts, 1889

The inability of private enterprise to respond adequately to the growing demands for urban services in Port Arthur created an opportunity for the municipality to expand the scope of its activity. The extent to which this opportunity resulted in experimentation with municipal enterprise largely depended upon how people perceived their municipal government and its role within the community. Was the municipality capable of managing a cheap and reliable service at a reasonable cost to the ratepayer? A prerequisite for the emergence of municipal enterprise was, therefore, public confidence in the honesty and efficiency of the municipal administration. It was the this public confidence which enabled the town of Port Arthur to experiment so extensively with municipal enterprise, differentiating it from other hinterland towns where the opportunity for municipal enterprise never translated into the expansion of municipal activity.

This chapter will explore the inner workings of municipal administration and finance in Port Arthur in order to discover why ratepayers believed the municipality was capable of managing urban services. It will establish that public confidence in the municipal government originated from a combination of the following: a legal environment which promoted rather than obstructed the adoption of municipal enterprise in Ontario, the municipality's access to sufficient finance capital to consider expanding the scope of its activity, a non-partisan tradition among elected municipal officials, the rise of a professional municipal bureaucracy, and external forces at work within the community in favour of municipal enterprise. By investigating the dynamic between municipal politicians, managers and employees in relation to the decision making process, I will illustrate that the widely held assumption that municipal governments during this era were under the complete domination of the economic elite is an over-simplification which ignores the growing complexities of municipal activity.

Whereas municipal governance had earned the reputation for corruption and incompetence, especially in the United States, the municipality of Port Arthur was viewed within the community and elsewhere as an exceptional case where municipal ownership seemed to

result in good government. An indication of this perceived singularity was reflected in an editorial in The Financial Post in August 1908 which expressed grudging admiration for the city. "Public ownership schemes," the Post observed

> have been generally condemned in the columns of The Post. The sentiment of investors is rightly opposed to a city or state undertaking to own and control enterprises which the traditions of the past have recognized as private corporations. The Post mentioned Port Arthur as one of the exceptional cases where public ownership schemes have been operated by the city without loss. It seems, however, that even though intrinsically their schemes may be sound and able to earn a profit, yet the credit of the city has suffered on account of the mere fact that it is a public ownership city. Where one city like Port Arthur might successfully manage its electric light, telephone and street railway systems, there are a dozen others who would fail in the attempt.[1]

This is a remarkable admission on the part of a newspaper which was ideologically opposed to municipal ownership. It confirms that the nature of municipal enterprise in Port Arthur differed from that of other so-called municipal ownership towns.

Less scrupulous opponents of municipal enterprise attempted to cast Port Arthur in a negative light in order to defeat attempts at municipalization in cities like Ottawa. In this instance the Ottawa-Journal, a vocal opponent of the proposed organization of a local municipal

telephone exchange, sent a correspondent all the way to Port Arthur and Fort William in order to evaluate the municipal telephone systems of these cities. The resulting series of articles which appeared in the newspaper portrayed the cities as incapable of managing local telephone exchanges. In response, the town councils condemned the articles and accused the correspondent of being in league with the Bell Telephone Company. Witnesses claimed that the correspondent had been seen on several occasions in the company of a Bell Telephone manager and that the two had even travelled to and from Port Arthur together.[2] While it is practically impossible to know for certain whether or not these accusations were accurate, there can be little doubt that the reputation of the Lakehead for the efficient management of municipal enterprise was such that opponents of the innovation found it necessary to go to great lengths to undermine its reputation. Why did Port Arthur ratepayers have confidence in their municipal government despite the negative reputation of municipal ownership in the United States? What differentiated Port Arthur's experiment with municipal ownership of urban services from the vast majority of others who failed, according to the Post, in the attempt?

Advocates of municipal enterprise were just as quick to exploit Port Arthur's reputation for good government as were its opponents. J.O.

Curwood of The Reader observed upon visiting the Lakehead that "[t]hey have been revealing heretofore unsuspected virtue of municipal enterprise--a virtue that means more than anything else the uplifting of the people of a city or a nation."[3] This association of municipal ownership with honesty at the Lakehead was seized upon by the correspondent in order to respond to critics who argued that municipal politics was too corrupted to manage urban services effectively. J. O. Curwood relates how, after he boarded the streetcar upon his arrival, he got into a friendly conversation with the conductor who would from time to time jump off the car to pick up parcels waiting on the side of the road. When asked by the curious correspondent why people didn't steal these parcels, the man was startled at the mere suggestion. This inspired Curwood to write that "my experience on that short ride had brought me into surprisingly close touch with two of the most interesting concomitants of municipal ownership in Port Arthur and Fort William-morality in general and honesty in particular."[4] Any unhappiness which did exist among the inhabitants of the two cities about their municipal enterprises were discounted as the by-product of the ambition which municipal enterprise inspires in people.[5] He even went so far as to suggest, albeit somewhat sheepishly, that "the day is coming when Port Arthur and Fort William will be taxless towns."[6]

These articles illustrate how opponents and advocates of municipal enterprise in the United States and Canada recognized the positive reputation of municipal enterprise in Port Arthur and Fort William. The emergence of municipal enterprise in Canada, however, depended upon a sympathetic provincial government.

The Legal Environment and Municipal Enterprise

An exploration into the evolution of statutory law in Ontario is essential to our understanding of the nature of municipal administration and finance. Statutory law determined the legal basis of municipal enterprise because, unlike the United States, there was never any constitutional recognition of private property in Canada. In Regulatory Failure and Renewal, John Baldwin indicates that Canada turned to public ownership because the "opportunism" of the state was unconstrained by the courts.[7] The British North America Act failed, according to J.G. Bourinot, to recognize municipal governments as anything more than entirely subordinate to the provinces.[8] Their legal status as " corporate bodies" was therefore determined by provincial statutes as interpreted by the courts. The emergence of municipal enterprise required the cooperation of the provincial government in order to ensure that the municipality had the legal right to own and operate urban services.

Failure to do so risked legal action against the municipality and the very real possibility that the enterprise would be declared ultra vires, or outside the jurisdiction of the municipal government. Armstrong and Nelles discovered as much in their comparative study of hydro-electric development in Montreal and Toronto where the Ontario government's sympathy towards municipal enterprise led to public ownership, while Quebec's hostility obstructed similar efforts in that province.[9] Did the Ontario government act, as Armstrong and Nelles suggest, to facilitate the emergence of municipal enterprise in Port Arthur?

The early development of local government was of an extremely limited nature. On the centenary of the Municipal Corporations Act, J.H. Aitchison wrote an article which explored the early development of local government in Upper Canada which culminated in the adoption of this Act in 1849. Commonly referred to as the Baldwin Act, the Municipal Corporations Act served as the legal basis of municipal governance in Ontario until the 1960s.[10] Prior to its adoption, Aitchison found that local government had a long but limited existence from the days of New France. After the American Revolution, British authorities were loath to recognize local institutions, as New England town hall meetings were blamed for fomenting revolutionary ideas.[11] Political scientists C.R. and S.

Noves Tindal found that it was not until the demands of the Loyalists had grown too loud to be ignored any longer that the Parish and Town Officers Act was adopted in 1793.[12] While this legislation permitted local meetings, decision making continued to be centralized. The rebellion of 1837 further retarded the growth of local governance in Upper Canada as its leader was William Lyon Mackenzie, who had been elected York's first Mayor in 1835.[13] There was little local autonomy even after district councils were established in 1841, as the district officers were all appointed by the governor. Modern municipal administration was born in 1849 with the Baldwin Act. The Baldwin Act replaced the inadequate district councils with a new nomenclature of local institutions. Counties, cities, towns, villages and townships were created with a particular set of responsibilities and taxing powers.

A closer inspection of the Consolidated Municipal Act of 1883, which was essentially an amended version of the Baldwin Act, is necessary in order to understand the legal standing of Port Arthur during this period. This Act set out in detail the various aspects of municipal administration and finance, including minimum qualification standards for candidates and electors for municipal elections, which were to be held the first Monday of each January. Permitted to vote were those men and single or widowed

women over twenty-one years of age who met the minimum property ownership requirements established for Northern Ontario.[14] While this Act excluded almost all women and unskilled male workers, skilled workers usually owned enough property to qualify. The town of Port Arthur, also incorporated in 1883, was eligible to elect a Mayor, and three councillors from each of the three wards. Once elections had taken place, the Council was required by the Act to appoint a clerk, treasurer, assessors, tax collectors and two auditors and such other officials "as are necessary."[15] This gave individual municipal councils a carte blanche as to the size and shape of their municipal bureaucracy. Perhaps the single most important aspect of the Act, however, was the legal requirement that all money by-laws and franchise agreements be voted upon by the ratepayers.[16] As a consequence, the actions of the municipal government were held accountable to the will of the ratepayers. Ratepayers were those electors who were substantial property holders in the community. Any experiment with municipal enterprise therefore needed the approval of a simple majority of the ratepayers, thereby emphasizing the importance of public confidence in the decision-making process.

The financial provisions in the Municipal Act enabled Ontario municipalities to consider municipal enterprise. The primary means of

financing municipal activity, including municipal enterprise, was through the issue of debentures to investors for a period of fifteen or twenty years, depending upon its purpose, during which the investors received annual interest payments of a maximum of five percent on their loan to the municipality.[17] The principal would subsequently be paid back to the debenture holder at the end of the term. The municipality was constrained to a certain extent by the Act, for it set maximum debt loads and tax rates, and required the municipality to meet the annual interest and sinking fund payments, sufficient to pay off the principle due on the expiry of the debenture. A fair degree of investor confidence in the municipal government was necessary to raise sufficient finance capital in order to meet the expenditures for the proposed activity. The emergence of municipal enterprise in Port Arthur therefore occurred, ironically, only with the financial assistance of Eastern capitalists who were more willing to invest in the municipality of Port Arthur than they were private enterprise in the region. This was due to the conservativism of the Canadian investor, who preferred the security of municipal debentures over bonds or stock in private companies or loans to entrepreneurs.

The Consolidated Municipal Act of 1883 also prohibited municipal councils from granting an exclusive privilege for any trade or calling,

including urban utilities.[18] While this effectively precluded any municipality from enforcing a private utility monopoly, private utility companies still needed the approval of the municipality to conduct business within its boundaries. The exception was The Bell Telephone Company, which had been granted a special clause in its Federal charter which stated that its operations were "for the general benefit of Canada," thus permitting the company to escape municipal regulation.[19] The council was empowered, on the other hand, to operate its own waterworks, gasworks and sewerage facilities.[20] There was no explicit indication, however, that an Ontario municipality could operate its own street railway, electric lights, waterpower or telephone exchange. I do not believe that this represented a conscious effort on the part of provincial politicians to limit the scope of municipal enterprise, but rather that it reflects the technological infancy of these urban services. The Consolidated Municipal Act therefore facilitated rather than obstructed the growth of municipal enterprise by enabling municipalities to issue debentures and through the explicit recognition of the municipal ownership of some urban services.

Amendments to the Municipal Act , which occurred on an almost annual basis until the outbreak of World War I, acted to further encourage

the development of municipal enterprise. An early example of the willingness of legislators to facilitate municipal enterprise occurred in 1890 when the Act was amended to extend the duration of debentures to thirty years for the purposes of railway, gas, waterworks, parks, sewers and school expenditures.[21] The effect of this amendment was to lessen the financial barriers to municipal enterprise by spreading out the period in which the ratepayers made payments into a sinking fund. A second amendment explicitly empowered municipalities to operate municipal street railways in such instance that no private one already existed.[22] The adoption of legislation in 1892 respecting the Town of Port Arthur endorsed the municipality's efforts to construct a municipal street railway.[23] The only amendment to the Act which constrained municipal enterprise was the so-called "Conmee Amendment" adopted in 1899. Named after James Conmee, the Member of Provincial Parliament for Algoma District, the amendment required that municipalities offer to buy-out existing private companies, at a price determined through arbitration, before a municipality could proceed with the municipal ownership of an urban utility.[24] That this amendment should originate from the MPP from Port Arthur indicates that support for municipal ownership was not universal. The amendment did not obstruct, however, the continued

extension of municipal enterprise in Port Arthur largely because of the failure of private enterprise to raise sufficient finance capital in order to represent a realistic alternative to the municipality.

The year before the Conmee amendment was adopted, the Municipal Act was amended to permit the election of councillors at-large.[25] The swift adoption of this change by the town of Port Arthur can be used as evidence that the economic elite feared the growing power of working-class voters. This is unlikely, however, as an atmosphere of inter-class cooperation and the lack of militancy on the part of the working-class provided little basis for this kind of reaction. Class dispersal and the concentration of the urban centre would also have prevented any kind of popular identification with a particular ward. In Fort William, on the other hand, the ward system reflected genuine socio-economic divisions within the community, thereby making the elimination of the ward system extremely difficult. Another factor which may have contributed to the adoption of an at-large system of voting was the growing proportion of council business which was city-wide in nature such as the street railway and, after 1898, electric lights. Strictly localized issues such as streets, sidewalks, sewers and water mains were removed from the purview of the municipal council by the Ontario Frontage Act.

The Frontage Act contributed to the emergence of municipal enterprise by reducing the workload of councillors freeing them to consider experimentation. Jon Teaford's study of American municipal governance illustrates that the most hotly contested and potentially divisive issue facing local councillors were "neighbourhood" or "ward" issues.[26] These purely local issues introduced conflict among ward councillors, who were elected to get as much as possible for their wards. "Ward politics" which became synonymous with corruption, contributed to the poor reputation of American municipal governments. Ontario municipalities, in contrast, were governed by the Frontage Act, which required that those property owners who directly benefitted from local improvements paid for the sewer, water main, sidewalk, or other works themselves through a special assessment on their property.[27] The municipal government, upon reception of a petition from the property holders of a given block who represented two-thirds of the owners and at least fifty percent of the total assessed value of the property, was compelled to build the proposed works. Municipal councillors were therefore by-passed, freeing the council to consider issues which were of city-wide importance. The weakness of the Act, however, was that local improvements only occurred in those parts of the municipality able to afford the financial burden of a special

assessment.

Public demands for changes to the Frontage Act in Port Arthur began when unsuccessful Mayoral candidate R.E. Mitchell called for the amendment of the Act in 1885 in order to improve the sanitary conditions of poorer neighbourhoods.[28] The town's Medical Health Officer also demanded changes in his annual report to the Provincial Board of Health in 1889. Dr T.S.T. Smellie declared :

> ...that as many sanitary improvements may be impeded by the operations of the Frontage Act, under which the town groans, some additional power should be given Boards of Health to enable them to carry out necessary improvements, such as the construction of drains and sewers, when the cupidity of owners of property on the streets requiring such improvements render futile the efforts of the Board to improve the sanitary condition of the town.[29]

Mitchell and Smellie must not have been the only voices calling for changes to the Frontage Act, as it was amended in April 1890 to allow a two-thirds majority of a municipal council to construct sewers paid for by general revenue.[30] While this amendment undoubtedly resulted in the improvement in the sanitary conditions of urban Ontario, the Frontage Act allowed councillors to channel their energies into municipal enterprise and enhanced their own reputations as local improvements were perceived to be free of "ward politics."

This brief review of the evolution of statutory law in Ontario as it relates to municipal enterprise prior to 1914 indicates that the provincial government actively promoted the municipal ownership of urban services. The legal basis for municipal enterprise was consequently not simply the product of the absence of constitutional protection for private property in Canada, but rather the product of a conscious effort on the part of provincial legislators. Enforcement of statutory law by the province and the courts was such that historian John Taylor suggests that "urban centres were left free in the last part of the nineteenth century to pursue their policies of growth and physical and social amelioration."[31] The nature of this supervision was therefore important in determining the extent to which municipalities abided by statutory law.

Provincial supervision of municipal activity prior to 1906 consisted of the requirement that money by-laws be ratified by the legislature before coming into effect. While in theory this veto kept municipalities in check, the burgeoning workload of the legislature and its committees ensured that in practice the province bowed to the will of the municipality.[32] After 1906, the formation of the Ontario Railway and Municipal Board substantially increased the Province's ability to supervise the actions of municipalities. The Board served a semi-judicial

function through the arbitration of disputes between municipalities and ensured municipal by-laws were not ultra vires. The annual reports of the Board indicate that, on several occasions, the operations of the Port Arthur street railway came under provincial scrutiny. It did not act to constrain, in any way, however, the ability of Port Arthur to own and operate urban services.

The courts proved unable to constrain the actions of the municipality of Port Arthur due to the intervention of the Province in order to assuage legal doubt as to the legality of the municipal street railway. In the court case of Dwyer vs Port Arthur, the municipality's ability to construct a municipally owned and operated street railway came into question as the courts granted an injunction.[33] By the time it went before Judge Osler and the Ontario Court of Appeal a provincial statute had hurriedly been adopted which accorded Port Arthur the right to construct its street railway, forcing the Court of Appeal to dismiss the suit permitting the town to proceed with construction. This example illustrates how the will of the provincial legislature overcame potential legal obstacles to municipal enterprise. Subsequent court cases involving the municipal ownership of electric lights, hydro-electric power, and legal action undertaken by The Bell Telephone Company in retaliation for the

organization of a rival municipal telephone system all ended with the affirmation of municipal enterprise.

The political dominance of the economic elite in Port Arthur, while substantial, was constrained by the growing scope and complexity of municipal enterprise. In the opinion of urban historian John C. Weaver, municipal government was little more than an instrument of the ambition of the local elite.[34] This assumption has also been applied to the Lakehead. "Government was simple in both structure and design," Tronrud suggested. "It existed to serve the ends, both personal and collective, of those who controlled it and booster-orientated businessmen readily assumed that control as a natural right."[35] While it was undoubtedly the ambition of booster politicians to advance their private interests in public office, categorically declaring that they succeeded is an overly simplistic analysis of the decision making process in municipalities such as Port Arthur. While this observation may have been accurate with respect to the municipal administration of Port Arthur in 1880, it fails to take into account the growing scope and complexity of municipal activity after the turn of the century. Municipal administration comprised not only elected municipal councillors and the mayor, but it also included managers, municipal employees and ratepayers. Booster

politicians had little alternative but to share power with new groups within and without the municipal administration.

The approach taken towards municipal administration and finance in this chapter was profoundly influenced by John Garrard's investigation into the nature of municipal administration in the British towns of Salford, Bolton and Rochdale. While Garrard agreed that the economic elite of these three towns dominated the municipal councils, he found that, in doing so, they still failed to control the municipal government. Their power was constrained by the central government, growing managerial influence, time consuming ritual and routine, the increasing complexity of municipal activity, and the greater popular intervention in local governance.[36] The decision-making process was therefore not limited to municipal politicians, as Canadian urban historians have sometimes been quick to assume, but increasingly extended to a wide variety of individuals and organizations. For instance, Garrard observes that elected officials had less and less to do with decision-making as the increasing scope and complexity of municipal activity accelerated their dependency upon the expertise of municipal managers.[37] I found Garrard's holistic approach to municipal administration compelling enough to apply it to Port Arthur. In the remainder of this chapter, the changing

relationship between municipal politicians, managers and employees in the decision-making process will be explored as the scope and complexity of municipal activity expanded. In addition, the effect of 'external' forces within the community on decision-making will also be discussed.

Municipal Politicians

The social background of elected officials in Port Arthur between 1884 and 1914 was almost exclusively middle class. Seventy-one percent of the municipal politicians, whose occupations were identified, were either merchants, professionals or officials of the provincial or federal governments. Of the remainder, less than ten percent can be identified as 'industrialists' although most of these were, like the Woodside brothers, small-scale and locally based. These findings must be interpreted cautiously as the business interests of many of these local politicians seldom conformed to one specific classification. This was reflected by Thorold Tronrud's extensive research into the individuals behind land development. He concluded that over one-third of all the elected councillors and mayors of both cities during this period were in one way or another involved in land promotion.[38] What can be safely concluded from the breakdown of at least the principal occupations of municipal

politicians was that it was the non-industrial middle-class which was elected. This distinction is important because the non-industrial middle class would have been more likely to have earned the confidence of all social classes within the community.

Only a few representatives of the working class were elected to the Port Arthur council, contrasted with Fort William, which regularly elected working class representatives from Ward One and in 1909 elected L.L. Peltier, a railway conductor, as mayor. This distinction could indicate one of two things; either working people were systematically excluded from the Port Arthur council, or the working class was generally satisfied with their middle-class representatives. Indeed, it may very well have been a combination of the two. The defeat of Finnish socialist municipal slates in 1905 and 1911 seems to suggest that the middle-class, and probably the Anglo-Saxon working-class as well, were unwilling to vote for a change. Public attitudes towards working-class political involvement was reflected by the Trades and Labor Council which put forward two Anglo-Saxon candidates in 1911 who not only won, but received an endorsement from the normally conservative Daily News.

> It is quite just and proper that the labour organization should take such a step, it may be construed by some as the thin edge of the wedge by which party politics would be introduced into

municipal affairs, but there is more reason to believe otherwise.[39]

The election of Frederick Urry and W.G. Woodside indicates that middle class voters were not necessarily opposed to the representatives of organized labour. While there does not appear to have been a concerted effort on the part of the middle-class to exclude working-class representatives from the municipal council, there likewise does not appear to be much dissatisfaction on the part of the Anglo-Saxon working-class and organized labour with the middle-class dominated Council.

The ethnic and religious background of municipal politicians indicate that there was a fair degree of homogeneity among councillors on this basis. The overwhelming majority were of British origin, but as one visitor remarked, the Irish enjoyed prominence within the economic and political life of the community. As far as can be determined by a simple analysis of the names of elected officials, there have been only a handful of non Anglo-Saxons elected during this thirty year period between 1884 and 1914. The exceptions were primarily councillors of French or Scandinavian ancestry. In the case of religion, there does not appear to be any evidence of overt anti-Catholicism in Port Arthur. If the local newspapers are any indication, religion only became an issue during the

1885 municipal election when the Daily Sentinel accused Mayoral candidate James Conmee of exploiting his own Catholicism in order to defeat his Protestant opponent.[40] The victory of Conmee and his subsequent election as the area's provincial and federal representative suggests very strongly that religious tensions were muted if not entirely non-existent. The ethnic and religious background of municipal politicians was not a divisive force on the Council prior to World War I.

The high rate of turnover among elected officials in Port Arthur contributed to the decline of Council's control over municipal administration.[41] The duration of public office for the ninety-five persons who sat on the municipal council between 1883 and 1914 was extremely short lived, with 43.2% serving only a one year term and fully 77.9% serving for three years or less. As a consequence, only twenty-one elected officials, representing a modest 22.1% of the total number, were elected for longer periods of time. This extremely high rate of turnover, somewhat surprising in a community as small as Port Arthur, made it even more difficult for the Council to manage the expanding scope and complexity of municipal activity. With the exception of a handful of veteran politicians, Port Arthur struggled every year with a new batch of inexperienced councillors. By the time that these elected officials had

enough experience to allow them to participate fully in the business of Council it was election time again, and the cycle would repeat itself. The duration of service among elected officials did not appear to alter substantially throughout the thirty year period. It was therefore inevitable that these one-time councillors depended heavily upon the handful of long-serving councillors like W.P. Cooke, who sat on council for fifteen years during this period, on the Mayor, and on the expertise of professional managers for guidance.

The growing scope and complexity of municipal activity demanded increasing specialization among the councillors. As the council meeting could no longer adequately handle the growing volume of business, more and more authority was delegated to standing committees and even sub-committees. For example, the number of standing committees doubled between 1885 and 1902; the management of Port Arthur's municipal enterprises also became the responsibility of the Electric Railway and Light Commission.[42] Specialization even occurred among the Commissioners, who divided their responsibilities between the two franchises.[43] Responsibility for the town's new municipal telephone exchange was added to the Commission's workload in 1906.[44]

The evolution of management structures relating to the municipal

enterprises in Port Arthur followed a common pattern for each of the urban services. The first step of the council when considering the provision of a new urban service was to establish a sub-committee of council to properly investigate the proposition. This sub-committee reported back after one or two months with a concrete proposal for the Council to consider. The council, if favourable to the proposal, then proceeded to draft a by-law and set a date for a vote of the ratepayers. Once adopted by the ratepayers, the town usually sent a delegation to Toronto in the Spring to ensure the passage of enabling legislation. A standing committee usually supervised the new municipal enterprise for the first couple of years before authority was shifted to the Commission or to another standing committee, as was the case with the waterworks. This progression of events accurately reflects the evolution of the management of the street railway, electric light, hydro-electric power and telephone franchises.

The Mayor exercised considerable influence among the councillors, as he usually had years of previous experience on the Council. Port Arthur elected thirteen different mayors prior to 1914, with the period of greatest stability being the eighteen year period between 1893 and 1910 when three mayors dominated the council for all but two years.[45] George

T. Marks enjoyed the distinction of being the longest serving Mayor of Port Arthur of the era as he was elected seven consecutive times during the depression years of the 1890s. The municipal council during the first decade of the twentieth century was dominated by Mayors G.O.P. Clavet and I.L. Matthews, who had both previously served as councillors. The extensive experience of most Port Arthur mayors allowed them to provide the kind of municipal leadership which was found to be lacking in municipalities south of the border. There was hence no perceived need to organize political machines in order to provide direction in municipal politics.

Corruption and inefficiency seemed to be an inherent part of municipal administration in the United States. American historian Bradley Robert Rice blamed the lack of strong municipal leadership in the mayor-council system for the development of formal political formations.[46] Political 'bosses' achieved a measure of central control in many cities, but it usually came at the cost of partisan conflict and corruption. The professionalism of the municipal bureaucracy suffered as partisan supporters were awarded employment with the municipality. In some cases, the existence of two competing municipal political parties further obstructed the emergence of a professional bureaucracy because an

exchange of power between the two or more parties resulted in the purging of the ranks of the bureaucracy. It was therefore extremely difficult for a professional bureaucracy to establish itself in an atmosphere of partisan strife. Consequently, I believe that the partisanship of American municipal politics lies at the heart of why municipal enterprise failed to take hold in the United States. The petty bickering associated with party politics combined with the inability of a professional bureaucracy to establish itself would have seriously impaired public confidence in the municipality.

One of the products of this dissatisfaction with machine politics was the municipal reform movement which swept American and some Canadian cities between 1890 and 1920. Rice explores the flirtation with commission government by dozens of American municipalities, replacing the traditional mayor-council structure with a small five-member paid commission, elected at-large, each of whom was responsible for the operations of a specific municipal department.[47] Commonly referred to as the Galveston-Des Moines plan, commission government also featured provisions for referendum, recall, nonpartisanship and civil service exams. Despite the criticism of commission government as essentially anti-democratic, Rice found that those municipalities which adopted the

new administrative structure proved to be more efficient than their mayor-council counterparts, and just as likely to implement social reform.[48]

Why did Port Arthur ratepayers narrowly pass a plebescite in favour of commission government in 1911? Thorold Tronrud argues in Guardians of Progress that boosters turned to paid commissions when their hegemony was challenged by working-class voters.[49] Why then had the first foray by the Trades and Labor Council into municipal politics the year before been greeted with open arms by such middle-class institutions as the Daily News? The election of the two candidates undermines the contention that middle-class support for commission government was inspired by class considerations. The decision to scrap the Electric Railway, Light and Telephone Commission in 1911 and return the management of utilities to the municipal council further indicates that Tronrud's explanation is unsatisfactory.[50] In any case, the plebescite was never acted upon, because it was carried only by a small majority and because the Provincial government refused to amend the Municipal Act.[51] Yet, despite the apparent failure of commission government to take hold in Port Arthur, a commission managed the town's municipal enterprises between 1895 and 1911.

The Electric Railway and Light Commission was created in 1895 in

order to avoid, according to Mayor George T. Marks, "ward politics" and the political in-fighting on the Council.[52] It is not circumstantial that this lack of confidence in the Council to manage the street railway effectively came after the most protracted and bitter political conflict of the era. The Commission was created to better manage the town's municipal enterprises. The Council's continued committment to democracy was reflected by the fact that the Commissioners were elected, although admittedly under a more restricted franchise. The formation of a joint street railway board in 1908 after the sale to Fort William of its share of the operation, reveals very different conceptions of commission government in the two cities. It is noteworthy that among the five members on the Board, the two Port Arthur positions were elective, while the two Fort William representatives were appointed.[53] Port Arthur's consistent commitment to elective commissions suggests that it was primarily a managerial innovation in response to the growing scope of municipal activity.

Commission government was less a product of inter-class conflict than it was an administrative innovation by municipal ownership towns whose scope and complexity of activity was such that the mayor-council structure was considered by many to be unable to manage the urban

services efficiently. While Rice recognized that commission government only took hold in small and medium-sized urban centres, he believed that this was due to working class opposition in metropolitan cities.[54] I would suggest, however, that innovation in municipal administration tended to occur in those towns which had a larger scope of municipal activity. In Ontario, two of the three municipalities (Port Arthur, Guelph and Windsor) which lobbied the Provincial government to allow commission government were also among the top five municipal ownership towns in 1911.[55] Commission government was attractive to the citizens of Port Arthur and Guelph because the high turnover of elected officials, who were also part-time and unpaid, was ill-suited to managing urban services. If elected officials in these two towns were having less and less influence over decision-making, would not the creation of a full-time elective commission have acted to re-establish a measure of democratic control over the operation of the municipal enterprises?

Non-partisanship characterized municipal politics in Port Arthur for the period prior to World War I except for a brief period of polarization from 1892 to 1894. The absence of partisan strife was made possible by the atmosphere of inter-class cooperation within the community as a whole. Liberated from the incessant turmoil associated with party

politics, Port Arthur's council was free to consider undertaking an expanded role for itself. Certainly, the ratepayers had more confidence in a municipal government undivided by partisan loyalties. Informal coalitions did emerge from time to time, however, over specific issues, but were invariably short-lived, and there is every indication that partisan differences between Liberals, Conservatives and Independent Labour supporters did not extend to any great degree into municipal politics.

The negative affect of partisanship and factionalism on municipal administration was illustrated during the period of political turmoil between 1891 and 1894 when the Town of Port Arthur was polarized between the Civic Party and supporters of J.F. Ruttan, who were labelled the 'electrics' by their opponents.[56] The issue which precipitated this confrontation was Ruttan's fight for the construction of an electric street railway owned and operated by the municipality. He met heavy resistance from Port Arthur's so-called 'family compact,' who preferred instead that private enterprise should continue to be bonused for the provision of urban services. While Ruttan overcame the opposition in 1892, and his dream of an electric street railway became a reality, he narrowly lost the Mayoralty race of 1893 to George T. Marks.[57] The election resulted in an

equal number of candidates being elected from each camp thereby grinding to a halt the business of council until the following year, when the Civic Party emerged victorious. The immediate result of the 1894 election was the purge of the nascent municipal bureaucracy and its replacement with supporters of the Civic Party. The atmosphere of retribution also resulted in the abrupt termination of the town's insurance policy with J.F. Ruttan.[58] After taking a closer look at this brief period of partisan conflict in Port Arthur, one can quickly appreciate the importance of a non-partisan political culture to the emergence of municipal enterprise.

Public confidence in the municipality of Port Arthur was fostered by the apparent honesty of its municipal politicians, an honesty which was only seriously questioned by the public between 1906 and 1910. In this instance, charges of corruption were voiced by the Reverend S.C. Murray, who later observed in his memoirs that "[i]nto this ideal condition[of municipal ownership] there gradually seeped civic corruption and graft was not unknown."[59] Murray's allegations caused an immediate sensation within the community and resulted in the formation of a special investigative committee of the Presbyterian Brotherhood, eventually leading to the defeat of all but one incumbent in the 1906 municipal election.[60] A subsequent judicial inquiry by Judge O'Leary, however,

uncovered no evidence of corruption in Port Arthur.[61] In fact, only one outstanding example of outright corruption can be identified in the newspapers and Council minutes of the era. This case involved Mayor G.O.P. Clavet and Councillor Hourigan, who were discovered by the Daily News to have been secretly appointed directors of the Meisel Company prior to a by-law vote to grant the company a generous bonus.[62] I would therefore have to agree with the correspondent for The Reader when he suggests that criticism of municipal politicians resulted from the aspiration "to the mechanical perfection of a metropolis, and because they fall short they are not satisfied, which speaks well for the ambition with which municipal ownership inspires in people.'[63] When evaluating the performance of the municipality of Port Arthur during this time period, historians must keep in mind the enormous challenges created by rapid urban and industrial growth. The tradition of political non-partisanship, combined with the relative honesty of Port Arthur politicians, generated public confidence in municipal enterprise and allowed a professional municipal bureaucracy to emerge.

The Emergence of a Professional Municipal Bureaucracy

The singular importance of the development of a capable municipal

bureaucracy was made abundantly clear by the Ontario government's Select Committee on Municipal Trading, which published a selection of articles from the United States and Canada within its 1903 report. The London Times noted in 1902 that the expansion of municipal duties and functions was "to throw the real duties of local government more and more upon the permanent officials, and to create a municipal bureaucracy..."[64] Richard T. Ely, a Professor of Political Economy at the University of Wisconsin at around the same time, observed that public enterprise needed "to secure men of talent and experience" in order to succeed.[65] He found inspiration, like many other American advocates of public enterprise, in Great Britain.

> The case of England is a very clear one. If we go back fifty years we shall probably find that the government of English cities was quite as bad as ours is now. During the past fifty years there has been a continuous improvement, and this has accompanied continual expansion of municipal activity, while at the same time through an extension of suffrage, English municipal government become increasingly democratic in character.[66]

In this citation, Ely exhibits an appreciation, which was widespread at the time among public ownership supporters, of the fact that municipal enterprise produced not only an efficient local administration but an honest one at that. Even James Boyle, the American consul in Liverpool, England, wrote in Cassiers Magazine in 1902 that "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 employees."[67] He credited the effect of municipal enterprise for good government.

Americans perceived municipal administration in Port Arthur in much the same manner as they did British cities. The correspondent from The Reader suggested that the elimination of municipal politics in Port Arthur was the source of the success of its municipal enterprises. "They have killed municipal politics, and in doing this they have smothered municipal graft and dishonesty. There are no party lines in Port Arthur or Fort William.'[68] Is this just the rhetorical flourish of municipal ownership supporters, or do they have some foundation in reality? It is my contention that there is in fact a direct link between the scope of municipal activity and the quality of municipal governance. It rests on the fundamental difference between American municipalities, with their reputation for corruption and incompetence, and the solid reputations of British municipalities and a handful of Canadian towns like Port Arthur, relating to the scope of their activity. Americans expressed little confidence in their municipal governments because of machine politics and the inability of professional managers to establish themselves firmly

in the decision-making process. This resulted in a lack of confidence in municipal enterprise which, in turn, prevented the expansion of municipal activity, thus making it even more difficult for managers to take hold. In municipal ownership towns in Great Britain and Canada, on the other hand, extremely influential permanent officials emerged during the late nineteenth century due to a tradition of non-partisanship and the early municipalization of water and gas works in Britain or the street railway in Port Arthur. The scope of municipal activity was large enough in these municipalities to force elected officials to delegate the day-to-day management of the municipal enterprises to managers.

In The Visible Hand, Alfred Chandler discovered that during the rise of the modern business enterprise, decision-making authority shifted away from the owners and towards a new group of career managers.[69] Just as these business managers were often more interested in the long term stability of the firm than the maximization of profits, their counterparts in the public sector were interested in the long term viability of the municipality. The nature of municipal administration therefore changed as a consequence of the extension of municipal ownership. Municipal managers emulated their colleagues in the private sector through such administrative innovations as new organizational structures, statistical

tracking and uniform accounting practices. For example, a study by James H. Potts establishes that municipal accountancy practices in the United States after 1900 were first developed by private companies.[70] The hand of municipal managers was strengthened by these new accounting procedures as the performance of individual departments, for the first time, could be compared with other departments not only within the municipality but in other towns and cities. If Chandler's hypothesis that managers were the guardians of good business in the United States is accurate, it is not unreasonable to suggest that municipal managers were likewise the guardians of good government. The ability of municipal managers to supplant the power of elected officials to manage the day-to day activity of the municipality was therefore essential to the effective management of municipal enterprise.

The rise of the municipal manager in Port Arthur occurred in three distinctive phases. An early period prior to 1892 was characterized by a small, amateur staff who had almost no influence over elected officials. These officials were nominated annually by the incoming council and often included prominent citizens within the community who had close connections with the municipal politicians. Hired only on a casual or part-time basis, many of these employees, like the councillors themselves,

advanced their private interests through their public positions. The Town Clerk between 1883 and 1895 was W.H. Langworthy who also acted as the secretary-treasurer for the Port Arthur Water, Light and Power Company.[71] The construction of a municipal electric street railway in 1892 resulted in the immediate infusion of over a dozen full-time employees, many of whom had technological expertise which the Council lacked. This early municipal innovation led to the development of a local pool of managerial talent which provided for the smooth operation of the towns growing number of municipal enterprises after the turn of the century. Such managers as Thomas McCauley , Richard Fox and Thomas Delbridge began their long careers with the municipality during this period. The period was the golden era of managerial influence within the municipal administration of Port Arthur.

The early expansion of municipal activity in Port Arthur during the early 1890s contributed to the success of the municipal bureaucracy. Unlike towns which experimented with municipal ownership after 1900, such as Fort William, Port Arthur did not import its municipal managers from outside the region. This enabled municipal employees to rise up through the ranks into sometimes key managerial positions. One of the outstanding examples of social mobility was the case of Richard Fox, who

started out in the early 1890s as a street railway motorman before being promoted to superintendent of electric lights, and subsequently to assistant and then general superintendent of the city's electrical department by 1913.[72] As a pioneer municipal ownership town, Port Arthur actually exported its managerial talent to other towns and cities when municipal ownership came into vogue around 1905. Thomas McCauley who had acted as the principal manager for the Port Arthur street railway was lured away to Calgary in 1908 to oversee the establishment of a municipal street railway. McCauley's reputation was such that he later became the President of the New Brunswick Power Company during the 1920s.[73] Another export was Joachim Antonisen, the city engineer, who left the employ of the city in 1911 for a similar position in Brandon, Manitoba. The prospect of career advancement, in turn, contributed to longevity within the civic bureaucracy.

The extent of Port Arthur's experimentation with municipal enterprise was responsible for the formation of a sizeable municipal bureaucracy. The municipal bureaucracy in January 1914, as revealed in the earliest comprehensive review of personnel for the municipality, consisted of one hundred and seventy-five permanent employees not including street railway employees and the City Clerk's office.[74] The

personnel records identified the names of the employees in each municipal department, their years of service, job title and their rates of pay. Among those employees who operated the city's municipal enterprises the Engineer's Department, which was responsible for the waterworks/ sewerage systems, had twenty-seven permanent employees, the Light and Power Department had twenty-five, the Telephone Department employed forty female operators and twenty-seven other employees and the Utilities Commissioner who replaced the Electric Railway, Light and Telephone Commission after it was abolished in 1911 had another eight employees. As a consequence, one hundred and twenty-seven permanent employees worked in departments responsible for the operation of the different franchises, representing 72.6 percent of the total municipal workforce. When the street railway is factored into this percentage the proportion of the municipal bureaucracy directly employed in the management of the various urban services increases still further.

The number of permanent municipal employees, however, does not come close to capturing the true scale of municipal employment in Port Arthur. The municipality was one of the town's single largest employers prior to 1914. In his monthly report to the Labour Gazette, Frederick Urry estimated that Port Arthur employed three hundred men in April 1910 for

street clearing alone.[75] Another report in November 1910 suggested that "thousands of workmen" were employed by the two Lakehead cities.[76] The enormous size of the municipal workforce during these years may not simply have been the product of normal municipal activity. Municipal employment served an important social welfare function within the community. "In view of the scarcity of work in our City," Mayor Oliver declared in January 1914,

> and the large number of our citizens unemployed...some attempt should be made at once to arrange for some Municipal Work to start so that we can provide against want without having to use the City's funds for purely charitable grants.[77]

Oliver not only expressed the kind of concern which characterized social relations in Port Arthur, but in addition, the kind of solution to unemployment typical of the Anglo-Celtic middle class. Had Port Arthur not experimented extensively with municipal enterprise, the municipal bureaucracy would only have been a fraction of the size.

The day-to-day operation of the town's municipal enterprises was in the experienced hands of long-time managers and employees. Using the personnel records compiled in January 1914, the longevity of managers and employees within the municipal bureaucracy can be determined for at least the period after the turn of the century. The seniority of the twenty-

three municipal managers, as identified by job title and salary, was substantially more than that of elected officials. In January 1914, the average municipal manager had been in the employ of the municipality for seven years, four months. This level of experience which was more than double that of municipal politicians explains why managers were an integral part of municipal decision-making. The turnover of municipal employees was substantially more rapid than that of senior managers and the level of experience tended to vary between the various municipal departments. The highest level of turnover was among the forty telephone operators who worked for the city usually for just less than two years. Among the twenty-seven male employees of the Telephone Department the average duration of their employment was almost a half year longer. The Light and Power Department employees, on the other hand, had an average of three years, seven months seniority. Each municipal department therefore had a core group of veteran managers and employees who ensured that the operations of the municipality functioned smoothly.

The relationship between managers and ordinary municipal employees was characterized by a special bond which reflected the remarkable degree of inter-class cooperation which existed within the community. Such a bond was displayed in a letter to the Mayor by City Engineer

Joachim Antonisen in December 1909. Antonisen wrote in order to "correct the impression wrongly created, that the estimated amount was exceeded on account of excessive cost of the day labour [for the Arthur Street railway extension]...I deem it an injustice to blame the labourers for something which they are not guilty of."[78] In doing so, he risked the wrath of the elected officials by casting the blame squarely upon the Council, as it had demanded additional changes to the work while it was in progress. Antonisen's actions exhibited a level of self-confidence and independence that illustrate the growing managerial influence within the municipality. Perhaps the best evidence that a bond existed between local managers and their employees was revealed, somewhat ironically, during the 1913 street railway strike. Rather than work with out-of-town strike breakers, John Hays the assistant traffic manager and L. Lindahl another manager resigned.[79]

As no civic employees were unionized prior to the organization of the street railway workers in 1908, wage schedules were drawn up in a purely ad-hoc manner.[80] The minutes of the Electric Railway and Light Commission include repeated references of groups of employees or individuals petitioning for wage increases. These petitions were usually responded to by the granting of at least a proportion of the raise

demanded. In fact, I only found a single example of a petition being denied outright by the commissioners. It was, of course, not circumstantial that this exception should have concerned a petition from female telephone operators.[81] The refusal to consider the grievance of the operators reflected the male power structure's assumption that these women were not permanent employees because they were expected to be employed only until they got married. This is confirmed by the personnel files of January 1914 as every female employee, without exception, was identified as "Miss," therefore indicating that such a policy existed. The male utility commissioners and managers were therefore unlikely to have considered it necessary to meet their demands. Despite this, however, there was an apparent willingness on the part of elected officials to satisfy, at least in part, the wage demands of male municipal employees.

The wages paid to municipal employees in Port Arthur reflected the esteem given to municipal managers and the atmosphere of inter-class cooperation. Frederick Urry estimated that the City of Port Arthur paid on average five to seven cents per hour more for labour in March 1911 than did Fort William.[82] While this might not seem like a significant difference, at the time, it represented twenty-five percent of the hourly wage of the general labourer. This also held true for municipal electrical

workers in the two towns who threatened strike action in Fort William during 1911 in order to achieve parity in wages with Port Arthur.[83]

Port Arthur also differentiated itself by its early adoption of a fair wage schedule in February 1909 in response to an appeal of the local Trades and Labor Council (TLC). According to Frederick Urry, the schedule established a minimum wage of twenty cents per hour, which was substantially higher than the going rate at the time for labourers.[84] While this minimum wage was lower than those of Edmonton, Calgary and Lethbridge, it was higher than Hawkesbury, Goderich, Brandon, Westmount and, in any case, most towns and cities in Canada had no fair wage schedule whatsoever.[85] The Council was swayed by the presentation by the TLC which stressed the need to protect the poorest citizens from exploitation by "unscrupulous" contractors, and promised that a fair wage fixed above the going rate would attract the best workers to the municipality.[86] "What makes efficiency in workmen," the TLC argued "is a good wage to enable them to have proper nourishment, reasonable time for rest and recreation to make them physically fit, and time for thought to make them mentally fit, and further, good wages and short hours are also conducive to increased trade and employment."[87] The nature of the TLC's argument suggests that the union leadership believed, rightly as it

turned out, that an emotional appeal for fairness would resonate with the Council. This willingness on the part of middle-class councillors to respond to the demands of organized labour collaborates the assertion that inter-class cooperation continued to characterize social relations in Port Arthur until the outbreak of World War I.

The nature of the relationship between municipal politicians, managers and employees was revealed by a single conflict which occurred within the waterworks department in November and December 1905. The transcripts of the testimony of an investigation held by the Mayor and Council into the cause of the friction within the department reveal the strength of local relations over the intrusion of outside forces.[88] At the centre of the conflict was the importation of a new City Engineer from Toronto, O.J.Russell Duncan, who tried to impose managerial control over the operations of his department, and thereby created friction between himself and his walking boss Mr. Hutcheson over who would oversee the hiring of the foremen and work gangs. Despite the normal practice, when Hutcheson refused to employ Italian workers because there were several work gangs of Anglo-Saxon available, Duncan hired Antonio Fallin as foreman and Italian immigrants to construct a sewerage line on Bay Street anyways. This action provoked open resistance not only on the part

of Hutcheson but among other Anglo-Saxon workers, such as James Munn, who was the caulker for the Bay Street works. It was Munn's refusal to work for Fallin who supposedly did not "know a valve from a hydrant" which precipitated the investigation.

This episode was much more than a conflict between two strong personalities; it involved class, ethnicity and the solidarity of a close-knit frontier community. In one respect it was a fight for how decisions were made within the municipal administration. "[W]hen a man," Duncan admitted, " has been in a measure his own master for a time then if you lay down rules and make them hard and fast, he resents it..."[89] His ambition to centralize decision-making naturally met resistance from workers who had hitherto enjoyed virtual autonomy on the job-sight. Mixed in with this resentment of an outsider, Hutcheson, Munn and the other Anglo-Saxon workers feared the employment of Italian immigrants as this would undermine their own bargaining position by creating more competition for municipal employment. The attitude of councillors was revealed to some degree by the nature of the questioning. Their hostility towards Antonio Fallin, suggests a level of xenophobia which reveals the limitations of inter-class cooperation. The councillors were intent on determining whether the Italians were good workers or not, and concern

was expressed once it was discovered that many of these workers actually lived in Fort William. One gets the definite impression from the testimony that the municipality tended to employ preferred immigrants. In the end, the Council responded not by disciplining the Anglo-Saxon workers, many of whom probably had strong roots within the community, but to summarily fire Duncan six months after he had arrived in Port Arthur.[90] Solidarity among the inhabitants of Port Arthur (excluding the small Italian immigrant community) even outweighed Duncan's promise to transform the waterworks department into a more efficient body.

Popular Intervention in Municipal Governance

Port Arthur's municipal administration did not function in isolation from the outside world. As a consequence, the decision-making process was influenced by external forces and popular intervention. This was particularly true in Ontario where money by-laws and franchise agreements were voted upon by ratepayers. The municipality could therefore not ignore the opinion of such community organizations as the Board of Trade, the Trades and Labor Council and ratepayer associations. New ideas were transmitted to the community by immigrants, newspapers and a growing number of provincial and federal associations. The outside

environment acted to reaffirm the local administration's committment to municipal enterprise because these external forces and organizations were almost all strongly in favour of the municipal ownership of urban services.

The evolution of municipal administration was influenced by external ideological trends transmitted to Port Arthur through newspapers, specialized journals, and provincial or national federations. News of the municipalization of water and gas works in Great Britain during the 1870s and 1880s would have been conveyed to the frontier town of Port Arthur through the press and first-hand experience with municipal enterprise brought over with the immigrants who settled in the area. This acted to de-mystify the concept of municipal ownership of urban services, thus clearing the way for its emergence in Port Arthur. Similar developments in North America would have become known to Port Arthur ratepayers through the assorted questionnaires the municipality mailed out to other towns and cities during the mid-1880s with respect to the municipal ownership of waterworks and sewerage facilities. Subscriptions to such publications as the Canadian Health Journal, the Street Railway Journal and the Canadian Municipal Journal further acted to introduce new ideas of municipal administration. Port Arthur's membership in the Union of

Canadian Municipalities, the Ontario Municipal Association, and the Canadian Independent Telephone Association had formalized inter-municipal contact by 1906. Delegates from Port Arthur began to be sent, at about the same time, to conventions such as the 1908 annual meeting of the American Public Health Association in Winnipeg.[91] All of these sources shared a strong commitment in favour of municipal enterprise which acted to re-affirm Port Arthur's earlier experimentation with municipal enterprise.

The emergence of the modern professions was an indication of the insecurity of the middle-class, according to Louis Galambos.[92] Professional associations for lawyers, physicians, engineers, accountants, bankers, insurance agents, etc enabled the middle class in the United States to achieve a greater degree of security. Through his "Organizational Synthesis," Galambos suggests that people responded to the rapid change going on around them by forming organizations with like-minded people. One of the results of this trend was to accentuate divisions between working and middle classes who were organized in mutually antagonistic organizations. I would suggest, however, that professional associations had not yet developed a significant presence in frontier towns like Port Arthur prior to World War I. This contention is

supported by the virtual absence, in local newspapers, of any indication that professional associations were active in the community. The affect of professional associations on social relations in Port Arthur, however, is an avenue of research which does deserves more attention in the future. Likewise, the transmission of "outside" ideas through these associations promised to influence how the middle class perceived their municipal government and its role within the community.

The Port Arthur Board of Trade, formed in 1885, functioned as though it were a committee of Council and met periodically with that body. Suggestions made by the Daily Sentinel that the Board of Trade should put forward a municipal slate in 1889 was roundly defeated and never again mentioned in the minutes of the Board.[93] While the Board of Trade was divided like the community between supporters and opponents of the municipal street railway during the 1890s, it became a leading advocate of municipal enterprise after the turn of the century. The Board of Trade's opposition to private hydro-electric power development contributed to the defeat of a proposal by James Conmee which would have privatized the municipality's electric department, and contributed to the decision of ratepayers to support an agreement with the Ontario Hydro Electric Power Commission. The business community favoured public

ownership largely because it feared that a private power monopoly would obstruct industrial growth either by tieing up nearby sources of waterpower for speculative purposes or by charging an exorbitant rate. The consistent support of the business community for municipal enterprise after 1900 reinforced the municipality's commitment to public ownership.

Unlike the early organization of the business community, the Trades and Labor Council was not established in Port Arthur until 1906. As already discussed, the TLC met with considerable early success in its efforts to convince the municipality to adopt a fair wage schedule. This initial victory was followed by protracted negotiations with the Council for the creation of a labour exchange which would have provided not only a place for workers to find employment, thus freeing them of jobbers, but the bureau would have compiled labour statistics for the city. The Council struck a special committee in August 1911 to consider the matter and a conference in November of that year was held between the Council, the Ministerial Association and the TLC.[94] The conference resolved to give the labour bureau "a fair trial" and a by-law was to be drafted. Despite the lack of results in the end, the intervention of the TLC in municipal politics illustrates that middle-class councillors were interested in working with

organized labour. The nomination of two TLC candidates, and their subsequent election, in the 1911 municipal election illustrates that the TLC influenced the decision making process. The fact that the TLC, like the Board of Trade, was an enthusiastic advocate of municipal enterprise indicates that there existed a great deal of consensus within the community. This consensus did not extend, however, to the bonusing of private enterprise as the TLC adamently opposed bonus by-laws.

The only organized opposition to municipal enterprise came in the form of ratepayer associations which appeared during the early 1890s and again between 1906 and 1910. In the case of the later, the association was formed in December 1907 by "prominent citizens and property owners" who were unhappy with the quality of service provided by some of the municipal franchises.[95] While the Association was active during the municipal campaign of that year it seems to have passed quickly out of existence soon thereafter. The large ratepayers who seemed to prefer the bonusing of private enterprise over municipal enterprise were not very well organized and represented the view of only a tiny minority of the ratepayers. The influence of other organizations like the licensed victuallers and the Retail Merchants Association does not appear to have been significant. As a consequence, the external pressure on the decision-

making process was, by-and-large, very much in favour of municipal ownership and therefore acted to reinforce municipal activity in that area.

Conclusion

The nature of municipal administration and finance in Port Arthur enabled the public to have confidence in municipal enterprise as a practical alternative to the inability of private enterprise to respond to the demands for urban services. The legal environment acted to facilitate the emergence of municipal enterprise through the actions of the Provincial legislature. The access of the municipality to finance capital through the assessment and debentures made municipal enterprise feasible. Public confidence in the municipal government was based on the non-partisanship of elected officials, the early experimentation with a municipal street railway, and the emergence of a professional bureaucracy which facilitated the expansion of the scope of municipal activity. The influence of external organizations, publications and meetings all tended to re-affirm the town's commitment to municipal ownership. As a consequence, the opportunity which existed for municipal ownership to flourish in Port Arthur was translated into reality.

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Chapter 3

THE 'BOODLERS' AND THE FAILURE OF PRIVATE ENTERPRISE, 1875-1889

"There was a time when Port Arthur and Fort William begged for some one to buy their franchises. In those days the pioneers of Thunder Bay were not thinking of municipal ownership. No outside investor would risk a cent in the wilderness towns. It was then that they were forced into doing it for themselves."

-J. O. Curwood, The Reader, 1905

Private enterprise failed miserably in its efforts to satisfy public demands for urban services in Port Arthur prior to 1890. The scarcity of finance capital forced utility entrepreneurs to rely on municipal bonuses in order to finance their schemes. Considerable resentment was generated within the community as a result of these so-called "boodlers" who personally profitted from municipal bonusing arrrangements. In the case of the Bell Telephone Company, which succeeded in establishing an exchange in Port Arthur, the tactics used to crush a local rival and the exhorbitant rates charged to its telephone subscribers alienated ratepayers. As a consequence, the repeated failure of entrepreneurs to provide urban services undermined public confidence in private enterprise,

and contributed to the emergence of municipal enterprise. This chapter will explore the nature of this failure to satisfy public demands for a branch railway, water and sewerage works, telephone service, and illumination.

Inter-Urban Rivalry--Demands for a Branch Railway

The decision to locate the terminus of the new transcontinental railway alongside the Kaministiquia River at the 'Town Plot' in West Fort William instead of at Prince Arthur's Landing (renamed Port Arthur in 1883) had a profound impact upon the evolution of utility organization and regulation. The uncertainty that this announcement created in the Landing, and the resulting inter-urban rivalry with Fort William, inspired risk-taking and experimentation which eventually led to the adoption of municipal enterprise in Port Arthur. In the meantime, the municipality bonused the Prince Arthur's Landing and Kaministiquia Company to construct a branch railway from the terminus to the Landing. While the branch line was built and much of the trans-shipment activity was at least temporarily redirected to Prince Arthur's Landing, the enterprise proved a failure in the eyes of ratepayers. This was due to the branch line being sold to the Canadian Pacific Railway and subsequently being

abandoned when its operations were centralized in Fort William. The shareholders of the local railway company were considered 'boodlers' by a growing number of ratepayers. Furthermore, private enterprise failed to construct a street railway during the 1880s after it became clear that Fort William and not Port Arthur would become the gateway to the west. The decision to bonus a private company to build a branch railway therefore cast a shadow over future developments, and eventually contributed to ratepayer resolve to experiment with a municipal street railway in 1891.

The announcement that the terminus of the transcontinental railway would be located in West Fort William came as a shock to the residents of Prince Arthur's Landing, who had been confident that their town would be the government's natural choice. It was assumed that the Landing was the ideal location for the terminus because it was the largest settlement in the region. As a result of the decision, many people who owned land and businesses at the Landing faced financial ruin, as all of the railway and transhipment activity would by-pass the village. No citizen stood to lose as much from the decision as Thomas Marks, who had built a dock, warehouse and enlarged his store in 1872 in anticipation of the boom which would accompany the railway.[1] As the dominating personality in

the economic and political life of Prince Arthur's Landing, he was prepared to safeguard his investment in the community. It was therefore the fear that the Landing would become a backwater which inspired the construction of a branch railway.

The Municipality of Shuniah (which encompassed much of the north shore from Silver Islet to the Pigeon River) bonused a private company to construct the branch railway because it was generally appreciated that private enterprise was incapable of raising the finance capital necessary to carry-out the project. The sense of urgency was such that the municipal Council, despite the opposition of those councillors who represented wards in and around Fort William, agreed immediately to bonus a private company thirty-five thousand dollars on August 27, 1875.[2] The subsequent ratification of the money by-law by ratepayers, which doubled the tax rate, indicates the lack of confidence in private enterprise. This was an enormous expenditure on the part of the ratepayers who were burdened with seven percent interest payments on the municipal debentures until these expired in 1895.[3] The debt load was such that the municipality had to appeal to the Provincial government for relief from "its obligations in connection with the Railway Debentures."[4] As a consequence, ratepayers agreed to bear the burden of financing the

construction of a branch railway because it was considered absolutely necessary.

The formation of the Prince Arthur's Landing and Kaministiquia Railway Company in 1875 took advantage of the municipal bonus and relied almost exclusively on public monies to construct the branch railway. The paper value of the company, the first incorporated company based in Northwestern Ontario, was the one hundred and fifty thousand dollars in capital stock issued to shareholders.[5] The promoters of the railway included much of the political and economic elite of the Landing. Its President was Thomas Marks, who was also the Reeve of the municipality. The shareholders included George A. Brown, A.A. Clarke and William Preston (who were also Shuniah councillors), and Robert Maitland (the municipal clerk). The capital stock represented only the paper value of the company as the real amount of finance capital actually probably invested only five percent of the total value. Assuming that this was equally true for the railway company, the sum total of the private investment in the branch railway did not exceed seven thousand dollars. This was a drop in the bucket compared to the fifty thousand dollars of public monies invested, all told, in the branch line from the bonuses of the Federal, Provincial and Municipal governments. The branch railway was

constructed by a private company with public finance capital.

The Prince Arthur's Landing and Kaministiquia Railway Company succeeded in building a branch railway which redirected, at least temporarily, trans-shipment activity to the Landing. The completion of the branch railway was obstructed, however, by the opposition of the Canadian Pacific Railway. Thomas Marks' application to the Dominion Railway Committee for a junction with the transcontinental railway was delayed for two years.[6] Even after the seven mile long branch line was completed on February 27, 1878, Marks could still complain that "as yet the Dominion Government has refused to allow us to connect at Fort William."[7] The connection was essential if trans-shipment activity was to occur at the Landing. A temporary junction was finally granted by the government on April 6, 1878, but not before an illegal connection had been effected "under cover of darkness, by a crew from a work train sent out by him. Thomas Marks was thereby responsible for putting Port Arthur on the railway map of Canada..."[8] If the municipality's first experiment with the bonusing of private enterprise succeeded in its primary objective, why did the Prince Arthur's Landing and Kaministiquia Railway Company symbolize 'boodling' and discredit bonusing arrangements during the 1880s?

The shareholders of the railway company earned a reputation for boodling after the company was sold to the Canadian Pacific Railway in 1879. Despite their small investment, the company's shareholders received annual dividends on the shares issued and salaries were paid to the various officers of the company. It was the rumoured profits made by the shareholders on the sale of the branch railway, however, which created a great deal of resentment among those ratepayers who did not share in the profits of the company.[9] Suspicion of the shareholders was reflected by a request by the municipality in August 1880 to examine the correspondence between the local railway company and the government over the controversial transaction.[10] Even the Daily Sentinel, which Thomas Marks founded in 1875, had to admit in the wake of the sale that there existed public hostility towards Marks within the community.[11] The Prince Arthur's Landing and Kaministiquia Railway Company even became an issue during the 1885 municipal election after W.P. Cooke accused the old Shuniah Council of giving Thomas Marks the railway bonus despite the existence of other contractors who were willing to build the branch railway for only twenty-one thousand dollars.[12] The Canadian Pacific Railway's decision to gradually centralize its operations in East Fort William, once again abandoning Port Arthur, tarnished the reputation of

the branch railway company and further discredited bonusing arrangements.

The failure of the railway bonus to redirect trans-shipment activity to Port Arthur permanently undermined public confidence in bonusing arrangements. Elizabeth Arthur has found conclusive evidence in William Van Horne's correspondence that the Canadian Pacific Railway had committed itself, as early as 1883, to centralizing its operations in East Fort William.[13] Once the intentions of the CPR became known to Port Arthur ratepayers, the bonusing arrangement with the Prince Arthur's Landing and Kaministiquia Railway Company looked like a mistake because it allowed the company to hand over the branch line to the Canadian Pacific Railway. There were three principal responses to the loss of the CPR: the promotion of a second railway between Port Arthur and Winnipeg, the provision of additional bonuses to the CPR in order to entice it back, and the promotion of a street railway. Public opposition to the bonusing of private enterprise was reflected by the inability of James Conmee and D.F. Burke to convince the town council in 1888 to bonus the Ontario and Rainy River Railway for more than twenty-five thousand dollars and the defeat of a proposed CPR bonus by-law the following year. These two incidences represented a major repudiation of the economic elite. The

rise of such municipal politicians as J.F. Ruttan and W.P. Cooke, who opposed the long standing practice of bonusing private enterprise, indicated that the Marks faction of the economic elite no longer enjoyed a monopoly of municipal politics.[14] Instead, a growing number of ratepayers advocated the municipal ownership of urban services.

The realization that Fort William, not Port Arthur, would become the centre of trans-shipment activity at the Lakehead resulted in the public demanding a street railway so that workers and businesses could continue to be concentrated in Port Arthur. However, the scarcity of finance capital prevented private enterprise from responding. Frederick Brent Scollie identified two combinations which contemplated the construction of an inter-urban street railway in 1884, the most serious of which was the Port Arthur Street Railway Company. The company was formed by James Conmee, D.F. Burke, and Amos Wright with capital stock of sixty thousand dollars. This venture failed to get off the ground.[15] The Fort William Street Railway Company, incorporated on July 8, 1885 by J.T. Horne, Donald McKellar, and John McLaurin was equally unsucessful.[16] The inability of private enterprise to construct a street railway led Port Arthur merchants to bonus a stage coach service, and Thomas Marks to build a ferry to ply between Fort William and Port Arthur.[17]

The boodling reputation that the town's economic elite earned when the Prince Arthur's Landing and Kaministiquia Railway Company sold the branch railway to the Canadian Pacific Railway undermined ratepayer confidence in bonusing arrangements. The decision to centralize CPR operations in Fort William forced ratepayers to consider once again how to prevent people and businesses moving to Fort William. The inability of private enterprise to construct a street railway during the 1880s, and the public's refusal to bonus the railway schemes of the economic elite, resulted in growing support for the creation of a municipal street railway.

Waterworks and Sewerage

While ratepayers were coming to the realization that municipal ownership was the only affordable way to construct a street railway, the town was hotly debating whether a proposed waterworks should be municipally or privately owned. This section will discuss how unsanitary conditions, the contamination of drinking water, and the risk of fire created a sense of urgency in public demands for a waterworks and sewerage facilities. The failure of private enterprise to construct a waterworks and the boodling activity of the Port Arthur Water, Light and Power Company dashed the hopes of the public. As a result, an opportunity

was missed because the bleak depression years of the 1890s prevented the town from proceeding with a municipal waterworks until after the turn of the century. Port Arthur did construct, on the other hand, a municipally-owned sewerage system in 1887 which illustrated to ratepayers the potential of municipal enterprise.

Port Arthur was a very unhealthy place to live during the 1880s. The rapidly growing population of the frontier town forced the municipal authorities to respond to the unsanitary living conditions and the contamination of the drinking water. The Town of Port Arthur, incorporated in 1884, was littered with refuse, and people regularly dumped night soil onto the public streets, or into their own back yards.[18] Drainage consisted of ditches alongside the street which were little more than open sewers, the smell of which was particularly vile in the early morning or after a rainfall.[19] Hemmed in by the hill to the west, McVicar's Creek to the north, and swamp to the south, the nascent town had an extremely high density of settlement. Overcrowded conditions were so bad during the 1880s that Dr. T.S.T. Smellie, the local Medical Health Officer, found a silver lining in the disastrous fire which gutted a four block area in the most heavily settled part of the town in 1887. The devestated area, which was the most overcrowded part of the town, was

rebuilt with better house accommodations.[20] The fire had ironically given the town back its lungs. The reduced congestion of the urban environment, however, did not end the epidemics which continued to plague the inhabitants of Port Arthur.

The fear of disease contributed to the urgency of public demands for a waterworks and sewerage system. Epidemics of diptheria and typhoid usually struck the community during the springtime when six months of accumulated garbage and waste thawed with the snows, reducing the town's streets into rivers of mud. The diary of Belle Kittredge, a young woman who lived with her uncle in Port Arthur from 1890 to 1893, indicates the degree to which inhabitants of Port Arthur feared disease. "We had some raw onions & bread & butter, diptheria is around & Birdie had a sore throat. Onions are supposed to be very good for diptheria or rather for warding it off."[21] Belle Kittredge was keenly aware, however, that as she lived on the side of the hill, the risk she faced was not as great as it was in the "lower parts" of Port Arthur.[22] While the minutes of the Board of Health indicate that some of these epidemics originated outside of Port Arthur and were transmitted to the town by boat or railway, most of the outbreaks of diptheria and typhoid were caused by unsanitary living conditions and contaminated water.

The contamination of drinking water was a major concern to the inhabitants of Port Arthur throughout the 1880s. In the absence of a waterworks, approximately five hundred families paid fifty cents a week to water carriers who drew water from nearby sources of water.[23] The Board of Health directed the town Council in July 1884 to erect a pipe or trough to bring pure water from McVicar's Creek (one hundred feet above the Brewery) down to Court Street where water carriers filled their barrels from a reservoir.[24] The creek froze up in the winter forcing water carriers to draw water from the Bay, not far from the shoreline, once ice had formed. The water taken from Thunder Bay was discovered by the Board of Health to be "wholly unfit for use" as early as January 1885, and a committee was formed to find alternative water sources.[25] The Bay had become polluted by the dumpage from the ships that visited the port, the run-off from the town, and the tradition of piling the town's garbage onto the ice in the winter months.[26] As for the wells located within the town, which were often dug in close proximity to privy vaults, the water was even worse. The Daily Sentinel humorously illustrated the poor quality of well water by recounting an incident which occurred at a Council meeting in November 1884.

A liquid was placed on the council table last evening for their

> refreshment, a gulp of which Councillor Kennedy took before his olfactories had time to warn him. The smell of the stuff, which came from a well somewhere in the vicinity of the police station, was enough to sicken a horse, and spoke little for the good sense of whoever placed it on the table. It was a deed that almost parallels Guy Fawke's famous gunpowder plot.[27]

The Board declared the wells contaminated in February 1885 and ordered them filled-in; however people continued to depend on well water throughout the decade. One of the few people in Port Arthur who seemed to have access to pure water was James Conmee, whose new house had a water cistern on the roof.[28]

While the danger presented by unsanitary conditions and a contaminated water supply were compelling reasons in favour of the construction of a waterworks and sewerage system, the fear of fire provided added incentive to property owners and businessmen. Armstrong and Nelles suggest that the high cost of insurance premiums in towns without waterworks outweighed the fear of disease as the most important contributing factor in the decision to build a waterworks.[29] Insurance premiums in Port Arthur were a source of discontent which escalated public demand for a waterworks system.[30] Insurers added fuel to the fire by pressuring the Council to take action. For example, the Fire, Water and Light Committee of Council received a letter in March, 1887 from a

Toronto insurance agent who threatened to withdraw his company from Port Arthur if the Council did not immediately construct a brick boiler and pumping house for the fire department.[31] As a result of the threat, the Council directed the Committee to investigate a fire proof pump house on the lakeshore. Fire insurance premiums and pressure from agents therefore contributed to the sense of urgency which characterized the waterworks debate in Port Arthur during the 1880s.

A window of opportunity for the municipal ownership of a waterworks in 1885 failed to materialize due to the opposition of the political allies of Thomas Marks. The mayoralty contest in January 1885 resulted in the election of James Conmee, who promised voters that his first priority was a municipal waterworks.[32] Conmee had a profound influence upon the organization and regulation of utilities until 1910. He was born in Owen Sound and enlisted in the 8th New York Cavalry Brigade under General George Custer during the American Civil War.[33] In search of further adventure, Conmee moved to the Lakehead where he established himself as a flamboyant populist politician and entrepreneur. His political career blossomed after his term as Mayor, representing the region in the provincial legislature from 1885 to 1904, and in the House of Commons from 1904 to 1911. Conmee defeated George H. Kennedy for the

mayoralty, but faced a hostile Council dominated by the political allies of Kennedy and Thomas Marks. The council obstructed his efforts to promote a municipal waterworks, and in August, 1885 Conmee lost a motion to create a water committee which would have drafted the necessary by-law- - even though the Canada Permanent Loan Company had already declared its willingness to purchase all of the municipal debentures at seven percent interest.[34] The episode illustrates how eastern capital, largely unavailable to private enterprise in Port Arthur, could be tapped by the municipality through the issuance of debentures.

While the municipality was seriously considering a municipal waterworks, a series of would-be waterworks entrepreneurs failed to negotiate an acceptable franchise agreement with the town council. The first entrepreneurs to make a proposal were William Robertson and Jno. Hudson, who approached the Municipality of Shuniah just prior to the incorporation of the town. The Council hastily agreed to draw up a by-law once the details of the agreement were finalized, but this did not appear to have occurred.[35] Perhaps due to this first experience with waterworks promoters, the Council responded cautiously to T.H. Carman of Toronto when he expressed interest in the waterworks franchise in October 1884. After seeking expert advice as to the type of technology available, the

Council began negotiations with Carman in September 1886 which continued until the following summer. In the end, the Fire, Water and Light Committee decided not to recommend Carman's proposal in July 1887 unless he submitted the names of his financial backers, made a deposit of ten percent of the estimated cost of the proposed work, agreed to a frontage rate of only five cents per foot and service to the elevated portions of the town.[36] These conditions illustrated the Committee's lack of confidence in private enterprise and abruptly ended Carman's interest in Port Arthur.

The political impasse over the waterworks issue between supporters of municipal ownership and those who favoured private enterprise was finally overcome on April 17, 1888 when ratepayers voted in a plebescite to give the franchise to the Port Arthur Water, Light and Power Company.[37] "The council's reason for submitting the question," the minutes of the council observed,

> of who should build the waterworks was decided upon from the fact that there is now, and always has been, since the waterworks were first discussed in this community, a wide difference of opinion as to whether the town should build the waterworks itself or let the contract to a company...[38]

The plebescite presented ratepayers with two options: the company

proposal which would cost them only $3 562 annually, and municipal ownership which was estimated to cost ratepayers $8 250 per year.[39] Given the difference in the estimated price tag, it was hardly surprising that ratepayers voted for private ownership. It does indicate, however, that ratepayers hadn't completely lost faith in private enterprise to provide urban services in 1888.

The Port Arthur Water, Light and Power Company, however, would fail to deliver on the promised waterworks but would pocket the $3562 in hydrant fees after building water tanks to supply the hydrants.[40] The company was incorporated in March 1888 and included among its shareholders: James Conmee, Thomas Marks, D.F. Burk, George Clavet, and Michael Dwyer. The franchise agreement, approved by ratepayers in May 1888, committed the company to building a gravitational waterworks, whereby the waters of the Current River would be diverted down McVicar's Creek, and distributed through a system of at least five and a half miles of pipes. In exhange, the company received a de facto bonus in the hydrant fees and a tax exemption.[41] While construction was to begin within thirty days and declared bona fide by November 30, 1889, delays resulted in the adoption of a second by-law to eliminate the forfeiture clause and replace it with the deposit of ten thousand dollars in

securities.[42] James Farrand Ruttan warned ratepayers that the company could not raise the capital required to construct a waterworks.[43] He was proved right when the company failed even to begin the construction of the waterworks by the November 1889 deadline. The agreement was cancelled on January 16, 1890 by ratepayers after Ruttan moved to repeal the contract, despite the opposition of three councillors, including James McTeigue who was also the Secretary of the Port Arthur Water, Light and Power Company.[44]

While the construction of a waterworks was being delayed by the repeated failure of private enterprise to raise sufficient capital to undertake the project, there existed widespread consensus in the community that the municipality should proceed with the construction of a sewerage system. The sewerage system, which was constructed in 1887, serviced eight streets in the heavily populated downtown core. The cost was fifteen thousand dollars, only two thousand of which was not raised by a special assessment on the benefitting property. The Board of Health recommended that the sewerage system be extended to another five blocks for reasons of public health in March 1889, but the council does not appear to have responded. This was probably because the Council was mired in political conflict and the boom years had ended. Without a

waterworks, the town's sewerage system had drainage difficulties as it was difficult to flush out the sewers at regular intervals. The commonly-held assumption, at the time, was that sewers were the responsibility of the municipality.

The sense of urgency within Port Arthur about unsanitary conditions, the contamination of drinking water, and the fear of fire, created public demands for the immediate construction of a waterworks and sewerage system. The repeated failure of private enterprise to construct a waterworks, and the boodling of the promoters of the Port Arthur Water, Light and Power Company (which managed to collect hydrant fees even though it had been understood by ratepayers who voted for the franchise agreement that these fees were to provide incentive to the company to construct the waterworks), discredited further private enterprise. In contrast, the construction of a sewerage system by the municipality in 1887 showed ratepayers the advantages of municipal enterprise. The failure of private waterworks entrepreneurs to satisfy public demands during the 1880s represented a lost opportunity for the town. The citizens of Port Arthur were consequently forced to rely on water carriers until after the turn of the century, when prosperity returned once again.

David and Goliath: The Telephone Wars

While the capitalization required to construct a waterworks was enormous, making it difficult for entrepreneurs to raise sufficient finance capital, a telephone exchange required only a relatively modest capital investment.[45] As a result, if private ownership of urban utilities was to succeed in Port Arthur, it would have been in the provision of telephone service. Despite this, the provision of telephone service by private enterprise failed to satisfy public demand because of the ruthless tactics applied by the Bell Telephone Company to crush a local rival. In addition, its subsequent policy of profit maximation prevented most ratepayers from having a telephone. The unwillingness of the Bell Telephone Company to provide affordable service created a great deal of resentment within the community against the private ownership of telephone service.

The Bell Telephone Company pursued an aggressive policy of monopolizing telephone service in Canada and the United States. John Baldwin credited the company's federal charter for its early success as it allowed Bell to escape municipal regulation.[46] Its American parent achieved dominance in the field of telephone technology, according to Gerald W. Brock, through the control of patents, the construction of long distance lines, its ability to crush or buy-out its competitors, its

strategic alliances with telegraph companies and telephone manufacturers, and the United States federal government's unwillingness to intervene.[47] Bell Telephone's fixation with profit maximization and its related refusal to extend service to less profitable hinterland areas, however, allowed small competitors to emerge once Bell's major patent protection expired in 1885. "The failure to service small towns and rural areas created a reservoir of unsatisfied demand; providing a strong inducement for the entry of new firms once the patent protection was weakened."[48] The findings of Graham Taylor's study of the Bell Telephone Company in Canada echoes much of what Brock concluded.[49]

The citizens of Port Arthur were exposed to the new telephone technology at an early date. Only a year after Alexander Graham Bell received the patent for the telephone, two telephones were rented by Neil McDougal and W.P. Cooke who exchanged greetings between Prince Arthur's Landing and the Town Plot in June 1877.[50] A second private telephone line was installed in March 1884 when J. L. Meikle asked for and received permission to erect a line between the Post Office and the Bazaar-- a distance of about three blocks.[51] Only when repeated appeals to the Bell Telephone Company had failed to entice it to Port Arthur did local entrepreneurs form a company to provide the town with telephone

service.[52] The Port Arthur Telephone Company was incorporated on August 25, 1884 with a paper value of ten thousand dollars divided primarily between James Conmee and his railway contracting partner John D. Maclennan; Alexander W. Thompson, George Thompson, John Henry Bartle, and W.H. Langworthy controlled the remaining two percent of the shares.[53]

A confrontation between the Port Arthur Telephone Company and the Bell Telephone Company occurred because the municipality was unable to enforce the exclusive privilege granted to the former on May 20, 1884. The creation of the local company sparked the conflict with the Bell Telephone Company, which took a sudden interest in the Lakehead. When Conmee appealed to the municipal Council to enforce the franchise agreement after Bell announced that it too would organize a telephone exchange in Port Arthur, it was discovered that Bell Telephone's federal charter allowed the company to escape municipal regulation. The Council, therefore, had no choice but to remain neutral in the telephone war.[54] The legal environment had effectively constrained the municipality from regulating telephone service.

The Bell Telephone Company crushed the local upstart by threatening its subscribers with litigation, offering free telephone service and ultimately buying-out the shareholders of the Port Arthur Telephone

Company. By the time that Bell Telephone opened its exchange in August 1884, the local company had "already secured nearly all the prominent business houses and connection with the railroad offices."[55] Conmee's subscribers were threatened, however, with litigation for patent infringement in advertisements in the local newspapers. "All persons using Telephones not licensed by this company," Bell Telephone warned, "are hereby respectfully notified that they are liable to prosecution and for damages for infringement, and that they will be prosecuted to the full extent of the law."[56] These fear tactics resulted in the arrival of Richard Dennis and A.J. Patterson of the Telephone Manufacturing Company of Toronto, who promised to protect local subsribers from the threat of legal action by Bell Telephone.[57] The Toronto company desperately needed customers, so they decided to come to the assistance of the Port Arthur Telephone Company which was using its telephones. Yet it was Bell Telephone's ability to offer free telephones to potential subscribers which dealt the crushing blow to its rival. "I think it is not in the public interest," Conmee observed after the turn of the century,

> that a company with enormous capital should be permitted to give free telephones and thereby destroy competition.... They tried it in Port Arthur. A local company put in a telephone system in Port Arthur and Fort William, the Bell Company came along and put in their system, and for three or four years everybody had free

> telephones from both companies. The local company finding their bank account diminishing, gave in.[58]

The corporate records of the Port Arthur Telephone Company indicate that the Bell Telephone Company had purchased the independent company, along with the Telephone Manufacturing Company of Toronto, by the time that the annual report was filed on February 7, 1887. Once Bell had established a monopoly in Port Arthur, telephone subsribers were made to pay for the brief flury of competition with extremely high rates.[59] In this instance, Goliath had soundly beaten David.

The provision of telephone service in Port Arthur created a great deal of disenchantment with the private ownership of telephones. The ruthless tactics employed by the Bell Telephone Company to eliminate the Port Arthur Telephone Company and the subsequent rise in rates charged alienated many residents of Port Arthur. Due to its federal charter, the only alternative to the Bell telephone monopoly were municipally-owned telephones as no local entrepreneur had the resources necessary to take on Bell Telephone. The municipality was, however, in no position to consider the creation of a municipal telephone exchange in competition with Bell until after the turn of the century, when prosperity had returned to the community.

Illuminating Port Arthur

The illumination of Port Arthur by either gas or electric lights inspired several entrepreneurs to approach the municipality for a franchise agreement during the 1880s. After flirting briefly with the idea of a municipal electric light system in 1888, the ratepayers adopted a franchise agreement with the Port Arthur Water, Light and Power Company. As a result, the town was illuminated by an extremely limited lighting system which failed to satisfy the growing demand for street and private lighting. Private enterprise also failed to harness the waterpower of the Current River. While private enterprise managed to construct a forty electric light system, they failed altogether to provide residents with a gas works for heating and lighting purposes.

Although natural gas lamps lit the great cities of Europe and America during the nineteenth century, by the time that Port Arthur had grown large enough to warrant a street lighting system, electric lights had largely supplanted gaslight. Few technologies symbolized progress as much as electric lighting; gaslight appeared backwards in comparison. The invention of the electric dynamo in 1870 by Werner von Siemen in Berlin was the technological breakthrough which ushered in two decades of rapid technological advancement related to electricity.[60] This was

followed by the invention of the incandescent lamp by Thomas Edison in October 1879, which set the stage for the replacement of gas lighting with electricity. Competition between Edison and Charles Van Depoel of Detroit accelerated the diffusion of electric lights, with salespersons criss-crossing the continent trying to create a market. Electricity was generated primarily through steam power during the 1880s, due to the technological limitations of electric transmission. Power plants could only transmit direct current over a distance of a mile, making electricity a purely local affair until the invention of the alternator which permitted large scale hydro-electric development after the turn of the century. As a consequence, only those waterpowers in close proximity to urban centres could be developed prior to 1900.[61]

Private enterprise failed to construct a gas works because of the scarcity of finance capital in the region. In the early 1880s, the streets of Port Arthur were illuminated by municipal gas lamps tended by a night watchman.[62] There appeared to be some dissatisfaction with the watchman as the Council warned the watchman in September 1883 to repair the lamps or be prepared to be replaced.[63] There was therefore an early precedent in Port Arthur for the municipal ownership of street lighting. In April 1888, the Council received an offer from A.R. Lewis to

construct a gas works but the matter was referred to the Fire, Water and Light Committee, never to be heard of again.[64] A second more serious proposal from the Port Arthur Natural Gas Company resulted in a twenty year exclusive franchise agreement on September 12, 1888.[65] The company was headed by William Murdock, the town engineer, and included a "gentleman," two railway clerks and a grain inspector's clerk.[66] The Port Arthur Natural Gas Company failed to begin construction of the gas works within the ninety day stipulated by the agreement, so a second by-law was hurriedly adopted in November to extend the deadline to June 1, 1889. Once again, the Company failed to raise the capital necessary to construct a gas works, but the ratepayers had long since turned their attention to electric lighting.

The close proximity of the Current River waterpower to Port Arthur, which was only three miles north of the town, naturally led to this waterpower attracting the interest of hydro electric entrepreneurs and the municipality.[67] In February 1885, the Port Arthur Council officially requested control of the Current River from the Provincial government as a local combination was attempting to convince the province to lease the waterpower to them.[68] The Port Arthur River, Light and Water Company, headed by James Conmee, was strongly opposed by the Council which

considered the proposed sale detrimental to the town's interests.[69] Thomas Marks declared that "the water power of Current river was the greatest heritage the town had, and no private company should be given the exclusive right of having said power."[70] The hostility of the municipality was sufficient to thwart this attempt to control the waterpower. The future of the waterpower was bound-up with the electric light franchise. Whoever won the right to provide Port Arthur with illumination would also gain control of the waterpower.

A lack of confidence in private enterprise led the town Council to recommend municipal ownership of the electric light franchise, but ratepayers defeated the by-law in 1888. Like so much of the council's early experience with outside utility entrepreneurs, a proposal by W.R. Laird in the summer of 1884 to construct an electric light system based on the Van Depoele method went nowhere after councillors accepted the offer.[71] This was followed by the Port Arthur Water, Light and Power Company, which was the successor to an earlier attempt by James Conmee to control the Current River. The company proposed to operate an electric light system using a steam generator located at the Port Arthur Saw and Planning Mill until such time that a hydro-electric development could be constructed on the Current River. Instead, the Fire, Water and Light

Committee opted in May, 1888 for the proposal of the Edison General Electric Company to construct a six hundred lamp system for the municipality at a cost of $14 212.50.[72] This decision was reaffirmed after another proposal was received from a local combination which suggested using the Siemen's patent of George E. Dorman, an electrical engineer who had just arrived from Great Britain.[73] The Council considered the technology of Dorman proposal too risky even after an electric light demonstration successfully lit up Caleb Shera's general store.[74] In the end, the ratepayers decided that the cost of the Edison agreement was too great.

In the aftermath of the failed Edison by-law, James Conmee finally succeeded in attaining the electric light franchise for Port Arthur, and with it the water rights of the Current River waterpower. The Port Arthur company only managed to operate a forty-light heisler system of electric lights centred in a lean-to addition to his sawmill.[75] The system was an extremely limited one, lighting only a handful of homes and businesses in the downtown and therefore failing to satisfy the growing demand for street and private lighting in the residential areas. As well, the company took no action to develop the hydro-electric potential of the Current River, whose rights it now controlled. As a consequence, after nearly a

decade of negotiations with gas, electric light and hydro-electric entrepreneurs, the community had almost nothing to show for it. The ratepayers were still not convinced that municipal ownership of the electric lights franchise was necessary in 1888, they changed their minds by the early 1890s.

Conclusion

This chapter illustrates that after fifteen years of high expectations, private enterprise only managed to construct a tiny forty lamp electric light system and a telephone exhange which charged far more that most ratepayers could afford. With respect to public demands for a waterworks, a gas works, a street railway and hydro-electric power, the private sector failed miserably. The outstanding example of private initiative, the Prince Arthur's Landing and Kaministiquia Railway, was only constructed by the provision of a generous municipal bonus, and in any case, was promptly handed over to the CPR, allowing that company to gradually abandon the town in the 1880s. It is therefore hardly surprising that a growing number of people were dissillusioned with the broken promises and "boodling" of the town's economic elite. By the end of the decade, the ground was indeed fertile for an innovation such as municipal

enterprise. Unfortunately, by the time that ratepayers turned towards municipal enterprise, the economic boom of the 1880s had turned into a decade-long depression; the deteriorating financial position of the municipality made it almost too late to undertake such an innovation.

ENDNOTES

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[4]Shuniah Council, Minutes, August 7, 1880, MSO.

[5]Fort William Times-Journal, November 11, 1961.

[6]Inward Correspondence, Canadian Transport Commission, Public Archives of Canada, RG 46 v. 795, 264; RG 46 v. 794, 250

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[8]Transcript of an Interview with W. Russel Brown, TBHMS File "Port Arthur."

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[10]Shuniah Council, Minutes, August 5, 1880, MSO, 372.

[11]DS., December 24, 1884.

[12]DS., May 3, 1884.

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[14]DS., May 15, 1889.

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[16]Fort William Street Railway Company, Corporate Records, Provincial Secretary, RG 8, 1940, Ontario Archives.

[17]DS., May 23, 1885.

[18]Port Arthur Board of Health, Minutes, March 25, 1886, TBA 3927.

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[26]Ibid., Jn 17, 1884, 1.

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[28]DS.,April 21, 1885.

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[30]WHAM., October 8, 1887.

[31]Port Arthur Council, Minutes, March 9, 1887, Series 17, TBA 61, 406.

[32]WS., December 4, 1884.

[33]Lauren Whalen, "Incidents in the Life of James Conmee, 1848-1913,"

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[34]WHAM., August 22, 1885.

[35]Shuniah Council, Minutes, June 26, 1883, MSO, 143.

[36]Port Arthur Council, Minutes, July 18, 1887, Series 17, TBA 61, 484.

[37]Port Arthur By-law#196, Series 21, TBA 144.

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[42]Ibid..

[43]DS., December 7, 1888.

[44]Port Arthur Council, Minutes, December 23, 1889/ January 16, 1890, Series 17, TBA 62.

[45]Armstrong and Nelles, Monopoly's Moment, 73.

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[54]WHAM., August 14, 1884.

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[56]DS., August 7, 1884.

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[63]Shuniah Council, Minutes, September 17, 1883, MSO.

[64]Port Arthur Council, Minutes, April 9, 1888, Series 17, TBA 62.

[65]Port Arthur By-law T-202, September 12, 1888,Series 21, TBA 144.

[66]Port Arthur Natural Gas Company, Corporate Records, Provincial Secretary,RG 8-1-1 3096 (1888) Box 373, Ontario Archives.

[67]Port Arthur Council, Minutes, July 31, 1884, Series 17, TBA60, 128.

[68]Ibid., February 10, 1885, 280.

[69]Ibid., February 22, 1886, 513-14.

[70]DS., February 5, 1885.

[71]Port Arthur Council, Minutes, June 2, 1884, Series 17, TBA60, 57.

[72]Ibid., May 28, 1888, 97-98.

[73]Joseph D. Winterburn, " The Woodside Generator: Port Arthur's First Electric Light System," TBHMS File "Woodside Generator".

[74]Port Arthur Council, Minutes, July 23, 1888, Series 17, TBA62, 141.

[75]Electric Light System-Port Arthur, TBHMS G 10/1/1.

Chapter 4

THE EMERGENCE OF MUNICIPAL ENTERPRISE, 1890-1899

"The municipal ownership idea was planted when the cities were mere villages; it has developed with the rising generation of children; it has become almost hereditary. The new citizen is practically compelled to champion municipal ownership because of popular opinion..."
-J.O. Curwood, The Reader, 1907.

By 1890, the repeated failure of entrepreneurs to provide the residents of Port Arthur with urban services had thoroughly undermined public confidence in private enterprise. This phenomenon combined with the effect of inter-urban rivalry was enough to convince a large majority of ratepayers to break with the past and experiment with municipal enterprise. The successful fight for a municipal street railway represented a repudiation of the boodling economic elite and set off a chain of events which expanded still further the scope of municipal activity. There is every reason to believe that the scope of municipal activity would have been even greater had the end of the silver mining boom, the centralization of Canadian Pacific Railway activity in Fort William, and an international recession not conspired to constrain the

ambition of Port Arthur's municipal leaders. The municipality's ability to undertake the municipal ownership of a waterworks, a telephone exchange and a hydro-electric development was seriously compromised by declining tax revenues and a provincial requirement that the town's debt not represent more than ten percent of its annual assessment. This chapter will explore the successful fight for a municipal street railway in Port Arthur, and how the adoption of electric traction drew the municipality into the generation of electricity and the provision of electric lights.

The Fight For A Municipal Street Railway

On March 8, 1892 the first municipal streetcar rolled down Cumberland Street in Port Arthur to great fanfare. That day's entry in the diary of Belle Kittredge observed that the "rides were all free so they had a great crowd. The street was lined with men to watch its movements."[1] The successful completion of the municipal street railway followed a bitter conflict within the community which pitted the town's economic elite against the vast majority of ratepayers who favoured municipal ownership. The conflict erupted when Thomas Marks attempted to increase the value of property in his possession by offering to assist the municipality if the proposed route of the street railway was changed.

Rebuffed by the Council, that faction of the economic elite allied to the Marks family formed a private street railway company and campaigned to have the seventy-five thousand dollars already approved by the ratepayers redirected into a bonus. This section will investigate how the municipality, with the assistance of the Provincial government, overcame the concerted opposition of a handful of prominent ratepayers to create a municipal street railway.

With the exception of a handful of businessmen such as Richard Vigers, most people in Port Arthur agreed that a street railway to Fort William was an urgent necessity if the town was to retain its status as the regional administrative and commercial centre for Northwestern Ontario. It was generally agreed that, if given a choice, working people would prefer to live in Port Arthur because government offices, banks, large merchants, schools and churches were still concentrated in the town.[2] A street railway promised to revitalize the town, as workers could then commute to their jobs in Fort William, and Port Arthur businesses would be in a position to attract customers from Fort William. This led to the adoption of a money by-law by ratepayers (voting 237 to 22) designating seventy-five thousand dollars in debentures for the purpose of constructing a street railway between Port Arthur and Fort

William on February 2, 1891.[3]

Although the wording of the street railway by-law was vague, it was generally understood that the intent was to construct a municipally-owned street railway and not to bonus private enterprise. The town Council adopted a recommendation brought forth by the street railway committee on August 15, 1890 that the municipality was to be responsible for operating the enterprise.[4] An editorial in the Daily Sentinel, similarly urged its readers to support the street railway by-law because "[w]e would not be controlled by a railway but we could control [it] ourselves."[5] In fact, at a public meeting prior to the by-law vote, it was assumed that its adoption would signify the emergence of municipal enterprise in Port Arthur. The only opposition to the by-law came from absentee land owners, and the promoters of the Ontario and Rainy River Railway who feared the money by-law would hinder their efforts to arrange a municipal bonus for their own scheme.[6] The creation of a municipal street railway would probably have gone largely unopposed had municipal ownership been explicitly stated in the by-law. But once the seventy-five thousand dollars in debentures had been approved, a handful of prominent ratepayers took advantage of the vagueness of the wording to try to redirect the money into their own pockets.

The bombshell came on March 7, 1891 when Thomas Marks proposed to bonus the municipality if the proposed street railway route was changed. Marks ironically wanted the street railway to use the abandoned right-of-way of the Prince Arthur's Landing and Kaministiquia Railway instead of Fort William Road. As incentive, he offered to lay out the street, build the necessary bridges over the McIntyre and Neebing Rivers, and give the town free use of the land.[7] While the proposal would have saved the municipality almost ten thousand dollars, it also promised to open "a large tract of high land suitable for building purposes [bringing it] into position for residences and improvements..."[8] It was openly admitted that this tract of high land was owned by Marks and his associates and would immediately jump in value had his proposal been accepted.[9] As a consequence, land speculation inspired the subsequent actions of the economic elite.

The Council's decision to deny the proposal turned Marks against the municipal street railway. On March 13, 1891, the Council defeated Marks' offer after the town engineer advised councillors not to accept the proposal. He argued that the alternate route presented construction difficulties and threatened the viability of the entire enterprise due to the potential loss of revenue on the unpopulated route.[10] This inspired

W.P. Cooke to declare that "the money was voted to build a street railway and not a colonization road."[11] There even appeared to be some question as to the legality of building a street railway on the raised embankment of an old branch railway because the rails were not supposed to be more than two inches higher than the level of the street. The intensity of the conflict escalated still further on March 18, 1891 when Thomas Marks advanced a second proposal which called on the municipality to negotiate a street railway franchise agreement with the Port Arthur and Fort William Railroad Company.[12] Incorporated on May 4, 1891, the shareholders of the company included Thomas Marks, George H. Macdonell, George T. Marks and a couple of Toronto capitalists.[13] The company proposed to construct the street railway on the route previously suggested by Thomas Marks in exchange for a twenty year franchise agreement and a bonus of seventy-five thousand dollars. As a result, the consensus within the community in favour of a municipal street railway was broken and a bitter conflict ensued which pitted a handful of prominent ratepayers against the will of the overwhelming majority.

Marks resorted to the courts in order to stop the construction of the street railway by the municipality. Opponents of the municipal enterprise exploited the failure of the street railway by-law to explicitly approve

the construction of a municipal street railway.[14] An application for an injunction to restrain Port Arthur from constructing a street railway was filed on April 27, 1891 by Michael Dwyer (the President of the Port Arthur Water, Light, and Power Company), Thomas Marks and George T. Marks. A temporary injunction was granted by Judge J. Street of the Divisional Court on April 30.[15] This injunction was made perpetual on May 26 after the town lost its appeal. The fate of the municipal street railway depended on the intervention of the Provincial government on behalf of the municipality.

The Provincial government of Oliver Mowat was convinced by James Conmee, the area's Liberal Member of Provincial Parliament, to intervene to save the municipal street railway. Conmee's own reluctance to support the enterprise was suppressed by political considerations as an overwhelming majority of the people favoured it. Even the Daily Sentinel, a vocal opponent of the street railway, had to admit that the reaction to the injunction was "a feeling of universal disappointment in the community."[16] Consequently, Conmee sponsored an Act to Consolidate the Debt of the Town of Port Arthur (Vic 54, Ch 78) wherein the street railway by-law was declared "legal and valid to all intents and purposes."[17] This Act was adopted despite the written and personal

appeals of prominent Port Arthur ratepayers to defeat the bill. The opponents of the Act argued that a municipal street railway was "an act of gross folly, reckless, extravagant and ill-considered in the extreme."[18] Justice Osler of the Ontario Court of Appeal ruled in favour of the municipality on May 10, 1892 because the legislation "had the effect of validating and extending the provisions of their by-law."[19] Although this ruling was appealed and the case went all the way to the Supreme Court of Canada, the Provincial cabinet made an Order-in-Council on May 22, 1891 allowing construction to proceed.[20] The adoption of a second street railway by-law on September 21 set aside once and for all the legal uncertainty which had delayed the completion of the municipal street railway. The intervention of the Provincial government on behalf of the municipality was crucial to the success of the fight for a municipally owned and operated street railway.

The overwhelming political support for the municipal street railway resulted in the defeat of the economic elite at the polls. A slate of municipal street railway advocates swept the by-elections held after three allies of Thomas Marks had resigned their positions in the summer of 1891. The failure of the opponents of the municipal enterprise to sway public opinion was again illustrated by the adoption of a second street

railway by-law 185 to 59. In fact, public opinion was so hostile to the town's economic elite that Thomas Marks was forced to declare that he was not a "boodler," and the editor of the Daily Sentinel tried to convince his readers that the newspaper was independent of Marks.[21] "We know that nine-tenths of the business men of the town are opposed to it [second street railway by-law]," observed the Daily Sentinel, "but we also know that the small property owners appear to be almost solid for it."[22] Small property owners were no longer willing to subsidize the boodling habit of Port Arthur's economic elite, resolving instead to see the completion of the municipal street railway.

After overcoming local opposition, the municipal street railway faced an uncertain future in 1892 due to the refusal of the Municipality of Neebing to permit the extension of the street railway to Fort William. The shortcomings of an inter-urban street railway which abruptly stopped a mile outside of Fort William was captured in another diary entry of Belle Kittredge. She so disliked the stench of dry whiskey on the overcrowded buggies which transported people between the street railway terminus at the McIntyre River and Fort William that she preferred to walk. On a particularly muddy day, Kittredge was being slowed by the layers of mud which caked her shoes, and in danger of missing the streetcar, which was

preparing to leave a few hundred metres ahead of her, she was forced to take off her shoes and run bare foot through the mud, in her dress, just to make the connection.[23] This colourful incident illustrates the inconvenience of the street railway in 1892, and the importance of extending it all the way to Fort William. Without gaining entry into the Municipality of Neebing, the street railway risked failing in its primary objective of convincing people, such as Belle Kittredge, to commute to their Fort William workplaces.

The province once again intervened on behalf of Port Arthur to allow the extension of the street railway to Fort William. After Port Arthur failed to convince the Council of the Municipality of Neebing to permit an extension of the street railway, there was an unsuccessful attempt to annex East Fort William. The Liberal government ordered that the extension be permitted after a telegraph message from Mayor Ruttan was received.[24] This unleashed a storm of controversy in the newly incorporated Town of Fort William with the Journal declaring that "the Ontario Legislature has perpetrated an outrage upon the town of Fort William in permitting Port Arthur to push its street railway into our corporation contrary to our wish...."[25] The Order-in-Council imposed strict conditions on Port Arthur in return for the right to extend the

street railway. For example, the route, hours and frequency of service, and the rates charged were all fixed for the duration.[26] Fort William had the option of becoming a joint owner within the first eight years, or at the end of the twenty year agreement in 1913. Port Arthur ratepayers demonstrated once again their commitment to the street railway when they voted 286 to 21 in favour of an additional forty thousand dollar expenditure for the extension in January 1893.[27] The Provincial government's willingness to intervene on behalf of Port Arthur enabled the completion of the inter-urban street railway.

The emergence of municipal enterprise in Port Arthur was facilitated by the failure of private enterprise to raise sufficient private capital to respond to the public demands for a street railway. It was only after the ratepayers voted for a seventy-five thousand dollar expenditure that the boodlers made a play to build the demanded inter-urban street railway using the municipal street railway debentures as a bonus. The overwhelming majority of the population supported municipal ownership, and the Provincial government was called on to intervene on behalf of the municipality in order to side-step an injunction and Fort William's opposition to the venture. The creation of the first municipally-owned and operated electric street railway in the world was the innovation of

small land owners who were disillusioned with the town's economic elite. In addition, the adoption of electric traction set off a chain of events which drew the Town of Port Arthur into an expanding scope of municipal activity.

Electric Traction, Generation and Lights

The construction of Canada's first electric street railway in Port Arthur led the municipality into the business of electric generation.[28] A municipal steam power plant with a capacity to generate one hundred and fifty horse power was built in 1891 by the Edison General Electric Company.[29] This steam power plant was the only source of electric power capable of operating an electric light system when the power plant of the Port Arthur Water, Light and Power Company burned to the ground in 1894. Conditions were conducive for the municipality to take-over the franchise in the aftermath. In an effort to reduce the high operating costs of the municipal street railway and electric light franchises, the municipality was forced to investigate cheaper sources of power than steam generation. While hydro-electricity offered the municipality the potential for substantially lower costs, private enterprise was unable to harness the Current River and Kakabeka Falls/Ecarte Rapids waterpower. When the

economy improved after the turn of the century, the municipality took advantage of the favourable conditions to develop Current River. In the meantime, the decision to adopt electric traction resulted in the gradual expansion of the scope of municipal activity despite the bleak financial picture.

The adoption of electric traction emerged from the development of an inter-urban street railway and the timing of the venture. The operation of a street railway with over seven miles of track required a faster means of traction than horses in order to convince the citizens of Port Arthur to commute to their workplaces in Fort William. Conversely, steam locomotion was ill-suited to operating on urban streets due to the pollution and operating costs involved. In comparison, electric traction was attractive to the booster mentality because it had the advantage of being rapid, relatively clean, and technologically innovative. The timing of Port Arthur's consideration of an inter-urban street railway was crucial because, as John P. McKay observed, "electrification shot through the American street railway industry like a current through a copper wire" between 1890 and 1892.[30] For example, the mileage of electric street railway trackage in the United States jumped from only 964 miles in 1890 to 7 320 miles in a three year period. The adoption of electric

traction by Port Arthur in 1891 mirrored a much larger continental trend and reflected the unique demands of an inter-urban street railway.

Suggestions made by opponents of the municipal street railway that horse traction or steam locomotion was 'good enough' for a small frontier town like Port Arthur were met with a barrage of public criticism. The public fixation with electricity perplexed the editor of the Daily Sentinel who commented:

> ...we cannot understand why an electric street railway is absolutely necessary to our welfare. Why will not a horse car road do as well? What valid objections can be urged against cars actuated by steam? Why is there so much placed on the word electric?...that the elevation of electricity with a god who is to deliver this town from untold evils is a mystery unexplainable to us.[31]

The pleasure that the citizens of Port Arthur took in being at the forefront of technological (and regulatory) innovation was captured by the Fort William Journal which reported that "the Port Arthurites are as happy as a child with a new toy."[32] Civic pride in operating a street railway influenced the decision to venture into the area of electricity.

The failure of the Port Arthur Water, Light and Power Company to provide an affordable and dependable electric light service, and its inability to harness the water power of the Current River, generated public demands for direct municipal intervention after 1891. Many

ratepayers were dissatisfied with the quality of lighting provided by the company. "The system was not entirely satisfactory," observed the News Chronicle, "when one lamp was broken the connection often was broken...and all the lights in the city went out."[33] The Council threatened not to pay for street lighting for those nights when the lights were not functioning properly.[34] The company's inability (or unwillingness) to develop the Current River waterpower and to expand the electric light system beyond a handful of lights created considerable public dissatisfaction during this period. The service was so bad that even George T. Marks, the erstwhile opponent of the municipal street railway, advocated the municipalization of the electric-light franchise after he was re-elected Mayor in January 1894. He also proposed that the municipality develop Current River to reduce the operating cost of an electric light system so everybody could afford electric lights in their homes instead of "the luxury it is at present."[35] Considerable public discussion over the possibility of the municipality's taking over the company's electric light and hydro-electric franchises had been thoroughly discussed in Port Arthur prior to the devastating fire on August 12, 1894.[36]

The fire forced the company to sell its remaining assets and the

electric-light franchise to the municipality. Although the company was no longer in a position to operate an electric-light system, the municipality was compelled to negotiate a deal to buy the franchise due to an Act adopted in 1893. An Act Regarding the Town of Port Arthur, which received Royal Assent on May 27, 1893, granted to the municipality the right to sell electric power, operate an electric-light system and enter into a franchise agreement for a waterworks, on the condition that these powers were not "exercised until...an agreement [has] been entered into between the corporation of the said town of Port Arthur, and the Port Arthur Water, Light and Power."[37] With what amounted to legislative protection, the company was able to negotiate a deal for seven thousand dollars. Although the ratepayers approved the municipalization of the electric light franchise in January 1895, it was not until September until the transaction was completed. The delay was caused by legal constraints on the municipality which prevented it from purchasing the shares of a private company.[38] As a result, the company's shares were held in trust by the chairpersons of the Council's five standing committees, and the Council regained the water rights to the Current River waterpower.[39]

The price paid for the company's assets and franchise was considered excessive, angering many ratepayers. It also reinforced the boodling

image of the town's economic elite. "Everyone felt that the price asked," observed the Thunder Bay Sentinel, "was a great deal too much for the Company's plant, yet as it got the Company out of the way, and allowed the town to go ahead and make money out of the general electric lighting, thought better to let the agreement be carried out."[40] Because the municipality had undertaken a study of the waterpower in 1891 by the City Engineer of Winnipeg, who happened to also be the brother of J.F. Ruttan, the water rights of the Current River were considered worth the price.[41] Consequently, it was surprising that between December 1895 and April 1896 another franchise agreement with the Port Arthur Water, Light and Power Company was finalized.

The deteriorating financial position of the municipality very nearly resulted in the privatization of the newly won electric-light, waterworks and hydro-electric power franchises. Verging on bankruptcy, the town of Port Arthur was in no position in 1895-96 to invest the capital necessary to harness the Current River or construct a large electric-light system. "Three years ago," the Thunder Bay Sentinel recalled,

> when the bank refused to furnish the Town with money to meet current expenses, the Treasurer began to issue Town orders which were taken in payment of taxes, and for which at that time there

> was not much difficulty in getting money. The practice of issuing town orders still continues, but neither the bank nor the merchants will now cash these orders, and it is often the case that the town officials, school teachers, etc, remain unpaid for several months together.[42]

Unable to proceed with the demanded urban services, the ratepayers agreed in desperation to a franchise agreement with the Port Arthur Water, Light and Power Company to provide the community with hydro-electric power, electric lights and a waterworks. The company also promised to build a pulp mill employing at least twenty-five people.[43] While the company was to construct the promised hydro-electric power development, the municipality proposed to lease its own power plant. Despite the reminder of the Thunder Bay Sentinel that an "extortionate price was paid in order to get rid of the ring, and for the town to place itself in the power of that organization again was too foolish for anything," the ratepayers voted for the contract.[44] In the end, it was only Conmee's failure to come up with the required ten thousand dollar deposit which allowed the municipality to maintain control of the franchises. The failure of private enterprise to develop the Kakabeka Falls/ Ecarte Rapids waterpower during the 1890s led the town of Port Arthur to undertake the development of Current River after the turn of the century.(See Appendix

III)

The hydro-electric development of the Kakabeka Falls/Ecarte Rapids waterpower was delayed by legal wrangling between Francis Hector Clergue and Edward Spencer Jenison for control. During the summer of 1894, Clergue arrived in the area from New England after he bought the Sault Ste. Marie Water, Gas and Light Company from James Conmee.[45] When he arrived at the Lakehead, Clergue decided to purchase the Kakabeka Falls Land and Electric Company which had owned the water rights at the Falls since 1890. E. S. Jenison, a civil engineer from Chicago, arrived the following summer and acquired the water rights to the Ecarte Rapids only a few miles upstream from the Falls. The interests of Clergue and Jenison conflicted from the outset, and a prolonged legal battle from 1895 to 1898 delayed construction of the proposed hydro schemes. Frustrated by the courts, Jenison convinced the Ontario legislature to adopt on April 13, 1897 the first Jenison Act (60 Vict Ch 106), which freed him to legally carry out his scheme after compensation due Clergue was fixed in July 1898.[46]

Although ratepayers ratified an agreement between the town of Port Arthur and Jenison in January 1899, the Mayor refused to sign it due to the entrepreneur's attempts to garner a regional power monopoly. The

contract itself committed Jenison to providing Port Arthur with five hundred horse power of electricity and five hundred thousand gallons of drinking water in exchange for a flat annual fee of ten thousand dollars over the course of the ninety-nine year agreement.[47] Why then did the Mayor refuse to sign the by-law after the majority of ratepayers had voted in favour? Marc Lavoie suggests that municipal ownership ambitions played a part in the decision.[48] While this is undoubtedly true, it does not explain why public opinion turned against Jenison after the by-law was adopted. Port Arthur thwarted Jenison's efforts after the entrepreneur began to purchase land north of the Red River Road for the proposed canal. This more indirect route threatened the municipality's water rights on the Current River as the canal would slice through the tributary waters, allowing Jenison to divert the water for his own purposes.[49] As a result, there was a real possibility that Jenison would achieve a regional power monopoly, thus threatening the future prosperity of Port Arthur.

The sense of optimism created by the announcement that the Canadian Northern Railway would locate its terminus in Port Arthur acted to revive municipal ownership ambitions in Port Arthur. Public opinion swung sharply in favour of the municipality constructing a hydro-electric

development almost immediately after ratepayers had approved the Jenison agreement. A growing range of municipal activity stemming from the original decision to create a municipal street railway had redefined the role of the municipality within the community. The way was clear for the construction of a municipal hydro-electric development on the Current River.

Conclusion

The emergence of municipal enterprise in Port Arthur during the 1890s filled the vacuum created by private enterprise's inability to provide urban services without substantial municipal bonuses. The fact that the first experiment with municipal enterprise in Port Arthur (with the exception of the sewerage system) was a street railway reflected the sense of urgency created by the decision of the Canadian Pacific Railway to centralize its activities in Fort William. The fight for a municipal street railway pitted the small land owners against the economic elite which preferred a continuation of bonusing arrangements. The intervention of the Provincial government was crucial to the completion of the street railway and its extension to Fort William. Adoption of electric traction drew the municipality first into steam generation and

subsequently into the provision of electric lights. Private enterprise's inability to harness the water power of the Current River and the Kakabeka Falls/Ecarte Rapids convinced a growing number of ratepayers that the municipality should develop the Current River itself once the economic climate improved. The scope of municipal activity would likely have been broader still had not the deteriorating financial position of the municipality not constrained the ambition of civic leaders. An explosion of municipal activity was just waiting to happen.

ENDNOTES

[1]Diary of Belle Kittredge, March 8, 1892, TBHMS, A31/1/1, 116.

[2]DS., January 3, 1891.

[3]Port Arthur By-law Book T-281, Series 21, TBA 144.

[4]Port Arthur Council, Minutes, Aug. 15, 1890, Series 17, TBA 62, 558

[5]DS., January 3, 1891.

[6]Port Arthur Board of Trade, Minutes, Vol. 1, December 23, 1890, 99.

[7]DS., March 7, 1891.

[8]Ibid..

[9]DS., March 9, 1891.

[10]DS., March 14, 1891.

[11]Ibid..

[12]DS., March 18, 1891.

[13]Ontario, Statutes (1891) 54 Vict. Ch 93, 339; DS., March 18, 1891.

[14]DS., March 19, 1891.

[15]"Dwyer et al v. Town of Port Arthur," Appeals Reports19,1891-92, 555.

[16]DS., June 9, 1891.

[17] "Dwyer et al v. The Town of Port Arthur," Ontario Appeal Records19, 1891-92, 555.

[18]Richard Vigars to the Provincial Secretary, May 18, 1891, Port Arthur Electric Street Railway, Corporate Records, Provincial Secretary, RG 8-1-1, Series I-1-D, File 1959, Ontario Archives, 3.

[19]George Lumsden to Delamera, May 22, 1891, Port Arthur Electric Street Railway, Corporate Records, Provincial Secretary, RG 8-1-1, Ontario Archives, 558.

[20]Ibid..

[21]DS., August 12, 1891.

[22]DS., August 20, 1891.

[23]Diary of Belle Kittredge, March 8, 1892, TBHMS, A 31/1/1, 194-195.

[24]J.F. Ruttan to Mowat, May 14, 1891, Port Arthur Electric Street Railway, Corporate Records, Provincial Secretary, RG 8-1-1, Series I-1-D, File 1959, Ontario Archives.

[25]Fort William Journal, September 28, 1892.

[26]Ontario, Statutes (1893), "An Act Regarding the Town of Port Arthur" (56 Vic Ch 78), May 27, 1893, 338.

[27]Port Arthur By-law T-362, January 2, 1893, Series 21, TBA 144.

[28]This contention is supported by the historical literature including Elizabeth and Gerald Bloomfield, Urban Services in Ontario, and Brent Scollie, "The Creation of the Port Arthur Electric Street Railway," Papers and Records, 18 (1990).

[29]Scollie,"The Creation of the Port Arthur Electric Street Railway," 49.

[30]McKay, Tramways and Trolleys, 50.

[31]DS., July 5, 1891.

[32]Fort William Journal, March 9, 1892.

[33]Port Arthur News Chronicle, June 23, 1934.

[34]Port Arthur Council, Minutes, June 17, 1891, Series 17, TBA 63, 80 / July 13, 1891, 138.

[35]WS., January 19, 1894.

[36]Port Arthur Weekly Herald and Algoma Miner(WHAM), August 18, 1894.

[37]Ontario, Statutes, (1893), "An Act re. the Town of PA," May 27, 1893 (56 Vict. Ch 78), 337.

[38]Port Arthur Council, Minutes, September 23, 1895, Series 17, TBA 64, 276.

[39]Ibid., September 13, 1895, 271.

[40]Thunder Bay Sentinel(TBS), January 10, 1896.

[41]DS., March 20, 1891.; WS., October 28, 1892.

[42]TBS., April 3, 1896.

[43]Port Arthur Council, Minutes, May 27, 1895, Series 17, TBA 64, 240.

[44]TBS., March 27, 1896.

[45]The two men subsequently became close business associates with Conmee acting as a major contractor for Clergue's railway projects in the vicinity of Sault Ste Marie and Conmee representing in return the interests of Clergue in the Provincial and Federal legislatures. For instance, I found evidence which strongly suggests that Conmee worked strenuously on behalf of the Kakabeka Falls Land and Electric Company.

When the Clergue's Lake Superior Corporation collapsed in 1904, Conmee was brought to court by a stock broker who won compensation for Conmee's refusal to pay for Lake Superior Corporation stock bought on the margin. Conmee lost at least ten thousand dollars due to the collapse of Clergue's empire and was subsequently embroiled in a lien for four hundred thousand dollars for contract work. The relationship between these two men deserves much more attention than this thesis is able to offer. Two of the major sources uncovered were: A.E. Ames v Conmee, Ontario Law Reports, 1905 volume 10, p. 159-68; and Ontario Sessional Papers (1904), #85 "Return of Documents: Aid to the Algoma Central and Hudson Bay Railway," p. 3, 143.

[46]Edward Spencer Jenison, Memorial on Behalf of Edward Spencer Jenison Made to the Legislature of Ontario (1903), Pamphlet #54, Ontario Archives, 18-19.

[47]Agreement between Port Arthur and Edward Spencer Jenison, File "Kaministiquoia Power #1," TBA.

[48]Lavoie, "Kakabeka Falls," 36.

[49]J.G. King to Mayor of Port Arthur, June 25, 1900, File "Kaministiquoia Power #1" TBA.

Chapter 5

MUNICIPAL PROGRESS, 1900-1906

"The municipal ownership town is in a better position to deal with industrial institutions, and offer inducements to secure their location, than the town that had its best resources and features tied up hopelessly.... Municipal Ownership and industrial progress go hand in hand."
-Mayor of Medicine Hat, 1906[1]

The turn of the century marked a return to prosperity when "the coming of the Canadian Northern Railway infused new life into Port Arthur."[2] The new century also saw a renewed interest in municipal enterprise with the construction of a hydro-electric power development commenced in 1901, a municipal telephone exchange in 1902, and a waterworks in 1903. The municipality was under intense pressure to extend urban services to a rapidly growing population. In fact, Port Arthur's population grew from only 2 424 people in 1899 to 10 206 in 1906.[3] It was also a time of unrestrained optimism in Port Arthur, when municipal enterprise appeared to symbolize municipal and industrial progress. This chapter will explore the emergence of municipal enterprise in the fields of hydro-electric generation, telephones, water and sewerage works. In doing so, I will establish that municipal enterprise in Port

Arthur promoted economic growth through the provision of cheap hydro-electricity and resulted in a fairer social diffusion of urban services.

Hydro-Electric Power Generation and Electric Lights

The failure of private enterprise to harness the water power of the region, along with the rising power demands of the municipal street railway and electric light franchises, convinced the municipality to proceed with the construction of a municipal hydro-electric development on the Current River. The first phase of the development was completed in 1903 with a peak capacity to generate one thousand horse power. At once, the availability of cheap power promoted industrial growth in Port Arthur and enabled the municipality to expand its municipal enterprises. For example, the social diffusion of electric lights "democratized" the technology in that a much larger proportion of the population was able to afford electric lights in their homes.

The hydro-electric power of the Ecarte Rapids was not developed by Edward Spencer Jenison because it was essentially a speculative undertaking. While Jenison may not have had the finance capital necessary to develop the waterpower personally, as Marc Lavoie suggests, his partner in the Anglo-American Company certainly did. David Spencer Wegg

was a prominent Chicago lawyer who earned mention in the Who Was Who in America. This source identified him as a railway promoter of some means who had access to substantial sums of finance capital.[4] It would actually appear from the testimony of Jenison's own lawyer before the Private Bills Committee of the Provincial legislature that Wegg was the senior partner in the Company.[5] A hundred thousand dollar loan from the Gaurantee Insurance Company to Jenison and Wegg in 1901 confirms that their failure to begin construction before the November 30, 1902 deadline was not due to an inability to raise sufficient capital.[6] The evidence strongly supports David Black's assessment that Jenison and Wegg were 'pretenders' whose interest in the waterpower was speculative.[7]

The completion of the first phase of the Current River hydro-electric development in 1903 resolved for the time being the critical shortage of electricity in Port Arthur. Ratepayers voted 301 to 27 in favour of a thirty thousand dollar expenditure on February 25, 1901, and voted for an additional thirty thousand dollars in October.[8] The urgency of the power development was demonstrated in 1902 when the Electric Railway and Light Commission was forced to turn down a request by L.A. Purcell to purchase ten horse power for his factory.[9] After 1903, the municipality was in the advantageous position of being able to sell 'reasonably steady'

power to would-be industrialists at a cheaper price than was possible in Fort William (with only a steam power plant).[10] The town enlarged its development in 1906, constructing a network of service and storage dams upriver in order to increase the capacity of the waterpower, and minimize the effect of the 'dry' winter months.[11] Fort William was envious of Port Arthur's municipal dam and appealed to its rival to sell it some of its surplus electricity. In response, a motion was adopted by the Commission that "should it be proved that we have the power to spare and that the cost is not excessive," Fort William would be provided with electricity for electric light purposes only.[12] The proposed price was set at five dollars more than the twenty-five dollars per horse power sold to Port Arthur power consumers.[13] This discriminatory policy reflected the intensity of inter-urban rivalry, and how municipal enterprise helped Port Arthur to gain an advantage over Fort William.

Access to a cheap source of electricity resulted in rapid industrial growth in Port Arthur enabling the town to surpass Fort William's total assessment for the first time since the early 1890s. Industrial growth in this era was largely determined by the availability of cheap electric power. Using the total assessment value of real property, personal property and taxable income in Port Arthur and Fort William between 1901

and 1906, the importance of cheap hydro-electric power to the fortune of the two towns can be gaged.[14] In 1901, the total assessment in Fort William was 19.8 percent greater than Port Arthur. This reflected the fact that industrialists in both communities only had access to relatively expensive steam power. The following year, the assessment in Port Arthur was marginally larger than Fort William for the first time since 1893. This turn of events was likely due to the completion of the Canadian Northern Railway terminus in Port Arthur and the prospect of a municipal hydro-electric development under construction on the Current River. By 1905, Port Arthur had an 18.2 percent advantage over its rival in the overall assessment which can be explained by the impact of the completion of the hydro project. In all, the total assessment figures in Port Arthur jumped 334.3 percent between 1902 and 1906. This unprecendented growth was largely attributable to the construction and extension of the Current River hydro-electric development by the municipality.

The generation of cheap power from the Current River development resulted in the social diffusion (distribution beyond the confines of the business elite) of electric lights in Port Arthur. This enabled the electric light system to expand from 1 048 16-candle power lights and 82 street

lights in June 1900, to 6 335 16-candle power lights and 344 street lights five years later.[15] The Council actively encouraged the rapid expansion of the electric light franchise by keeping the rates charged as low as possible. "The Electric Railway and Light Commissioners be requested," the Council moved in January 1903,

> to take early steps to give our citizens an opportunity to use the Electric Lights by making provision to have lights installed at such a reasonable price that they will be within the reach of every householder and thus increase the revenue of the Town and the comfort and welfare of the people who are paying for the power plant.[16]

This motion reveals an important feature of municipal ownership in Ontario--the rapid diffusion of urban services. As ratepayer support was needed for continued expenditures on the electric light franchise, municipal politicians and managers were keenly aware that such support was only possible if a large majority of ratepayers shared in the benefits accrued. It was politically advisable that electric lights should be affordable to all ratepayers. As a consequence, municipal ownership acted to democratize new technologies; nowhere was this more apparent than in the field of telephone service.

Port Arthur vs The Bell Telephone Company

The municipal ownership of telephone service originated in Europe near the end of the nineteenth century. Pioneered by the municipalities of Tunbridge and Glasgow in Great Britain, and Amsterdam on the continent, it was a variation to a strong tradition of public ownership of telecommunications by the central governments of Europe.[17] Although the Chicago Chronicle confidently predicted in April 1900 that the city would soon adopt municipal telephones, and John A. Fairlie suggested the following year that the innovation was "not far distant," the municipal ownership of telephones never really got off of the ground in the United States.[18] The international debate extended to Canada where the Ontario Municipal Act was amended late in the 1890s legalizing the innovation, followed by an endorsement of the municipal ownership of telephones by the Toronto World in 1900. The first municipal telephone exchanges in North America were organized in 1902 when Port Arthur, Fort William and Rat Portage (Kenora) in Northwestern Ontario challenged the existing monopoly of the Bell Telephone Company. This section will investigate why Port Arthur established a municipal telephone exchange, and how the municipality overcame the frantic efforts of Bell Telephone to retain its monopoly. The social diffusion of telephones, an important by-product of

municipal ownership, will not be explored until the next section of the chapter.

The inability of the municipality to regulate the activity of the Bell Telephone Company in order to respond to public frustration over the quality of service and the exorbitant rates charged was largely responsible for the creation of a municipal telephone exchange. The local grievance against Bell Telephone was longstanding. For example, the municipal Council had instructed the Clerk in September 1892 to "inform the Bell Telephone Co. that we do not consider they have any rights whatsoever in our streets..."[19] Ironically, it was Bell's ability to escape municipal regulation through its federal charter which determined the nature of municipal intervention in Port Arthur. After "the years of useless appeals for an up-to-date system," the minutes of the Fort William Council reveal that "the two towns...decided almost unanimously to install similar [telephone] systems."[20] Municipal enterprise was essentially the only response available to the municipality. This phase of telephone organization and regulation in Port Arthur conforms to John Baldwin's regulatory failure hypothesis, which suggests that the emergence of public enterprise in Canada resulted from the legal environment in this country. The ratepayers of Port Arthur, wanting a

more affordable and dependable telephone service, voted overwhelmingly in favour of establishing a municipal telephone exchange on May 27, 1902.

The creation of municipal telephone exhanges in Port Arthur and Fort William was considered a dangerous innovation which threatened Bell Telephone's monopoly in Canada. The intensity of the conflict was such that Jean-Guy Rens felt compelled to label it "le bataille de Port Arthur et de Fort William."[21] Officers of the company feared that if the two municipalities succeeded in displacing Bell Telephone, larger (more important) municipalities and maybe even provinces would follow suit. In fact, public enterprise was the only real threat to the hegemony of the Bell Telephone Company in the country. Unlike the Port Arthur Telephone Company during the 1880s, the town of Port Arthur had considerable financial resources of its own with which to fight the company. By sending to the Lakehead the Chief of the Special Agent Division to coordinate the company's efforts to retain its monopoly, Charles Sise expressed the seriousness with which the emergence of municipal enterprise at the Lakehead was taken by Bell Telephone. When Bell offered free telephone service in Port Arthur, however, only a handful of people responded. This unusual reaction reflected the public's loyalty to municipal enterprise as well as public hostility towards the Bell

Telephone Company.

The struggle between the municipal franchises and the Bell Telephone Company at the Lakehead became a cause celebre for the municipal ownership movement.[22] The success of the municipal telephone exchanges resulted in emulation when, inspired by the precedent established at the Lakehead, Edmonton organized its own municipal telephone exchange two years later.[23] The Prairie provinces subsequently formed public telephone systems which further chipped away at Bell Telephone's national monopoly. The emergence of municipal telephone systems in Port Arthur and Fort William was communicated across the country in the Union of Canadian Municipalities' journal, the Canadian Municipal News. Another means of publicizing the telephone struggle at the Lakehead was at the annual gatherings of the Union. For example, one of the guest speakers at the annual convention in 1905 discussed municipal ownership at the Lakehead.[24] The institutionalization of the public telephone movement occurred in September of that year when the Canadian Independent Telephone Association was formed. As a result, the struggle to displace the Bell Telephone Company at the Lakehead received considerable nationwide attention during this period. Of particular importance to municipalities across the country, were the efforts of Port

Arthur and Fort William to dismantle the exclusive agreement between Bell Telephone and the Canadian Pacific Railway.

Port Arthur and Fort William appealed to the Board of Railway Commissioners to gain access to the premises of the Canadian Pacific Railway because Bell Telephone had been given an exclusive right to provide telephone service to the company nationwide on May 1, 1902.[25] The two towns joined forces in January 1903 to demand access to the railway stations, offices, elevators and other premises, but the CPR refused to break its contract with Bell Telephone.[26] As a consequence, the municipalities were forced to apply to the Board of Railway Commissioners for an order to compel the connections. Represented before the Board by municipal reform leader W.D. Lighthall, the towns argued that this contract was illegal and contrary to public policy.[27] The fight was also an important one for Bell Telephone, as the testimony of Lewis B. Macfarlane (the General Superintendent) admitted that the "[p]rospect is, we will disappear if they get into the stations."[28] After hearing their case, a majority of the three commissioners decided that a monopoly did not exist, as the municipality could locate its telephones just outside company property. The Board ruled that the two municipalities would be allowed access to CPR property, only after

compensation was paid to Bell Telephone for the loss of the exclusive privilege.[29] Bell Telephone's lawyer demanded that this compensation be fixed at one hundred thousand dollars for the loss of the exclusive right nationwide.[30] Fortunately for Port Arthur and Fort William, the Board fixed compensation on July 4, 1905 at five dollars per telephone operated by Bell Telephone in each community.[31]

This decision sparked another contentious debate over the number of telephones operated by Bell at the Lakehead because the company had offered subscribers free service. Despite the assertion by Charles Sise that the company operated two hundred telephones at the Lakehead, ninety of which were supposedly in Port Arthur, the Commissioners believed that this number was greatly inflated.[32] Sise weakened his own case when, under cross-examination from W.H. Langworthy, he refused to respond to a question asking him how many telephones Bell provided free of charge. In fact, Bell Telephone only had fifteen paying subscribers in Port Arthur "among the business men," as compared to the three hundred and sixty-nine subscribers of the municipal telephone service in February 1904. According to the 1904 Bell Telephone directory for Port Arthur, its subscribers included many of the old boodlers including D.F. Burk, George T. Marks, F.S. Wiley, Richard Vigers, James Whalen and James Conmee.[33]

The municipal telephone system was more firmly established in Port Arthur than in Fort William because the Canadian Northern Railway had agreed to install municipal telephones in July 1903, whereas they were excluded from the property of the Canadian Pacific Railway until 1908.

The emergence of municipal ownership of telephones in the Lakehead was of national importance because it was the first time that the Bell Telephone Company was challenged by public enterprise. Bell Telephone's policy of profit maximization underserviced the less profitable hinterland areas of Canada, giving birth to the municipal telephone systems in Northwestern Ontario. While few Bell Telephone subscribers in Port Arthur remained loyal to the company, the municipal telephone service enjoyed a virtual monopoly. Clinging to its exclusive privilege with the CPR in a desperate attempt to maintain a toe-hold in the community, it was only a matter of time before the Bell Telephone Company capitulated. This finally occurred in 1909 when the assets of Bell Telephone were sold to Port Arthur on the condition that the company did not return to provide local telephone service. Thus ended a remarkable chapter in the history of Port Arthur when a small frontier town defeated one of the largest "Eastern Monopolies" in the country.

The 'Democratization' of Telephone Technology

Several historians and sociologists have explored the social distribution of telephone technology in Canada. Michele Martin argues that, in the hands of the Bell Telephone Company, the telephone was "developed mainly among the ruling classes in cities and towns."[34] The prohibitive rates charged by this company to subscribers prevented the diffusion of the telephone beyond businessmen. In an excellent study of the social diffusion of telephones in Kingston, Robert Pike confirms that business and residential telephone subscribers were drawn from the commercial and professional classes between 1883 and 1911.[35] While both of these studies conclude that the telephone was an elite technology prior to World War I, they base this conclusion on research which is limited to the behaviour of the Bell Telephone Company. Did the social diffusion of telephone technology in the hands of a municipality follow a similar pattern? The social distribution of the telephone in Kingston is determined by Pike through the adoption of three indicators of social access: the absolute growth of the numbers of telephones as compared to the local population, the proportion of business to residential telephones, and changes to the socio-economic composition of telephone subscribers. This section will explore the diffusion of telephones under municipal

control in Port Arthur using the first two of Pike's indicators, and draw comparisons with the Kingston experience in order to determine whether or not a similar pattern of telephone diffusion existed.

Prior to the creation of Port Arthur's municipal telephone exchange in 1902, the telephone was an elite technology. According to the 1902 Bell Telephone Directory for Port Arthur, over seventy-five percent of the one hundred and twenty-seven telephone subscribers were for businesses, while the remainder were almost without exception the residences of these same businessmen. Unsatisfied demand for affordable telephone service was reflected by a petition signed by sixty-seven ratepayers, submitted to the Council on February 1, 1902. The petitioners included forty-three men involved in commerce, eleven professionals, two government officials and eleven unidentified people.[36] The prominence of the petitioners, which included almost the entire economic elite, suggests that the initiative was conceived by disgruntled Bell subscribers. If this economic elite already enjoyed exclusive control of the technology, why did they propose the creation of a municipal telephone enterprise? Why did the number of telephones increase enormously over the next five years?

The absolute growth of the numbers of telephones in Port Arthur after

1902 was significantly greater than the corresponding diffusion of telephones in Kingston. The Municipal Telephone Directory for 1907-08 listed 923 telephone numbers in Port Arthur, not including the dozen or so subscribers to the Bell Telephone Company. This represented a 726.8 percent increase in the number of telephones since 1902. Consequently, there was one telephone for every 13.59 Port Arthur residents, or one for every 19.6 residents when only residential lines are considered. In Kingston, the number of telephones rose from 512 in 1901 to 1 382 in 1911. The degree of dispersal in Port Arthur was more than double the national average and surpassed that of Kingston.

The proportion of residential subscribers in Port Arthur, in relation to commercial telephone use, was much greater than the corresponding figure in Kingston. Prior to the creation of the municipal telephone exchange, Port Arthur had a smaller proportion of its telephones in residences than Kingston. This situation abruptly reversed itself once the municipal system was established. While over seventy-five percent of telephones in Port Arthur were in residences in 1907-08, only forty-two percent of Kingston's telephones were not in a commercial establishment in 1911. It can therefore be surmised that the nature of telephone distribution in the two cities differed substantially. As a result, the

social meaning of the telephone in Port Arthur underwent a dramatic redefinition as it had suddenly become an instrument of social interaction and not just a practical business tool. Why did the pattern of social diffusion of the telephone differ between Port Arthur and Kingston?

The difference in the social diffusion in Port Arthur and Fort William was all the more remarkable in that there was every reason to expect that the social diffusion would 'naturally' be greater in Kingston. A city of eighteen thousand people in 1901, Kingston would have been expected to have had a much greater distribution of telephones simply because it was a larger urban centre with long-distance telephone connections to Toronto and Montreal. Port Arthur, on the other hand, was a much smaller frontier community with no long-distance communication beyond Fort William and the rural townships around the Lakehead. The greater diffusion of telephones in Port Arthur must therefore have been either due to the effect of municipal ownership and/or competition.

While competition accelerated the diffusion of telephones in Port Arthur, it was the creation of a municipally-owned and operated exchange which democratized the telephone. This assertion contradicts Pike's own contention that "neither public or private ownership of telephones in Canada can be neatly correlated with maximum telephone utilization."[37]

Unfortunately, he bases this hypothesis on the research of Armstrong and Nelles into the degree of 'market penetration' by provincially owned telephone systems in the Prairie Provinces. Despite their finding that the degree of social diffusion in these provinces was almost identical with that of Ontario (where the Bell Telephone Company dominated), it is my contention that provincial and municipal ownership should not be painted with the same 'public ownership' brush. The municipal ownership of telephone service in Port Arthur diffused the urban service to a greater degree because the ratepayers had a veto over all municipal expenditures--they had no such power over the provincial government. To gain ratepayer approval for ongoing telephone expenditures, the municipal adminstration understood that telephone service had to be affordable to the vast majority of ratepayers. This was reflected by the dramatically reduced rates charged municipal subscribers. While the Bell Telephone Company charged twenty-four dollars for a residential subscriber and thirty-six dollars for a commercial line in 1902, the municipal rates were only twelve and twenty-four dollars respectively.[38] This allowed municipal leaders to boast that theirs were the lowest telephone rates in the country. "Il ne s'agit plus d'un service réserve aux seules élites economiques," Rens suggested in relation to Port Arthur, "désormais, a la

faveur de la concurrence et des luttes politiques, le téléphone se répond dans toutes les classes sociales."[39] Municipal ownership of telephones in Port Arthur acted to democratize the technology as most of the social classes were finally in a position to afford the rates charged.

Saving the City: Water and Sewerage

The provision of water and sewerage service differed from telephone in that the provincial Frontage Act required that municipalities levy a special local improvement assessment to pay for the works. Once the financial position of the municipality had improved after the turn of the century, a waterworks was constructed and the existing sewerage system extended in response to the rapidly growing population. While the local improvement system had an inherent bias against working-class neighbourhoods, the municipality reduced the special assessment burden by taking responsibility for a much larger proportion of the cost of the water and sewerage works than had previously been the case. The provision of these 'modern conveniences' to almost every neighbourhood had, by 1913, contributed to the overall sense of municipal progress.

At the turn of the century, the health of the inhabitants of Port Arthur suffered from the absence of a waterworks and the existence of

only a limited sewerage system in the downtown core. Unsanitary living conditions and the contamination of the drinking water drawn from Thunder Bay by water carriers continued to spawn epidemics of typhoid and diphtheria. A medical health report warned in 1906 that the water was drawn from the Bay in close proximity to the sewerage outlet.[40] "Some of the upper streets of the town," the inspector also reported, "until last summer had house sewage discharging into open street drains."[41] Consequently, typhoid struck one hundred and fifty-one people and diphtheria another twenty-four in 1906.[42] Concern over public health led the Board of Health to pressure the town Council into building, and then extending, the water and sewerage systems.[43] Their rapid extension decreased enormously the number of cases of preventable diseases in Port Arthur.

The Council encouraged the rapid extension of the water and sewerage systems by making it more affordable. Construction did not begin until 1903 because the municipality was legally bound to the agreement with Jenison and Wegg, even though the Mayor had refused to sign the by-law. Ratepayer approval for the construction of a waterworks and sewerage extensions was not received until May 19, 1903. "The water is taken from a point in Thunder Bay," observed a 1905 report on the waterworks,

> east of Current River, and is pumped by water power to a stand pipe erected at an elevation of 280 feet above Lake Superior, and gives ample fire pressure to all parts of the Town.[44]

A new cost sharing arrangement was established for the construction of sewers in which property owners only had to pay fifty percent of the cost in the form of a special local improvement assessment.[45] This new ratio substantially reduced the financial burden on property owners, thereby encouraging construction. As a result, the water and sewerage systems were rapidly extended in 1903, 1904, 1907, 1909 and 1913. With the notable exception of the Port Arthur Coal Docks area, there was no bias against any particular section of the town.

But even though water and sewer mains ran throughout the town, many working people did not have access to running water or sewerage facilitities because they could not afford house connections. As the correspondent of retail prices of commodities for the Federal Department of Labour, Frederick Urry found that sanitary conveniences were, for the most part, beyond the means of the wage earner.[46] Working-class housing with water and sewerage service were described as "practically unattainable" prior to 1914.[47] While the water rates were comparable to elsewhere in Canada (ranging from nine dollars per annum for a four-room cottage to twelve dollars for a six-room house), the cost was sufficiently

high that the Daily News could lament in March 1907 that Port Arthur was the only city in the country "having water and sewer systems where water is permitted to be sold by the barrel."[48] Consequently, while the municipality constructed and extended quite rapidly the water in sewer mains in Port Arthur, there was not necessarily an immediate diffusion of the urban services to the working-class. Because a growing share of the cost of local improvements were picked up by the municipality, subject to the approval of ratepayers, there was new pressure on the municipal administration to ensure that water and sewer service was affordable to all property owners.

Despite the class bias inherent in the local improvement process, the rapid construction of a waterworks and the extension of the sewerage system by the municipality contributed to the sense of optimism in the community. Municipal enterprise had achieved what private enterprise had failed to do during the previous twenty years. It is equally true that municipal ownership of the waterworks enabled more people to afford the service than would otherwise have been the case. The municipality subsidized the water and sewer works because of the continued fear of fire and disease in Port Arthur and because ratepayers ratified money by-laws, exercising a defacto veto over municipal activity. As the working-

class was dispersed throughout the community, they were more likely to receive these urban services than their Fort William counterparts who lived in segregated working-class districts.

Conclusion

An explosion of municipal activity after the turn of the century resulted in the construction of a hydro-electric power development, a municipal telephone exchange, a waterworks and the extension of the sewerage system. Municipal enterprise achieved what private enterprise had failed to deliver. Port Arthur's electrical power advantage over Fort William prior to 1906 created the impression that industrial and municipal progress were one and the same. The decision to develop the Current River waterpower through municipal enterprise, in 1900, generated considerable civic pride in Port Arthur and envy in Fort William. "Locals took pride in the maze of overhead wires and poles that dominated each principal intersection...and in the electric lamps that gave their streets what they believed to be a sophisticated, metropolitan air."[49] Another important by-product of municipal enterprise was the social diffusion of urban services beyond the economic elite. In particular, the democratization of the electric light and the telephone were

manifestations of the political power of ratepayers due to the provincial requirement that they approve all money by-laws and franchise agreements. The municipal administration was, therefore, keenly aware that, in order to ensure ratification, urban services had to be affordable to the ratepayers. While this did not necessarily enable the families of unskilled workers to enjoy the advantages of all of these new urban services, it did include skilled workers and most of organized labour. George Bernard Shaw wrote in 1912 that while the new technologies were "for a long time the toys of the rich," municipal ownership acted to distribute these urban services more fairly.[50] This was a time of tremendous optimism when everything seemed possible through the enterprise of the municipality-- the golden age of municipal enterprise in Port Arthur.

ENDNOTES

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[38]Mayor Oliver to Adam Beck, March 11, 1914, File "Mayor's Inaugural Address--J.A. Oliver" Series 88, TBA 4163.

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Chapter 6

MUNICIPAL ENTERPRISE IN CRISIS, 1906-1913

"Municipal ownership, on paper and in theory, is a fine thing, and if put into a practice on right lines and carried out thoroughly is the best asset a town has.... For the last few months, in the writer's house out-of-date oil lamps have had to be used to supplement the electric for reading purposes, and indeed to find one's way around.... Our City Fathers are very fond of saying in public 'The eyes of the world are tuned to Port Arthur,' and quote municipal ownership as one of the reasons for attracting the attention of the whole world. If the whole world is looking at us, let us for heaven's sake and for [our] own sake give the world some light by which we can be seen."

-'Night Light,' Daily News, Wednesday December 5, 1906.

The public's enthusiasm for municipal enterprise waned after 1906 due to the critical shortage of electricity in Port Arthur. While the sense of urgency created by inter-urban rivalry had previously fostered municipal enterprise, the economic resurgence of Fort William during this period caused many Port Arthurites to question whether municipal ownership and industrial progress really did go hand in hand. By harnessing the water power of the Kaministiquia River at the Ecarte Rapids, private enterprise had given Fort William a clear power advantage over the smaller municipal hydro development in Port Arthur. The resulting shortage of electricity in Port Arthur undermined public

confidence in the street railway and electric light franchises, and constrained industrial growth. Unable to extend the street railway, and fearful that a private company might construct its own street railway, the City of Port Arthur decided to sell to Fort William a share of the street railway in 1908. Unfortunately, the antagonistic managerial practices of the Joint Street Railway Board culminated in a bitter strike which caused working people to reconsider their long-time support for municipal enterprise. Despite these difficulties, the intervention of the Ontario Hydro-Electric Power Commission saved Port Arthur's municipal enterprises by resolving the electrical shortage in 1910. Consequently, the capital expended on the city's municipal enterprises between 1910 and 1914 actually doubled the total investment made during the preceeding twenty years.[1] This chapter will discuss the efforts made to resolve the shortage of electricity, the consequences of the shortage on the municipal electric light and street railway franchises, and how the bitter street railway strike of 1913 caused working people to reconsider their support for municipal enterprise.

The Failure of Municipal Enterprise to Provide Hydro-Electricity

The early power advantage enjoyed by Port Arthur over Fort William

was reversed when the Kaministiquia Power Company completed a large hydro-electric development at the Ecarte Rapids. In comparison, the municipal development on the Current River was unable to meet the growing power demands of Port Arthur. Expansion of the municipal development ended in disaster when one of the new service dams burst in 1908, washing out the main dam downriver. Once it was discovered that the washout was due to the negligence of the municipality, public confidence in the municipal administration was shaken. This prompted the community to turn to other alternatives to resolve the electical shortage. The municipal ownership of the hydro-electric franchise was secured by the intervention of the Ontario Hydro-Electric Power Commission after private enterprise failed to raise the necessary finance capital to present a viable alternative.

The formation of the Kaministiquia Power Company resulted in the completion of the Ecarte Rapids dam on December 8, 1906, and the promotion of industrial growth in Fort William. Unable to deliver on their promise to construct a hydro-electric project, Jenison and Wegg sold their water rights to a combination of prominent Montreal businessmen led by Frederick W. Thompson on December 2, 1904.[2] As President, Thompson was interested in securing a cheap source of electricity for the huge flour

mill under construction in Fort William by the Olgilvie Company. The Kam Power Company, with a capital stock valued at two million dollars, was incorporated on June 13, 1905, and among its shareholders were F. W. Thompson, Herbert Holt (President of the Montreal Light, Heat and Power Company), Charles Hosmer (a director of the Canadian Pacific Railway), Frank H. Phippen (the solicitor for the Olgilvie Company), and Harold W. Norton.[3] Completion of the hydro-development attracted would-be industrialists to Fort William with the promise of cheap and dependable power. "Once power was made available," recalled the Times-Journal in 1928, "all the industrial concerns which Fort William now has, were later attracted by the definite assurance that cheap and dependable power could be had."[4] The newspaper also credited the directors of the Kam Power Company for actively searching out industrialists to locate in the city. It is hardly surprising that Port Arthur ratepayers were increasingly envious of their rival.

The failure of Port Arthur's municipal hydro-electric development on the Current River to serve the needs of local industry prompted the town to ask for outside help. The inability of the municipality to meet the energy requirements of the Coal and Iron Docks Company symbolized, in the minds of ratepayers, the constraining effect of the electrical shortage

on industrial growth. Unable to supply the company with the requested five hundred horse power of electricity, the municipal administration was caught in a predicament. "The Town feel[s] that they should not block the Company from getting power from another source until it is ready to supply," the city's solicitor appealed to Adam Beck, "and at the same time they do not want to give any other Company any franchise over its streets."[5] Fear of the intentions of private enterprise inspired the city Council to refuse an appeal by the Kam Power Company to supply the Coal and Iron Docks with electricity. When the local company constructed its own steam power plant, ratepayers realized that outside help was needed if the city was to continue to grow.

The Current River Power Company failed in its efforts to respond to the unsatisfied demand for hydro-electricity in Port Arthur. The Company was formed in April 1907 by George T. Marks, Joseph Kilgour and several other local investors to build a second hydro-electric power development on the Current River.[6] The municipality vigorously opposed the incorporation of the Company because it feared that its plans might negatively affect the existing municipal hydro development.[7] After a long legal fight over the water rights at the site of the proposed waterpower, Port Arthur dropped its objections when the company's charter was

amended to protect the interests of the municipality. In the end, the Current River Power Company did not have had the finance capital necessary to develop the waterpower; it slipped into obscurity by the end of 1907.

While the majority of ratepayers in Port Arthur clearly wanted the municipality to negotiate an agreement with the Hydro-Electric Power Commission after 1907, the supporters of James Conmee's competing power scheme (to be discussed later in this chapter) used the courts to annul two by-law votes. The Hydro Commission was established by the Ontario legislature in 1906 to "regulate private utilities and to undertake the distribution of electricity to the municipalities..."[8] Under the stewardship of Adam Beck, the Hydro Commission quickly expanded the scope of its activity to include the generation of hydro-electricity in competition with private utility companies. Adam Beck was, therefore, in the enviable position of regulating his competitors. After a delegation from Port Arthur met with Beck, a by-law approving the negotiation of an agreement with the Hydro Commission was ratified by ratepayers on January 7, 1907. The validity of the by-law was challenged in court by John Hourigan who asked for and received an injunction. Judge Clute ruled that the by-law was "invalid because it did not publish the estimates and

the contract so as to enable the voters to judge of that on which they were asked to vote..."[9] A second by-law vote, which occurred on November 4, 1909, was similarly disqualified.[10] Therefore the proponents of the Conmee scheme were able to use the courts to obstruct the will of the majority.

The Current River washout not only exacerbated the shortage of electricty in Port Arthur, it also seriously undermined public confidence in muncipal enterprise, convincing ratepayers that another source of hydro-electric power was needed. On May 28, 1908 the newly built Paquet Dam burst, sending a wall of water, sometimes as high as eighteen feet, cascading down the valley to the mouth of the Current River. The washout resulted in the death of a railway engineer, fireman, breakman and two stowaways on a westbound CPR freight train that plunged into the river bed after the bridge was swept away.[11] During the subsequent lawsuit filed against the City of Port Arthur, it was disclosed that the washout was caused by the negligence of the municipality. The Council had instructed Thomas McCauley, the General Superintendant, to supervise the construction of the Paquet Dam, even though he was an electrical, not a civil engineer.[12] The design of the dam was seriously flawed as it was not anchored to solid rock, and a bank of gravel had been placed upstream,

intead of downstream, thereby adding to the pressure on the dam.[13] Although a plebescite held on July 3, 1907 resulted in a large majority voting in favour of the municipality developing Dog Lake, the Current River washout forced the municipality to consider other options.[14] After the Current River washout, the Kam Power Company, James Conmee and the Hydro-Electric Power Commission vied to supply Port Arthur with electricity.

In the immediate aftermath of the Current River washout, the municipality signed an agreement with the Kam Power Company--only to cancel it days later. The company had an important ally in J.J. Carrick who was elected Mayor of Port Arthur in January 1908.[15] He advocated through the Daily News (which he owned), a rapprochement with the Kam Power Company.[16] An agreement was signed on October 19, 1908, whereby the company agreed to build a sub-station for the transmission of four hundred horse power in exchange for the right to sell directly to those customers requiring more than five horse power, and a tax exemption.[17] After signing the ninety-nine year contract, without any public consultation whatsoever, the Council was forced to reconsider its action due to fierce public hostility and the legal advice of the town's solicitor. Almost immediately after the agreement was signed, it was discovered

that Kam Power had used the contract to try to convince the Provincial government to lease to it the water rights for Dog Lake. Similar to Jenison's actions in 1899, this attempt to achieve a regional power monopoly by thwarting the ambition of municipal enterprise turned public opinion against the company.[18] This was followed by a scathing letter from Frank H. Keefer (the city's solicitor), who on his return to Port Arthur on November 4, strongly advised the Council that the contract was ill-conceived because it could potentially prohibit the municipality from selling power altogether.[19] He also informed councillors that the franchise agreement required the approval of ratepayers before it could take effect. As a result, the Port Arthur Council reversed its decision on November 4, 1908, cancelling the agreement.

By nullifying its agreement with the Kam Power Company, the municipality placed itself in the position of being unable to deal directly with the company which controlled the only other existing source of hydro-electric power in the region.[20] In fact, Kam Power threatened the town with litigation if the contract was not carried out.

> We cannot admit the right of your Corporation to cancel the contract which we are advised has been legally entered into... We feel that it is our duty furthermore to notify you at this time that in the event of the City failing to live up to its undertakings under the contract in question, the Company will

hold it responsible for all damages.[21]

Port Arthur was able to stand up to the company's threats because the Hydro-Commission had offered to negotiate a deal with Kam Power on behalf of the municipality; James Conmee also advanced a scheme to harness the enormous power potential of the Nipigon River. The existence of these alternatives permitted the Council to cancel the agreement.

James Conmee understood the value of waterpower to a growing urban centre, but failed in his early efforts to incorporate a hydro-electric company. A federal charter designating that the enterprise "for the general benefit of Canada" was crucial to Conmee's scheme. This allowed him to escape the supervision of the increasingly interventionist Hydro-Electric Power Commission, while enabling him to expropriate the necessary water rights. A Bill to incorporate the Port Arthur Power and Development Company proposed to develop the hydro-electric potential of the Nipigon and Black Sturgeon Rivers in order to export power to a mining company on Isle Royale, an island a few miles off-shore on the American side of the border.[22] In this instance, the Board of Trade's opposition to Conmee's scheme, stemming from his demand for a bonus of two hundred

thousand dollars in bonds, prevented an agreement from being negotiated with Port Arthur.[23] Instead, the Board of Trade went on record as supporting the public ownership of all waterpowers in the region, and endorsed the proposed contract with the Hydro Electric Power Commission.[24] However the bill was not enacted by the House of Commons before the end of the session.[25]

The Bill to incorporate the Ontario and Michigan Company (a second attempt by Conmee to acquire the water rights of the Nipigon waterpower), was adopted by the House of Commons in 1909 despite furious opposition. This proposal differed from the earlier one in that the bill proposed to develop only one site on each of the Nepigon and Pigeon Rivers. Inclusion of the latter, an international waterway, was an excuse to acquire a federal charter. Its opponents argued that the scheme was "an invasion and violation of the principles of provincial rights."[26] A resolution condemning the Bill, as just such a violation, even received all-party support in the Ontario legislature.[27] James Conmee responded to his critics by arguing that the Nipigon River was also an international waterway, because it was navigable and regulated the waterflow of Lake Superior.[28] This was, of course, a far fetched argument which would have had the effect of placing all waterways under federal jurisdiction. Even

the support of his own Liberal Party was lukewarm to his legislation. For example, Conmee had bitterly complained to Prime Minister Wilfrid Laurier the year before that the government was less than enthusiastic about his scheme.[29] The Bill was finally adopted by the House of Commons and the Senate in 1909, but not before the company was stripped of expropriatory powers.[30] While Conmee had managed to incorporate a hydro-electric company capable of developing the water power of the Nipigon River, without the power of expropriation, the company had to convince a hostile Provincial government to lease it the water rights.

The critical shortage of electricity in Port Arthur was finally resolved in January 1910, when ratepayers overwhelmingly voted against James Conmee and in favour of the tentative agreement with the Hydro Commission. The two proposals differed in that the Hydro Commission promised to provide up to ten thousand horse power immediately (purchased from the Kam Power Company); while James Conmee needed two years to acquire the water rights to the Nipigon River and build the hydro-electric dam, transmission lines, and a sub-station at Port Arthur.[31] The agreement with the Hydro Commission also had the distinct advantage of ensuring that the municipality retained complete control of the streets. Adam Beck warned the Mayor and Council of Port Arthur that

the perpetual franchise demanded by Conmee "means the end of exclusive municipal ownership for Port Arthur for all time to come."[32] At a public meeting held to discuss the two proposals, the correspondent of the Eye Opener reported that in mid-speech Adam Beck was confronted by James Whalen, Conmee's son-in-law and close business associate. Whalen rushed the stage, shaking his fist in Beck's face, offering to bet him five thousand dollars that Conmee did indeed have the water rights for the Nipigon waterpower. It was only after Beck curtly replied he had no such rights that Conmee admitted as much.[33] "A town run by one man in his own interests," chided the correspondent, "never did amount to a damn."[34] The ratepayers agreed, the Conmee proposal was soundly defeated, and a contract was entered into with the Hydro Electric Power Commission.

The critical shortage of electricity in Port Arthur between 1906 and 1910, and a sense of urgency created by inter-urban rivalry prompted the community to ask for outside help. While public confidence in municipal enterprise was shaken by the Current River washout, local entrepreneurs failed once again to present a viable alternative. The electricity crisis was finally resolved in January 1910 when Port Arthur ratepayers approved an agreement with the Hydro-Electric Power Commission. In so

doing, provincial intervention succeeded in saving the municipal electric light and street railway franchises from abandonment.

The Municipal Electric Light and Street Railway in Crisis

The shortage of electricity between 1906 and 1910 constrained municipal activity in Port Arthur. While the quality of electric light and street railway service was undermined by frequent power outages, the electrical shortage prevented the municipality from extending the two franchises. The poor service provided by the municipal electric light franchise resulted in public demands for a gas works. In the case of the street railway, the inability to extend service into the new subdivisions led to the formation of a private railway company, forcing Port Arthur to sell to Fort William its share of the street railway. This section will explore the effect that the shortage of electricity had on the municipal electric light and street railway, and how these municipal enterprises were able to overcome these difficulties.

Public disatisfaction with the municipal electric light franchise originated from the shortage of electricity in Port Arthur. As early as October 1906, the Daily News warned that that the poor quality of the electric lights and the irregularity of the service was quickly becoming a

grievance among ratepayers.[35] The newspaper even threatened to withdraw its support for public ownership if the electric light service continued to deteriorate.[36] Because the electric plant was overloaded, the municipality was forced to urge power conservation and even advised customers to buy gas lamps in case of further difficulties.[37] Allegations of discrimination in lighting service in 1909 surfaced with a petition signed by over one hundred customers, demanding to know why the so-called aristocratic section of the city was often left in darkness, while the area east of Court Street was still lighted.[38] The ground was fertile for gas entrepreneurs to provide an alternative to the municipal electric light franchise.

The critical shortage of electricity in Port Arthur revived interest in constructing a gas works for lighting and heating purposes. A proposal was received for the city's gas franchise by the council in May 1907 from Cyrus S. Eaton and M.E. Springer but was almost immediately withdrawn.[39] Subsequently, the issue was set aside until 1909 when a special committee was formed to consider gas proposals from J. A. Little of Port Arthur, W. Percy Gillespie of Toronto and W.A. Backs of Chicago.[40] After defeating a motion to accept Little's submission, the Council decided to approach the Hydro Electric Power Commission "for a report of its general

fairness towards the city's interests."[41] The municipal councillors seem to have discounted Little's proposal, as they later responded favourably to a gas proposition from the International Lighting and Heating Company of Cleveland to construct a single gas works to service both Lakehead cities.[42] Once again, the gas entrepreneurs were unable to carry out their schemes. Private enterprise had failed to take advantage of the electrical shortage by constructing a gas works which could have competed with municipal enterprise for the illumination of the city.

After flirting with a municipal gas works from 1910 to 1912, ratepayers voted in a plebescite to give a private gas company the franchise because the municipal electric light enterprise served the needs of most ratepayers. The municipality experimented with a muncipal gas works on September 10, 1910, when ratepayers voted for an expenditure of twenty-five thousand dollars for gas mains.[43] Public opinion must have been divided on the issue as a plebescite was held on May 22, 1912 "with a view to discovering whether the electors would prefer a municipally owned gas plant in the City, or that the franchise should be granted to some outside company."[44] While advocates of a municipal gas works contended that the municipality could buy its gas from the Atikokan Iron Company, the majority of ratepayers voted against municipal ownership.

This decision reflected the diminished sense of urgency in the community for a gas works after the shortage of electricity was resolved in 1910.

The inability of the Port Arthur Electric Street Railway, Light and Telephone Commissioners to approve extensions led Port Arthur to sell to Fort William its share of the street railway after a private company threatened to construct a second street railway. The Mount McKay and Kakabeka Falls Railway Company was incorporated in April 1904 to construct a radial railway from Squaw Bay, south of Fort William on Lake Superior, to Kakabeka Falls. Backed by four ex-mayors of Fort William, the company took advantage of public frustration towards the operation of Port Arthur streetcars in their community (Joshua Dyke, C. H. Jackson, James Murphy and W.F. Hogarth).[45] A comprehensive street railway franchise agreement was entered into on July 16, 1907, whereby the company agreed to operate a street railway in Fort William, roughly parallel to the existing one. The Company's charter was consequently amended to permit it to operate an electric street railway in Fort William and Port Arthur.[46] Fort William politicians supported the company's bid largely because efforts to extend the Port Arthur Street Railway to the western limit of the burgeoning city had little success.[47] "This looks to me," observed George Hodder, "like a blow at Municipal Ownership."[48] To

thwart the ambition of the private railway company, Port Arthur sold to Fort William its share of the street railway for fifty thousand dollars on March 11, 1908. This action effectively terminated Fort William's interest in the Mount McKay and Kakabeka Falls Railway Company. The company was left operating a steam railway between Fort William and Paipoonge Township (a distance of five miles), and an industrial spur to the Canada Car and Foundry Company.

The transition from a street railway, wholly owned and operated by the municipality of Port Arthur, into an operation jointly managed by two rival cities was not a smooth one. Resistance to the sale by the Port Arthur Electric Railway, Light and Telephone Commissioners led to an absurd situtation whereby the street railway was managed by two mutually antagonistic bodies. The five member Joint Board, composed of two representatives of each municipality and a neutral fifth, asked the Ontario Railway and Municipal Board to intervene after the Port Arthur Commissioners lost in the courts on November 2, 1908.[49] Because the street railway managment had remained loyal to the Port Arthur Commissioners, the sheriff was directed to hand over the car barn and the administrative offices to the Joint Board.[50] Once this was accomplished, the employment of Thomas McCauley was abruptly terminated.[51] The

formation of the Joint Board was a clear break from the past.

The electrical shortage prevented the extension of the street railway prior to 1910, frustrating the efforts of land developers to promote new subdivisions. The extent to which the shortage of electricity constrained muncipal street railway activity is reflected in the fact that the municipality expended four times as much capital from 1909 to 1914 than it had during the previous eighteen years.[52] In 1906, the fifteen-minute car service had to be suspended in order to conserve electricity.[53] The only major extension to be undertaken during this period was an exceptional case which reveals how land developers manipulated municipal activity to their own advantage. The Arthur Street railway extension constructed in 1909 provided service to Mariday Park, on the crest of the hill. The extension consisted of a branch line, up Arthur Street to Hill Street and through Mariday Park, a distance of only five thousand feet. Despite the opposition of the street railway manager, who believed that the grade on the hill was unsafe and represented a strain on the equipment, the Port Arthur Council and the Joint Board were convinced to undertake the extension after J.J. Carrick (who owned the subdivision) offered to subsidize the project.[54] An agreement was signed on November 15, 1909, whereby Carrick agreed to pay one-half of the cost of the

extension.[55] The municipality had to take legal action, when Carrick refused to pay most of his share of the expenses, which finally ended in an out-of-court settlement for two thousand dollars in November 1919.[56] The inability of the municipality to extend the street railway frustrated the private ambitions of land developers who were sometimes willing to go to extraordinary lengths to promote their subdivisions.

Despite the failure to extend the street railway before 1910, the public continued to support municipal ownership because of the extremely low fares charged. A ride on the street railway still cost five cents in 1913--the same fare charged when the streetcars started rolling in 1892. Why did the fares remain so low? While the raison d'etre of the street railway was to provide an affordable means of inter-urban transportation, the rate remained the same because of the conditions set by the Order-in-Council in 1893. Henceforth changes to the fare schedule required provincial approval. This approval was precluded by Fort William which was certain to oppose an increase; any profit, or loss, was the exclusive responsibility of Port Arthur. Even after the Joint Board was formed, Port Arthur did not have to share street railway profits until 1913. By providing an affordable service, the municipal street railway maintained enough public support to counteract the criticism of land developers.

The municipal electric light and street railway enterprises were negatively affected by the shortage of electricity in Port Arthur between 1906 and 1910. This shortage produced irregularity of service and prevented the municipality from responding to growing public demand for urban services. The electric light franchise survived the crisis largely because private enterprise was unable to construct a gas works in time to take advantage of the unsatisfied demand. In the case of the municipal street railway, the shortage of electricity forced the municipality to sell to Fort William its share of the operation or face competition from the Mount McKay and Kakabeka Falls Railway Company. The low street railway fares kept Port Arthurites loyal to the municipal enterprise in the face of the growing frustration of land developers until 1910, when the street railway was rapidly expanded. The final crisis which undermined municipal ownership was a bitter street railway strike in May 1913 which caused many working people to reconsider their support for municipal enterprise.

The Street Railway Strike

The relationship between the Joint Street Railway Board and its workers was rocky from the outset, culminating in a bitter strike in May

1913. Because the labour unrest extended to Fort William, the character of the strike did not reflect the atmosphere of inter-class cooperation in Port Arthur. When violence erupted in the Fort William Coal Docks District, the hard liners on the Joint Board won approval for a so-called "iron fist" strategy. The extreme tactics subsequently employed by the Joint Board to crush the union caused many working people to reconsider their longstanding support for municipal enterprise. Yet, despite the divisiveness of the labour dispute, cooperation rather than conflict continued to characterize social relations in Port Arthur. This section will explore the causes of the strike, and how the strike affected the relationship between the municipality and the working class.

The Amalgamated Association of Street and Electric Railway Employees of America struck in 1913 over the deteriorating standard of living of its membership and the dismissal of two union members. After a protracted wage dispute went to arbitration, a collective agreement was entered into on April 3, 1912, not expiring until December 31, 1913.[57] In the meantime, the union informed the Ontario Railway and Municipal Board that the Joint Board was in violation of Provincial law because street workers were not supposed to work in excess of sixty hours per week. This led to an order directing the Joint Street Railway Board to clean up

its act.[58] Consequently, the hours of labour of motormen and conductors were slashed, thus greatly reducing their overall income. Recognizing the hardship that this produced, the Joint Board unilaterally increased wages eight to ten percent in February 1913. However, this was not sufficient compensation in the eyes of the street railway workers. The second grievance revolved around the dismissal of Maurice Enright and Stephen Muldoon in seperate incidents. While Enright was fired in July 1912 over his refusal to drive a streetcar to the Coal Docks for the militia during a strike-related disturbance, Muldoon was fired after he blew the whistle on a member of the Joint Board who had overcharged the municipal enterprise.[59] When reviewed by federal arbitrators, the dismissal of the two employees was deemed reasonable under the circumstances.

The street railway strike caused organized labour to re-evaluate its long-term commitment to municipal ownership. The Strike Committee tried to redirect pro-municipal ownership sentiment into support of their own demands. They proclaimed that the "street cars belong to the people. Do as we bid you and you will regain possession of them."[60] Strikers presented themselves as the defenders of municipal ownership up against those who would destroy it. The Wage Earner charged that there was a conspiracy to privatize the municipal street railway.

> Our street railway is a valuable asset. It is worth stealing. An incompetent manager making discontented employees will induce the rate-payers to vote away their franchise easily and even willingly when the right moment arrives, and some will reap a rich harvest. Moneyed men may plot, they have the time and leisure to do so...[61]

The strike experience destroyed any illusion that the working class held that the interests of municipal ownership and trade unionism were necessarily identical.[62]

The strike commenced, good naturedly, at five o'clock in the morning of Saturday May 10, 1913 with strikers and managers bantering back and forth. "The men seemed to be in a good mood," reported the Daily News, "[they] sat around in the sun and laughed and talked and joked [with] Secretary Wilson of the Joint Board when he came along."[63] The editorial opinion of the local newspapers during the first day, while critical of the strikers, was not altogether hostile. They criticized the employees contention that they were justified in striking (in violation of their contract), because the Joint Board had already violated the contract when they unilaterally increased wages.[64] The strikers resorted to gender imagery to bolster their case among ratepayers. They suggested that their status as the male breadwinners in their families was threatened by substandard wages. "To make ends meet," the Strike Committee declared,

"many of the working men's wives have to work hard as boarding house keepers."[65] Those strikers interviewed by the Daily News suggested that the strike would be a short-lived affair as the community would see the justice of their cause. This faith in their fellow citizens was a product of an atmosphere of inter-class cooperation.

The strike was transformed into a bitter conflict the following day, when violence erupted in the Fort William Coal Docks district. A huge crowd ran a streetcar off the track and proceeded to break all the windows. After the police arrested Peter Landi during the afternoon incident, another mob tried to break him out of the police sub-station that night.[66] One man was killed and another wounded when the crowd rushed the station. Although no striker was actually involved in the violence, and the street railway union condemned the riot and blamed it on foreigners, the labour dispute had escalated. The riot strengthened the position of hard liners on the Joint Board, who advocated an "iron fist" strategy. This strategy included the importation of strike breakers and armed special constables from the Thiel Detective Agency. The strike had become entangled in the antagonistic social relations of Fort William.

In the aftermath of the violence, the tactics of the Joint Board and the union escalated rapidly. Port Arthur and Fort William soon resembled

armed camps with two to four special constables, equipped with automatic guns, riding every streetcar. Still others lined the street railway route, especially around the Coal Docks area. The Joint Board even cautioned the population not to find themselves in a hostile crowd, as the Thiel agents were "authorized to shoot into any crowd that attempts to destroy street railway property."[67] On Friday May 16, E. Salmi was imprisoned just for hollaring "scab" at a passing street car.[68] The escalation in the tactics of the Joint Board provoked a corresponding alteration in the tactics of the strikers and their working-class supporters. The union's initial strategy of calling for a boycott of the street railway appeared to be widely respected during the first week of the strike.[69] The importation of strike breakers, however, forced the strikers to re-evaluate their tactics. Their call for a plebescite on the issue, allowing the public to resolve the conflict, reflected once again the faith of the strikers in the spirit of cooperation in Port Arthur. After a plebescite was rejected by the municipalities, a union-operated bus line was established between Port Arthur and Fort William.[70] Finally, on May 18, two large public meetings endorsed a general strike after turning down Frederick Urry's suggestion that the working people of the Lakehead line the street railway route to shame the passengers and the two cities

into capitulation.[71] The "iron fist" strategy of the Joint Board had forced the strikers to escalate their tactics.

The general strike slated for Wednesday June 4, 1913 was an embarrasing failure resulting in the collapse of the strike.[72] Only two unions, the Structural Ironworkers and the hoisting engineers (both based in Fort William) walked off the job en masse.[73] According to the surviving minutebooks of the Brotherhood of Locomotive Engineers, Local #631, and the Coal Handlers' Union, there was almost no support from organized labour for the general strike. While the Locomotive Engineers never even mentioned the strike in their minutes, the Coal Handlers' Union was forced to cancel a membership meeting to ratify the strike call because only a handful of people bothered to attend.[74] The Daily News gloated that not one municipal employee struck in sympathy.[75] Why didn't working people support the strikers by participating in the general strike? If this was the class conflict that Jean Morrison suggests, where was the working-class solidarity?

The general strike failed for three reasons: it occurred too late in the strike, a general strike was a poor tactic under the circumstances, and the strikers did not have sufficient reason to violate their collective agreement. Originally intended for Friday May 23, the postponement of the

general strike was a mistake because the street railway had by June 4 been in full operation for almost three weeks. Consequently, the general impression in the community was that the strikers had already lost. The use of the general strike was a poor tactic under the circumstances because it asked working people to risk losing their own jobs on behalf of what had become a lost cause. If the issues involved had been of community-wide importance, a general sympathy strike might have been more successful. Finally, the street railway union's reasons for violating their collective agreement were relatively weak. Trade unionists may very well have been concerned that the street railway union broke their contract as it undermined the principle of collective bargaining. In any case, the dismal failure of the general strike suggests that the street railway strike of 1913 may not have, as Jean Morrison suggests, completely "shattered what remained of the old trade union-middle class alliance."[76]

Conclusion

Municipal enterprise was in crisis between 1906 and 1913 in Port Arthur because it failed to deliver sufficient electrical power to operate the municipal street railway and electric light franchises, and supply

industrial power consumers. While inter-urban rivalry had previously acted to support municipal enterprise, it began to work against it when Fort William achieved a power advantage through private enterprise. The critical shortage of electricity was finally resolved by a combination of the inability of private enterprise to satisfy public demand for electricity, and the intervention of the Ontario Hydro-Electric Power Commission. The resolution of the electrical shortage did not come in time, however, to prevent the sale to Fort William of its share of the street railway. Subsequently managed by a Joint Board, labour-management relations deteriorated to such an extent that a strike occurred in May 1913. The nature of the strike was transformed after violence erupted in the Fort William Coal Docks District. As a result, the strike experience caused many working people to reconsider their long time support for municipal enterprise. Despite all of these difficulties which plagued the municipal ownership of urban services in Port Arthur, the municipal enterprises not only survived but expanded rapidly (especially after 1910) in response to the demands of a growing population.

ENDNOTES

[1]File "Utility Reports 1914," Series 102, TBA 4474.

[2]Mayor of Fort William to Phippen, December 2, 1904, File "Kam Power #2," Series 102 TBA 4475.

[3]Kaministiquoia Power Company, Corporate Records, Provincial Secretary, RG 8-1-1, File L8376 (1905), Ontario Archives.

[4]Fort William Times-Journal, December 19, 1928.

[5]Frank H. Keefer to Adam Beck, May 3, 1907, Hydro General File #1, Series 102, TBA 4475..

[6]Ontario, Statutes (1907), "An Act to Incorporate the Current River Power Company" (Edw 7 Ch 114).

[7]Port Arthur Council, Minutes, February 16, 1906, Series13, TBA 68, 433.

[8]Christopher Armstrong, The Politics of Federalism: Ontario's Relations with the Federal Government, 1867-1942 (Toronto: University of Toronto, 1981), 56.

[9]"Hourigan v. City of Port Arthur," Ontario Weekly Notes, Vol. 1, (1909-10), November 12, 1909, 169-70.

[10]Ibid., November 30, 1909, 216-10.

[11]Frank H. Keefer to James McTeigue, July 12, 1909, File "Washout--Current River--1908," Series 102, TBA 4474.

[12]Testimony of William Joseph Gurney, City Treasurer, "Washout--Current River, 1908," Series 102, TBA 4474.

[13]Report of C.H. Mitchell, November 12, 1912, File: "Washout-Current

River, 1908," Series 102, TBA 4474.

[14]George Clavet to Cochrane, July 12, 1907, "Hydro-General #1," Series 102, TBA 4475.

[15]DN., January 4, 1908.

[16]DN, November 21, 1906.

[17]Agreement between Port Arthur and the Kaministiquoia Power Company, October 19, 1908, File "Kam Power #2," Series TBA

[18]Ibid., McTeigue to Kam Power, November 5, 1908.

[19]Frank H. Keefer to James McTeigue, November 4, 1908, "Kam Power #1," Series 102 TBA 4475.

[20]Report of P. W. Fotham of Hydro-Electric Power Commission, November 30, 1908, "Hydro-Electric #1," Series 107, TBA 4475, 3.

[21] Herbert Holt to J. McTeigue, November 19, 1908, "Kam Power #2," Series 102, TBA 4475.

[22]Conmee to Clavet, March 29, 1907, Hydro-General File#1, Series 102, TBA 4475.

[23]DN., December 5, 1906.; Port Arthur Board of Trade, Minutes, November 27, 1906, TBHMS E 1/1/2, 312.

[24]Port Arthur Board of Trade, Minutes, September 17, 1909, TBHMS E 1/1/2, 409.

[25]Armstrong, The Politics of Federalism, 97.

[26]Canada, Debates, Vol. 2, February 15, 1909, 1027.

[27]Armstrong, The Politics of Federalism, 97.

[28]Canada, Debates, Vol. 2, February 15, 1909, 1028.

[29]James Conmee to Wilfrid Laurier, April 1, 1908, Laurier Papers. C-861, 138 533 Public Archives of Canada.

[30]Canada, Debates, Vol. 2, April 19, 1909, 4501.

[31]DS., December 14, 1909.

[32]Adam Beck to the Mayor and Council of Port Arthur, December 29, 1909, "Hydro-General File #1," Series 102, TBA 4475.

[33]Eye Opener, January 1. 1910.

[34]Ibid..

[35]DN., October 25, 1906.

[36]DN, October 26, 1906.

[37]DN., December 11, 1907.

[38]DN., December 11, 1909 .

[39]Port Arthur Council, Minutes, May 28, 1907, Series 13, TBA 69, 311.

[40]Ibid., July 5, 1909, 249.

[41]Ibid., July 16, 1909, 276.

[42]Ibid., November 22, 1909, 444.

[43]Port Arthur Council, Minutes, April 10, 1910, Series 13, TBA 72, 126.

[44]Fort William Herald, May 5, 1912.

[45]Canada, Statutes, "An Act to Incorporate the Mount McKay and Kakabeka Falls Railway Company," April 26, 1904 (4Edw. Ch 82).

[46]Canada, Statutes, (1908) "An Act re Mount McKay and Kakabeka Falls Railway Company," (8 Edw. Ch 131).

[47] W.F. Hogarth to C. W. Jarvis, July 6, 1906, TBA 522 Rlwy, 3.

[48]Annual Report of George Hodder, January 25, 1907, "Hydro-General File #1," Series 102, TBA 4475.

[49]Ontario Railway and Municipal Board, Annual Report (Toronto: L.K. Cameron, 1908), 144.

[50]Electric Railway, Light and Telephone Commissioners, Minutes, November 27, 1908, Series 62, TBA 3980.

[51] As street railway superintendant, McCauley had invented the one-operator streetcar and had overseen the construction of closed streetcars and trailers in Port Arthur, Ibid., September 23, 1904.

[52]City Clerk to Jos. E. Gravell, March 20, 1914, Series 88, TBA 4161.

[53]DN., December 11, 1906.

[54]Robinson to Board of Commissioners, April 18, 1911, File: "Railway Extension Through Monday," Series 102, TBA 4477.

[55]Ibid., Agreement, November 15, 1909.

[56]Ibid..

[57]Canada, Department of Labour, Strikes and Lockouts, RG 27, T-2690, Document 305, Public Archives of Canada.

[58]Ontario Railway and Municipal Board (1912), 168.; (1913), 88.

[59]Wage Earner, May 16, 1913.

[60]Strike Committee, "Proclamation to the Labor Men of Port Arthur and

Fort William," Department of Labour, Strikes and Lockouts, RG 27, T-2690, Document 290, Public Archives of Canada.

[61]Wage Earner, May 16, 1913.

[62]Morrison, Community and Conflict," 253.

[63]DN., May 10, 1913.

[64]Wage Earner, May 16, 1913.

[65]DN., May 13, 1913.

[66]Canada, Department of Labour, Strikes and Lockouts Files, document 302, Public Archives of Canada.

[67]Jean Morrison, "Community and Conflict," 245.

[68]DN., May 16, 1913.

[69]DN., May 13, 1913.

[70]DN., May 14, 1913.

[71]DN., May 22, 1913.

[72]Canada, Department of Labour, Strikes and Lockouts, RG 27, T-2690, Document 287, Public Archives of Canada, 2.

[73]Ibid., Document 274 , 2.

[74]Brotherhood of Locomotive Engineers #631, Minutes, TBHMS B 5/1/1; Coal Handlers' Union, Minutes,June 1, 1913, TBHMS, 59-60.

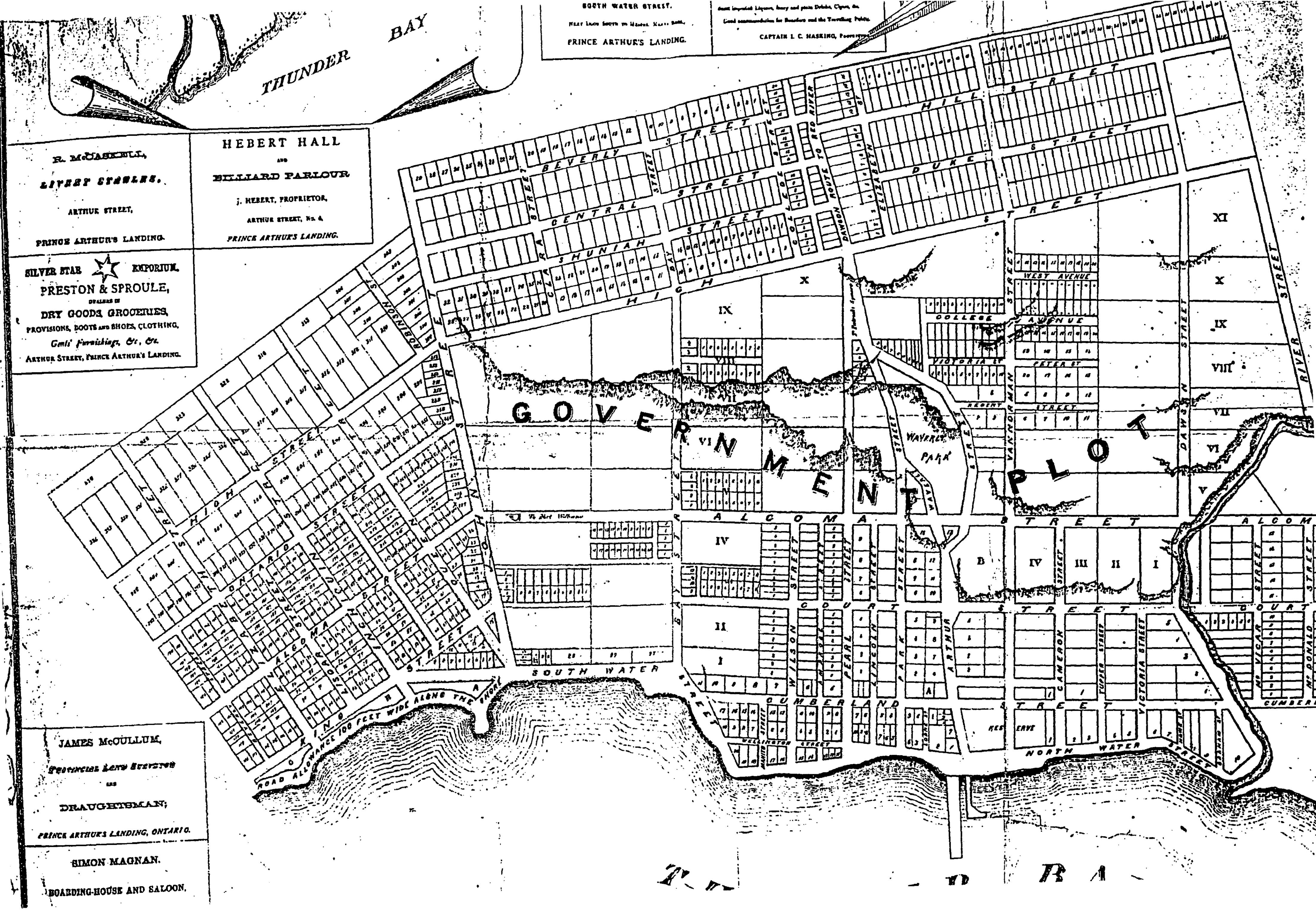
[75]DN., June 4, 1913.

[76]Jean Morrison, "Community and Conflict," 224.

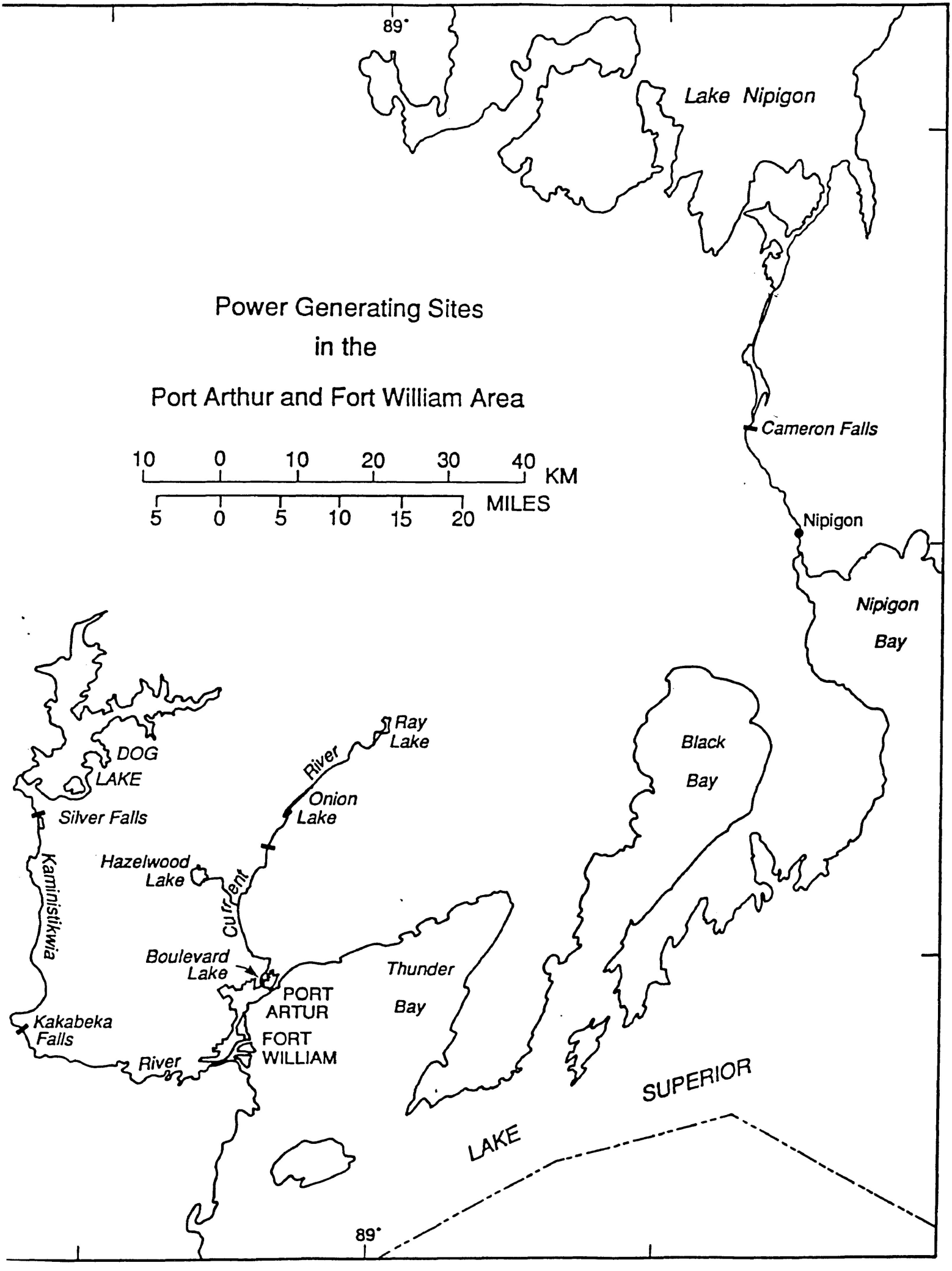
CONCLUSION

Municipal enterprise in Port Arthur was an innovation born of necessity. Because of the scarcity of finance capital in the region, private enterprise was entirely dependent on municipal bonuses to provide urban services. Small property owners turned to municipal enterprise after they became tired of subsidizing the boodling habit of the economic elite. The emergence of municipal enterprise in Port Arthur was facilitated by a profound sense of urgency generated by inter-urban rivalry, a legal environment which encouraged municipal enterprise, public confidence in the municipal administration, and an atmosphere of inter-class cooperation which was conducive to collective action. Municipal ownership of urban services distinguished itself from private ownership by a greater social diffusion of these services. The fairer distribution of electric light, telephone, water and sewerage services was a conscious effort on the part of municipal officials to secure ratepayer support for additional money by-laws as required by Ontario's Municipal Act. Political expediency and an atmosphere of inter-class cooperation were the major motivational factors in the operation of Port Arthur's municipal services. Municipal enterprise was not without its problems; the critical shortage of electricity and the street railway strike caused many Port

Arthurites to reconsider their support. But despite bumps on the path of "municipal progress," Port Arthur remained in 1913 a municipal ownership town.


THUNDER BAY
R. McCASKELL,
LIVERY STABLES,
ARTHUR STREET,
PRINCE ARTHUR'S LANDING.
HEBERT HALL
AND
BILLIARD PARLOUR
J. HEBERT, PROPRIETOR,
ARTHUR STREET, No. 4,
PRINCE ARTHUR'S LANDING.
SILVER STAR EMPORIUM,
PRESTON & SPROULE,
DEALERS IN
DRY GOODS, GROCERIES,
PROVISIONS, BOOTS AND SHOES, CLOTHING,
Gents' Furnishings, &c., &c.
ARTHUR STREET, PRINCE ARTHUR'S LANDING.
JAMES McCULLUM,
PROVINCIAL LAND SURVEYOR
AND
DRAUGHTSMAN;
PRINCE ARTHUR'S LANDING, ONTARIO.
SIMON MAGNAN,
BOARDING-HOUSE AND SALOON.
SOUTH WATER STREET.
PRINCE ARTHUR'S LANDING.
CAPTAIN I. C. HASKING,
GOVERNMENT PLOT
BEVERLY STREET
CENTRAL STREET
SHUNIAH STREET
HIGH STREET
HILL STREET
DUKE STREET
CLARA STREET
BAY STREET
COLLEGE STREET
DAWSON ROUTE TO RED RIVER
ELIZABETH ST
ROBINSON ST
JOHN STREET
HIGH STREET
ONTARIO STREET
ALGOMA STREET
LISGAR STREET
QUEEN STREET
KING STREET
SOUTH WATER STREET
ROAD ALLOWANCE 100 FEET WIDE ALONG THE SHORE
ALGOMA STREET
COURT STREET
CUMBERLAND STREET
WILSON STREET
PEARL STREET
LINCOLN STREET
PARK STREET
ARTHUR STREET
WAVERLY STREET
WAVERLY PARK
VANNORMAN STREET
CAMERON STREET
TUPPER STREET
VICTORIA STREET
DAWSON STREET
RIVER STREET
WEST AVENUE
COLLEGE AVENUE
VICTORIA ST
PETER ST
REGENT STREET
WELLINGTON STREET
MANITO STREET
NORTH WATER STREET
RESERVE
McVICAR STREET
McDONALD STREET
GRAHAM ST
HOWE ST

Labour Disputes in Port Arthur and Fort William, 1903-1913					
Date of Strike	Location	# of Strikers	Occupation	Demands	Outcome
Feb.24-27,1903	Fort William	250	Iron Workers	Wages	Won
June3-20,1903	Fort William	39	Carpenters	Union Recog.	Won
Sep17-19,1904	Fort William	200	Boilermakers	Wages	Compromise
Sep24-29,1904	Fort William	1000	Rlwy.Workers	Wages	Compromise
May 1-?,1905	Fort William	100	Carpenters		
			and Plumbers		
Sep29-Oct4,1906	Lakehead	750 FW-450	Freight Handlers	Wages	Won
May 4-6,1907	Fort William		Grain Elevators	Wages	Won
June 8-15,1907	Lakehead	(PA-250)	Freight Handlers		Replacement Workers
August21-26,1907	Fort William	14	Operators	Appointment of Manage	Mixed
Sept., 1909	Fort William		Freight Handlers		
June, 7-?, 1910	Lakehead	500	Carpenters	Wages &Hours	PA settled before FW
June,15-21,1910	Port Arthur	36	Labourers	Wages	Lost
1910	Port Arthur		Rlwy. Workers		
Sept, 1910	Fort William		Stove Moulders		
April,17-Jn,1911	Lakehead	90	Painters and	Wages	Mixed (Replacement
			Decorators		Workers)
July 29-?,1912	Port Arthur		Coal Handlers	Union Discrimination	Won
July, 1912	Port Arthur		Carpenters	Conditions	Won
June 1-?, 1912	Port Arthur		Plumbers	Holiday	
July 25,1912-1day	Fort William	800	Coal Handlers	Fair Timekeeping	Won
July, 1912	Fort William		Rail Handlers		
Aug19-24, 1912	Port Arthur		Freight Handlers	Wages	Won
Aug20-24,1912	Fort William		Freight Handlers	Wages	Lost
Aug.7-13, 1912	Fort William	250	Dock Labourers	Wages	Compromise
November, 1912	Fort William	400	CPR Offices		
May, 1913	Fort William		Carriage Works	Fair Wage Clause	Lost
May10-Jn10, 1913	Lakehead	85	Street Railway	Wages&Reinstatement	Lost
Ap14-My9, 1913	Fort William		Canada Car Co.		Lost
June 21-?, 1913	Fort William		Machinists		


89°
Lake Nipigon
Power Generating Sites
in the
Port Arthur and Fort William Area
10 0 10 20 30 40 KM
5 0 5 10 15 20 MILES
Cameron Falls
Nipigon
Nipigon
Bay
Black
Bay
Ray
Lake
River
DOG
LAKE
Onion
Lake
Silver Falls
Hazelwood
Lake
Current
Kaministikwia
Boulevard
Lake
PORT
ARTUR
FORT
WILLIAM
Thunder
Bay
Kakabeka
Falls
River
SUPERIOR
LAKE
89°

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