

THE UNIVERSITY OF MANITOBA

A SOCIOLOGICAL EXAMINATION
OF THE DEVELOPMENT OF THE ELECTRICAL
UTILITY IN MANITOBA

by

Henry ECKERT

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE
OF MASTER OF ARTS

DEPARTMENT OF SOCIOLOGY

WINNIPEG, MANITOBA

February 1975

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A B S T R A C T

The primary purpose of this thesis is the study of the process of developmental change as it is manifested in the electrical utilities industry in Manitoba. Toward this end, a socio-historical account of the institutional development of that industry is traced from 1875 to 1974. Subsequently, having identified the Manitoba Legislative Assembly session of 1912 as critical to that development, a conflict perspective is employed drawing from the works of Moore, Simmel, Coser and others in the interpretation of relevant events which occurred during that session. The major issue of the conflict was seen to be between proponents of private ownership and the advocates of public ownership. The relative import of various social interests in this conflict over time was documented and systematically analyzed in their effects upon the ultimate action taken by the assembly. The results of the analysis indicated that conflict appears to be a major factor in the developmental change process in the electrical industry in Manitoba.

ACKNOWLEDGEMENTS

I wish to express my gratitude to all members of the committee for this thesis; the Chairman, Dr. K. W. Taylor, Dr. B. J. Hodgkins, Department of Sociology and Dr. J. E. Rea, Department of History, for their help.

I also owe much to my father, C. J. Eckert, who always encouraged me to continue my part-time studies and to my wife Geraldine and our four girls for their patience and love.

My final appreciation is extended to the Officer Commanding "D" Division, Royal Canadian Mounted Police, Winnipeg, Manitoba for not transferring me during my part-time university studies.

Henry Eckert

Winnipeg, Manitoba
February 1975

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CHAPTER I
INTRODUCTION

In the early 1900's the question of private or public ownership of the electrical utilities was a matter of urgent debate in North America. In the 1930's¹ a United States Federal Trade Commission conducted an extensive investigation based on utility records, and committee reports. It found conclusive evidence that from approximately 1919 on, the electrical and gas utilities in the United States had carried on a vigorous propaganda campaign whose primary objective was the total disparagement of all forms of public ownership and operation of utilities. The Commission revealed that this was probably the largest peacetime propaganda campaign ever conducted in the United States by the proponents of private ownership of the utilities. Evidence for this was not drawn from conflicting testimonies, but from the minutes and documents of the privately owned utilities themselves. The Commission found that the records revealed that the campaign was carefully planned by the owners and executive heads of the private utilities. On the other hand, the defenders of the principle of public ownership claimed, for their part, that utilities were a so-called "natural monopoly".

1. J.V. Garland et al., The Reference Shelf, The Crisis in the Electric Utilities, Vol. 10, No. 10, The H.W. Wilson Co., N.Y., 1936, p. 25.

The dispute over the nature of such so-called natural monopoly utilities has remained a central issue since that time. As a result, the ownership and control of the electrical industry on the North American continent today remains, after lengthy conflict, partly private and partly public. (See Table 1).

A similar struggle took place in Manitoba. In 1895 the Provincial Government granted the City of Winnipeg the right to build and operate an electric utility, but limited its investment to \$75,000.00. This sum was too small to allow the city to enter effectively into the electrical utility industry, as we will demonstrate when we discuss the operation in detail.

Over the years many electric utility companies had been incorporated in Manitoba. By 1904 the Winnipeg Electric Street Railway Company, through amalgamations and purchases over the previous twenty years, had emerged as the sole producer and distributor of electricity in its major market, the City of Winnipeg. However, a small group of public ownership proponents actively campaigned for the public ownership of an electric utility in Winnipeg. In 1906 such a publicly-owned utility, Winnipeg Hydro, was incorporated by the Provincial Government. In 1911 it produced its first hydro power and began distributing it within the city in competition with the privately owned utility.

TABLE 1
OWNERSHIP STRUCTURE OF ELECTRICAL
UTILITIES IN U.S. & CANADA

	1964*		1970**		1971***	
	U.S.	Can.	U.S.	Can.	U.S.	Can.
<u>Private</u>						
Non-Operating Holding Companies	10	4	12	2	12	2
Wholesale Generating Companies			22	4	25	5
Service Companies			9	2	11	1
Investor-Owned Companies	327	23	244	15	274	13
<u>Public & Mixed Ownership</u>						
Municipal Systems	1805	425	1775	408	1769	410
Rural Electric Co-operative	939	1	932		923	
Public Power Districts	65		65		58	
Irrigation Districts	8		7		7	
U.S. Government	24		26		40	
State or Province-Owned Systems	12	7	12	8	9	9
County-Owned Systems	2		1		1	
Mutual Systems	8		5		2	

SOURCE: *Electric World Directory of Electric Utilities, 1964, 73rd ed., McGraw-Hill, Inc. N.Y. 1964.

** Ibid., 1970-71, 79th ed., McGraw-Hill, Inc. N.Y. 1970.

*** Ibid., 1971-72, 80th ed., McGraw-Hill, Inc. N.Y. 1971.

Note: The figures published for the utilities are those given for the previous year, but shown as for the current year.

The breaking of what had been a monopoly provoked many conflicts between the private and the public utility. The struggle continued until 1953 when the private company was purchased by the provincially owned Manitoba Hydro. By 1961, after approximately forty years of conflict, the two public utilities that we have today emerged as Winnipeg Hydro and Manitoba Hydro.

In this study the issue of private vs public ownership is discussed, not in order to demonstrate the merits of either system, but simply to present the developmental-change-process as it occurred in the electrical utility industry in Manitoba, and to discover how the transformation took place. We will use a conflict perspective in interpreting the relevant events. To do this we have compiled a socio-historical account of the institutional development of the industry in Manitoba between the years 1875 and 1974. Our study has shown us that the Manitoba Legislative Assembly Session of 1912 was the critical point in the history of this developmental change process.

In order to examine and analyze this change process logically, the theoretical framework for a conflict perspective is given in Chapter II, where the functionality of conflict, as it applies to conflict between groups, is stated as it is laid out by Lewis A. Coser.

In Chapter III, the macro-history of the electrical industry in Manitoba is traced from its inception to 1974. The critical session of 1912 is placed in its historical setting and the reader is given a prismatic picture of the whole development of the industry in Manitoba.

Chapter IV gives the organizational development of the industry in Manitoba. Its purpose is, firstly, to show how the transformation from totally private ownership through oligopoly to a private monopoly was carried out and, secondly, to describe, with their causes and consequences, the transitional stages from private monopoly through part private and part public ownership to an ultimate total public monopoly.

Chapter V contains a micro-examination of the 1912 Legislature Session that appears to have been the decisive factor in the developmental change process of the industry. The struggle between the various antagonists is analyzed here in terms of the conflict perspective already presented.

The final chapter, after a summary of the main arguments and events, discusses some of the limitations, conclusions and implications, both in its theoretical and practical aspects. The appendix gives some speculations and interpretations of the 1912 struggle.

The long history of the electrical industry in Manitoba has seen both production and ownership structure completely transformed. In approximately forty years concentration and production, from being merely competitive, changed firstly to an oligopoly, then to a monopoly. Ownership structure moved from being totally private to totally public. It was the 1912 session of the Manitoba Legislature that appears to have been the decisive factor in this developmental change process.

CHAPTER II
THEORETICAL FRAMEWORK

That social systems change is evident from history, but how they change is a subject of discussion and debate among social theorists.

Wilbert E. Moore in his book Order and Change, defines social change as

the significant alteration of social structures (that is, of patterns of social action and interaction), including consequences and manifestations of such structures embodied in norms (rules of conduct), values, and cultural products and symbols.¹

In his book, Social Change,² he states that change is general and inherent in social systems. He does not view social change as a purely modern phenomenon, but as something normal. It takes place more rapidly today than previously, it has causes and occurs in sequential chains. The latter view is suggested by Coser's propositional arrangements outlined, but not substantiated by empirical evidence in his book, The Functions of Social Conflict.³

Moore claims that there is a persistence of patterns which gives both order and constancy to recurrent events and that a social system requires its units to be actors or role-players, whose interaction is governed by norms. He holds that

1. Wilbert E. Moore, Order and Change, Essays in Comparative Sociology, John Wiley & Sons, Inc., New York, 1967, p.3.
2. Wilbert E. Moore, Social Change, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1963.
3. Lewis A. Coser, The Functions of Social Conflict, The Free Press, New York, 1956.

many earlier social theories were merely theories of change. They attempted to explain the present by viewing the past. The father of sociology, Comte, saw civilization beginning with a theological base, moving through a metaphysical period until it ultimately reached a positivistic stage when society could be understood scientifically.⁴

After the publication of Darwin's theories on biological evolution, the idea that the scientific understanding of society first began with the concept of social evolution, was invoked in order to account for changes in societies. Lewis Henry Morgan,⁵ Edward B. Tyler⁶ and Herbert Spencer,⁷ were all social evolutionists. Their evidence, however, is relatively modern in terms of evolutionary change. Even archaeology has not produced prehistoric evidence of any significance that will explain social change.

In the 1900's some scholars, like Albion W. Small, suggested that the hopeless search for origins should be abandoned, since social culture can only be understood within its own concept. The early functionalists, A.R. Radcliffe-Brown,⁸ and Bronislaw Malinowski,⁹

4. Wilbert E. Moore, Social Change. pp. 6,7.
 5. Henry Morgan, Ancient Society, N.Y.: Holt, 1877.
 6. Edward B. Tyler, Primitive Culture, 3rd American ed. N.Y.: Holt 1889.
 7. Herbert Spencer, First Principles, N.Y.: Appleton, 1890.
 8. A.R. Radcliffe-Brown, Structure and Function in Primitive Society, London: Cohen, 1952.
 9. B. Malinowski, "Culture", Encyclopedia of the Social Sciences, N.Y.: Macmillan, 1930. Vol. 4 in 1930 ed.; Vol.2 in 1937 ed.

developed a basic doctrine that a society or culture can only be explained in relation to the total social system. R.K. Merton,¹⁰ challenged, amended and extended these functionalistic assumptions. The functionalist idea of the integration of social systems was criticized by Pitirim Sorokin¹¹ as "functional teleology". He claimed that social systems show discordant elements and as such are not necessarily "eufunctional", that is, helpful or advantageous in the survival of the system. They can be "dysfunctional" in the system. In functionalism the notion of static, integrated social systems prevails, but implicit as the idea of survival is, selectivity does occur, dysfunctional patterns drop away and functional ones persist. Thus an apparent static theory becomes a dynamic one. Functionalism has now been extended to identify the functional requirements of a social system.

Coser affirms the idea that conflict is functional in bringing about change in society. This is not to be taken as a singular theory of change.¹² Similarly, one must not seek for a single cause or direction of change. Change may be slow or quick, nonviolent or violent, spasmodic or continuous, orderly or erratic.

10. R.K. Merton, "Manifest & Latent Functions", Social Theory and Social Structure, rev. ed., Glencoe, Ill.: The Free Press, 1957, Chap. 1.

11. For reference to Sorokin's criticism, see Marion J. Levy, Jr., The Structure of Society, Princeton: Princeton University Press, 1955, pp. 52-53.

12. For a classic critique of monistic theories, see Pitirim A. Sorokin, Contemporary Sociological Theories, N.Y.: Harper 1928.

Moore states that where strain and conflict exist in a social system an attempt will be made to solve the problem, and that conflict thus provokes an attempt at a solution which is change. Seeking a solution will necessitate alleviation of tensions and compromises. Groups in conflict also tend to increase their internal cohesion.¹³ This represents but one aspect of conflict in a variety of elements in social changes.

Like R.K.Merton, Ralph Dahrendorf in his book, Class and Class Conflict in Industrial Society,¹⁴ regards "theories of the middle range" as the immediate task of sociological research. He tries to explain the theory of social classes and class conflict, which, of course, brings in the essence of Marx's theories of class, by analysing post-capitalist industrial society. He sees social structures as not only changing, but creating some of the elements of change within themselves. Some of these forces in conflict may cause a modification of existing norms and institutions. He shows how the change process takes place within groups which he had discussed theoretically and empirically.

13. Wilbert E. Moore, Social Change, p.65

14. Ralph Dahrendorf, Class and Class Conflict in Industrial Society, Stanford University Press, Stanford, California, 1959.

Dahrendorf studies social conflict problems as they affect total societies as well as problems of change, conflict and coercion in social structures. In Part Two of his book he deals with conflict analysis in the political post-capitalist society.

Whereas Karl Marx had held that changes and conflict appear to be present and dominant in every society, Dahrendorf maintains that, for conflict to exist, a society must contain elements of stability, integration, functional co-ordination, and a consensus of values among its members. These assumptions are also accepted by structural-functionalists and by integration theorists like Parsons. They are useful methods of sociological analysis when certain kinds of social processes are being evaluated.

The integration theory, however, does not allow us to comprehend all societal problems, industrial strikes, for instance. It tells us that there are certain "strains" in the "system". To cope with this problem it must be replaced, by what Dahrendorf calls a coercion theory of society. In simple terms, it says: In every society the process of change and conflict is present. A coercion theory will allow us to cope more satisfactorily with the causes and consequences of a strike, where the antagonists involved are in conflict and where conflict functions as the change agent.

According to Dahrendorf the two theories should be viewed as complementary and not as alternative aspects of the structure of total societies. We have only to choose between them to explain a specific problem; both are useful tools for sociological analysis. Dahrendorf briefly states that "we cannot conceive of society unless we realize the dialectics of stability and change, integration and conflict, function and motive force, consensus and coercion".¹⁵ It is nearly impossible to think of society without involving both of these theories, since conflict only occurs within the context of social structures and coherent systems.

It is interesting to find that Dahrendorf agrees with R. Dubin that the function of conflict within a social order may be seen as functional or dysfunctional and that both points of view express a value preference. However, the empirical presence of conflict is not influenced by either view. Conflict is a reality that social theorists must consider when they are constructing models of social change. Conflict should also be considered as contributing both to the change and integrative process in social systems. Lewis Coser points this out, but leans towards the "positive" or "integrative function" of conflict.

15. Ibid. p.163

Conflict may remove dissociating elements in a relationship and in so doing, help to re-establish unity. Coser's analysis of Simmel argues that we need not discard the integration theory of society because conflict is observable and cannot be ignored or wished away. Dahrendorf states that in this sense, "...conflict joins role allocation, socialization, and mobility as one of the "tolerable" processes which foster rather than endanger the stability of social systems."¹⁶

George Simmel viewed conflict as part of a dynamic force which drew some men together (groups) and drove others (groups) apart. To him change was not a disturbance of an integrated stable society; he viewed stability as a temporary balance between interacting forces; and by his definition forces can only be described in terms of change.¹⁷

Conflict is designed to resolve dualistic interests and achieve unity even if it means the annihilation of one of the antagonists. To have form, society must have some quantitative ratio of convergent and divergent elements of harmony and disharmony, of association and competition, of positive and negative factors.

16. Ibid. p.207.

17. Georg Simmel, Conflict, trans. Kurt H. Wolff, The Web of Group-Affiliations, trans. Reinhard Bendix, The Free Press, Glencoe, Illinois, 1955, p.9.

Conflict is an integrative force in the group.¹⁸

Firstly, a degree of discord, inner divergence and outer controversy are part of the elements that hold the group together. Secondly, the positive integrating role of conflict is evident in the structures of groups that have sharp boundary lines and purity. The Hindu social system rests not only in its customs, but also on mutual repulsion of the castes. Conflict prevents the social divisions and gradations from being eroded.

Antagonism, if stopped, does not necessarily imply that there will be a broader and richer social life. It could also mean the loss of the support of the group, of mutual aid, of harmony of interests, of affection and other beneficial forces. Coser points out that Simmel would reject any method that would attempt to understand societies by using models that exclude harmony and disharmony, love and hate and so on.¹⁹ Simmel argues that a totally harmonious group does not exist. He also argues that the forces of conflict should not be viewed as being either negative or positive, that sociation is always an integration of both, and that both are positive ingredients which structure all relationships and give them an enduring form.²⁰

18. Ibid. p.17

19. Lewis A. Coser, ed., Makers of Modern Social Science, Georg Simmel, Prentice-Hall, Inc., New Jersey, 1965. p.11.

20. Ibid. p.12

Antagonism by itself does not produce sociation, but is a sociological element rarely absent in it.²¹ Kant stated that belligerents who, during a conflict, do not agree on certain rules, will fight a war of extermination which will destroy the possibilities of a peace treaty after the war is over.²²

The primary factors in conflicts over causes is the fact that the antagonists have objective interests.²³ If the conflicting interests are differentiated from the personalities that are involved, the conflict focuses on objective decisions. It may, on the other hand, involve subjective aspects of the opponents without changing their common objective interests, or creating disharmony between them. Leibnitz's statement that he would even run after his enemy if he could learn from him would be typical of the second possibility.²⁴

Objectified conflict allows the conscience to be cleared of personal antipathy towards an opponent. Under certain conditions and circumstances, it may lead to an intensification of a conflict over a cause or causes,²⁵ because individuals will abandon themselves to the cause, the real

21. Ibid., p.25.

22. Ibid., p.26.

23. Ibid., p.38.

24. Ibid.

25. Ibid., pp. 111-119 Simmel's position here is similar to that of Coser in proposition 12: Ideology and Conflict; he states that: Objectification of Goals Intensifies Conflict.

center of the conflict, and concentrate on the central issue without allowing secondary animosities to divert their attention. The antagonists become conscious of being mere representatives of the cause, of fighting for it and not for themselves, which generally gives this type of conflict a radicalism and mercilessness not witnessed in subjective motivated conflict. The leaders expend themselves for the cause and expect others to do the same. They will sacrifice and be sacrificed for the cause and are convinced they are entitled to sacrifice others for it.

It can be argued that a conflict fought in the belief that victory benefits the cause alone and not the individual, has a noble character about it. This is why objectification of the cause strikes us as being noble. The contending parties are now only defending their cause and have renounced all personal or egotistical consideration. When this occurs the conflict is intense and sharp. It is fought with its own intrinsic logic; subjective factors neither lessen or increase it.

It would appear from Simmel's arguments that it is possible to exclude all subjective factors from conflict and to create a mutual respect and understanding on the personal level and a recognition that each group must pursue its cause.

The common factor increases the intensity of the conflict and unity is seen when two groups pursue an identical aim, such as a scientific truth.

Lewis A. Coser used Simmel's theories of conflict and extended them into sixteen basic propositions.²⁶ Only the propositions having reference to the functions of conflict upon the external relationships between groups are relevant to the goals of this study. His other propositions deal with the functions of conflict in the in-groups and inter-personal social relationships within the group or groups. They are outside the parameters set for this examination of the changes in the developmental process of the concentration and ownership structure of the electrical industry in Manitoba.

Coser's focus is on the functions and not on the dysfunctions, of social conflict. He concentrates on those consequences of social conflict which help increase the adaptation of group relationships. Many other theorists prefer to concentrate on the negative factors of conflict. There are certain forms of conflict which are destructive to group unity and tend to encourage a disintegration of the specific

26. Lewis A. Coser - The Functions of Social Conflict, The Free Press, N.Y., 1956, p.7. The book contains a comprehensive discussion of all 16 propositions.

group or social structure. Coser, however, focuses on the positive function that conflict serves; his approach tends to counter balance those analyses that view conflict as dysfunctional.²⁷

His point of departure is a "working definition" of conflict. In essence it lies in the fact that in every social structure, social struggle occurs periodically between antagonistic groups over their claims to scarce commodities such as resources, power, prestige, and values. The objective of each group is to wrest the object of dispute from the other group or to retain it by rendering the opposing group inoperative by neutralizing, injuring or eliminating it.²⁸

Simmel saw conflict as an integrative force in the group. Coser speaks of the group binding functions of conflict,²⁹ which are the elements of discord, inner divergence and outer controversy that are necessary to help hold the group together.

27. Ibid., p.7.

28. Ibid., p.8.

29. Ibid., pp. 33-38, this is Coser's proposition #1: Group - Binding Functions of Conflict.

Conflict also helps the groups to establish sharp boundary lines and to maintain their purity. Coser refers to the same classical example as Simmel; the Hindu social system, where mutual repulsion by the castes has kept them pure and hostilities have kept them from integrating.

Coser contends that Simmel makes two basic claims. Firstly, that conflict helps set boundary lines between groups by strengthening their own group awareness and identity within the social system. Secondly, that mutual repulsion not only keeps the groups pure, but also helps maintain a social system by creating a relative balance between the various contending groups.³⁰ Conflict viewed in this way helps groups to remain separate and distinctive and, in doing so, ensures a stability in the social system by maintaining a balance between the groups.

It is here that Simmel paradoxically advances the idea that the most effective means of preventing a struggle or maintaining a balance of power is exact knowledge of the antagonist's comparative strength, which is often only attainable by a limited conflict. Coser believes that, while conflict helps to establish and maintain a balance of power between groups,³¹ it also serves to bring antagonists together, thereby removing the dissociating elements in their relationship and re-establishing a unity. Groups thus affirm their

30. Ibid., p.34.

31. Ibid., pp.133 - 137, Proposition 15: Conflict Establishes and Maintains Balance of Power.

basic belief in the social system, provided always that the conflict is not over core values.³² The very fact, that there is an interdependence between groups has a tendency to check a radical break with the system. This is what he refers to as impact and function of conflict in group structures.³³

Conflict also binds antagonists together. It appears to act as a unifier as it binds antagonists by initiating interaction.³⁴ It may also act as a stimulus for the creation or modification of new laws, norms and institutions. It can, by reactivating dormant rules, act as an agent in the socialization process between antagonists to allow readjustments of relationships to changed conditions.³⁵

Simmel's idea that conflict is not negative or positive, and that sociation, is a combination of the two, which gives group relationships an enduring form, is used by Coser. He builds on the belief that conflict serves as a group preserving function,³⁶ but he goes beyond what Simmel had explicitly stated. To him the expression of hostility serves as a positive function insofar as it maintains the relationships under conditions of stress, thereby preventing group dissolution.³⁷ He suggests that Simmel's arguments imply

32. Ibid., p.80.

33. Ibid., pp. 72-81, Proposition 7: Impact and Function of Conflict in Group Structures.

34. Ibid., pp. 121-128, Proposition 13: Conflict Binds Antagonists.

35. Ibid., pp. 121-128.

36. Ibid., pp. 39-48, Proposition 2: Group - Preserving Functions of Conflict and the Significance of Safety-Valve Institutions.

37. Ibid., p.39.

a "safety-valve theory" of conflict,³⁸ since an expression of conflict helps "clear the air", that is, it permits free behavioural expression and eliminates both the accumulation and the blockage of unexpressed hostilities. Social systems do provide safety-valve institutions as outlets where hostilities can be vented without destroying group relationships. Past generations used the duel, for example, today we have televised boxing and wrestling, parliamentary procedures, and the courts. All serve as a means for the safe release of aggressive drives by channeling these expressions of hostility which otherwise are tabooed in the social system.

Coser sums up his "Group-Preserving Functions of Conflict and the significance of Safety-Valve Institutions"³⁹ in two statements: (1) Conflict is not necessarily dysfunctional for group relationships, often it is necessary to maintain a relationship, as without such an outlet, particularly under conditions of stress, groups may be crushed or withdraw from the social system; (2) Social systems provide specific institutions to drain off hostilities and aggression to act as a safety-valve.⁴⁰ Thus, conflict through legitimate social institutions helps maintain group functions as the institutions regulate their systems of interaction.

38. Ibid. p.41. Proposition 2: Group-Preserving Function of Conflict, and the Significance of Safety-Valve Institutions.

39. Ibid., pp. 39-48 Proposition 2.

40. Ibid., p.47.

These safety-valve institutions permit displacement of goals, release of tension, and provide substitute objects diverting a previously unsatisfactory relationship to a release of tensions and not the attainment of specific goals.

Coser also takes Simmel's idea of conflict over causes, where the antagonists have objective interests, and describes it as the objectification of goals or ideological conflict. In his view, subjective conflict is more likely to occur in rigid social structures. Where it does occur, Simmel had stated that it appears as one of two primary types: (1) goals are personal and subjective; (2) goals are impersonal and objective. Coser's proposition⁴¹ is no different from Simmel's; both deal with: (1) the effect of objectification upon the intensity of the conflict; (2) and the effect of objectification upon the relationship between the antagonists. Both state that the effect of objectification of the goal intensifies the conflict, for the participants feel they are representatives of a group contending for an ideal. The elimination of personal elements may tend to sharpen conflict. But it may also serve as a unifying element between antagonists when both are pursuing the same "ideal truth".⁴²

41. Ibid., pp.111-119, Proposition 12: Ideology and Conflict. This is similar to Simmel's idea of conflict over causes. (see note 25)

42. Ibid., p.119.

Earlier functionalists, Radcliffe-Brown and Malinowski developed a theory that a group can only be explained in relation to the total social system. Merton challenged this view and Sorokin criticized it. He claimed that social systems show discordant elements which are not necessarily helpful, but are dysfunctional to the social system.

Coser claims that conflict is functional in causing change. Moore stated that an existing conflict provokes an attempt to solve the problem and thus brings about change. He also pointed out that groups in conflict tend to increase their internal cohesion, a conclusion that is supported by both Simmel and Coser.

Merton and Dahrendorf, in their theories of the middle range, attempted to explain theories of social classes and class conflict. They saw social structures as constantly changing and that conflict within the structure often causes a modification of existing norms and institutions. This also is supported by Simmel and Coser.

Marx, Dahrendorf, Moore, Simmel, Coser and many others all agree that in every society in the process of change, conflict is present. While all agree that conflict is an element in the change process, they disagree as to its function.

Simmel argues that conflict should not be viewed as being either negative or positive, as integration is elements of both factors. He viewed conflict as part of a dynamic force which drew some men together and drove others apart. He did not see change as a disturbance in an integrated stable society. He argued that stability is only a temporary balance between interacting forces and that, by definition, forces can only be described in terms of change.

Coser builds his propositions on Simmel's view of social theory. He also extends some of Simmel's concepts where, as in the safety-valve theory, such extension seems indicated.

Most social theorists agree that conflict is empirically present in the developmental change process. Its sociological significance, however, is debated. The examination of available empirical studies of the structural and organizational developmental change process revealed no explicit use of conflict analysis.

Various aspects of the historical struggle in the developmental change of the North American electrical industry has been documented.

Merrill Denison's book, The People's Power: The History of Ontario Hydro,⁴³ reveals ample conflict, as does E.B. Biggar's historical account showing how Ontario Hydro developed.⁴⁴ John H. Dales does the same in his account of the industry in Quebec.⁴⁵

A very detailed history of Sir Adam Beck and Ontario Hydro and its struggle against New York, other United States and Ontario private interests, Toronto Telegram, politicians and others is given by Wm. R. Plewman.⁴⁶ Conflict is evident, but not considered as an analytical tool. It is an historical account showing how the industry developed. James Mavor gives an account of the electrical development of Niagara and the political struggles.⁴⁷

43. Merrill Denison, The People's Power: The History of Ontario Hydro, McClelland & Stewart, Toronto, 1960.

44. E.B. Biggar, Hydro-Electric Development in Ontario, Biggar Press Ltd., Toronto, 1920.

45. John H. Dales, Hydroelectricity Industrial Development: Quebec, 1898-1940, Harvard University Press, Cambridge, 1957.

46. Wm. R. Plewman, Adam Beck and the Ontario Hydro, Ryerson Press, Toronto, 1947.

47. James Mavor, Niagara in Politics: A Critical Account of the Ontario Hydro-Electric Commission. E.P. Dutton & Co., N.Y., 1925.

D.S.G. Ross,⁴⁸ Donald Comstock,⁴⁹ and Edgar S. Russenholt,⁵⁰ give written accounts of certain aspects of the industry in Manitoba, but no attempt is made at any type of analysis. There are also many newspaper and magazine articles on the industries' struggles. The literature reveals the structural and organizational developmental change process without explicit consideration of conflict.

Philip Selznick's, TVA & The Grass Roots⁵¹ is an example of a recent study of the developmental change process in the industry. He makes an empirical examination of a particular formal organization; of its doctrines; policies; and interactions with other groups. Conflict is evident,⁵² but is not specifically considered in his sociological analysis.

48. D.S.G. Ross, "History of the Electrical History in Manitoba", His. Sci. Soc. Man. Papers, 3rd Series 20 (1963-1964), pp. 49-70.

49. Donald Comstock, "A Hydro History", Manitoba Hydro "Image" 1964-65, Manitoba Hydro, Winnipeg, Manitoba, 1964-65.

50. Edgar S. Russenholt, "The Power of a City", A Story of the City Hydro (unpublished manuscript in Manitoba Provincial Archives)

51. Philip Selznick, TVA and The Grass Roots, University of California Press, Berkley and Los Angeles, 1953, p.250.

Also, for a detailed account of his frame of reference for the theory of organization see: Philip Selznick, "Foundations of the Theory of Organization", American Sociological Review, XIII (Feb. 1948).

52. Richard Lowitt, "Ontario Hydro: A 1925 Tempest in an American Teapot", Canadian Historical Review 1968, Vol. 49, pp. 267-274. He gives a brief review of the political struggles over the TVA situation and how Ontario Hydro was involved.

He is aware that a theoretical inquiry which is centered on one specific historical event may create a tension between the full significance revealed by its whole history and the interpretation of one specific event.

Abstractions deal harshly with historical facts, since they place emphasis upon certain aspects and may tend to distort these facts. Nevertheless, his empirical sociological investigation directs attention towards the meaning of the events and away from their origins. That is, the implications of the grass-roots policies of the organization of the TVA project and not how it originated.

His study and analysis of the formal organization and the informal groups involved reveals the interactions and relationships that moulded its structure and organization during the developmental change process of the Tennessee Valley Authority,⁵³ without direct consideration of conflict; but in the change process, the empirical presence of conflict is not eliminated because it is not used in the sociological analysis.

The historical and documental writings of Denison, Biggar, Dales, Plewman, Mavor, Ross, Comstock, Russenholt, Selznick and others show that conflict and change has occurred in the industry.

53. It was established in 1939 by the United States government to take custody of the Wilson Dam and associated plants at Muscle Shoals in Tennessee, this Federal corporation was formed to develop and operate hydro power plants, for irrigation, flood control and manufacture of fertilizers.

Moore has affirmed that change is general, an integral part of the elements of all social systems and not simply a modern phenomenon. He stated that it takes place more rapidly today and that it appears in sequential chains. This belief is also suggested by Coser's propositional arrangements, but is not substantiated by empirical evidence.

~~Theorists have for years argued as to whether, in~~
the change process, conflict is functional or dysfunctional. Both these views express a value preference, but the empirical presence of conflict is not influenced by either. It is a reality that social theorists must consider when they construct models of social change. It is often deeply rooted in the historical forces. With this in mind the next chapter gives the historical development of the electrical industry in Manitoba showing what changes have occurred during its hundred year history.

CHAPTER III
THE HISTORICAL DEVELOPMENT OF THE ELECTRICAL INDUSTRY
IN MANITOBA

The Formative Years

One evening in 1873 the Hon. R.A. Davis, proprietor of the famous Davis House on Main Street, startled the Winnipeg citizens by illuminating the front of his hotel with a large arc light. The Manitoba Free Press reported this event in its paper as follows:

...the (electric) lamp in front of the Davis Hotel is quite an institution. It looks well and guides the weary traveller to a haven of rest, billiards and hot drinks, and lights up the streets probably more than the lamp of the newly incorporated gas company will for centuries to come. 1

This event took place six years prior to Edison's first incandescent lamp, four years before the invention of hard-drawn copper wire, and three years before Alexander Graham Bell spoke the first complete sentence over his telephone. It was the year the light came to Winnipeg and also the year Winnipeg was incorporated as a city. Winnipeg was a boom town with a population of 3,700 and its growth can be linked with the development of the electrical industry. In fact the idea of public ownership of utilities is an outgrowth of the political and ideological struggle over who should supply electrical power to the City of Winnipeg.

1. Manitoba Hydro "Image" 1964-65, "A Hydro History" by Donald Comstock, Part I, Manitoba Hydro, Winnipeg, Manitoba 1964-65, p. 14.

Mr. Davis' arc light appeared before the first light was publicly exhibited at Newark, New Jersey in 1877. The first street lights (16 arc lights) were installed in Paris five years after Winnipeg's first street light.²

On June 30th, 1879 in San Francisco the world saw the first electric company produce and sell electricity at \$10.00 per week per lamp.³ By 1880 Winnipeg had a similar business in production. It was the Manitoba Electric and Gas Light Company that supplied the thermal power.

The 1881 census showed Winnipeg's population to be 8,000. Manitoba's boundaries were north to the 53rd parallel, just short of Grand Rapids, west to the present boundary and east to Port Arthur.

The year 1881 saw the first corporate amalgamation, when the eight year old Winnipeg Gas Company was bought by the Manitoba Electric and Gas Lighting Company.⁴ This was but the beginning of greater growth and future amalgamations.

Edison's incandescent lamp, the alternating current, transformers, meters and other inventions stimulated the construction of thermal generating stations during the 1880's.

2. Ibid., p. 15

3. Ibid.

4. Ibid.

In 1881, the world saw the first successful electric trolley system in Richmond, Virginia.⁵ Albert Austin, owner of the six year old Winnipeg Street Railway Company (horse-drawn)⁶ immediately petitioned Winnipeg City Council to begin such a system, but they turned him down for fear someone might be electrocuted.⁷

In June 1889 the Northwest Electric Co. Ltd. was incorporated and given authority to acquire, construct, produce, and maintain electric light system(s), electric street railways, electric motors or other electric power anywhere in Manitoba.⁸ However, the persistent Mr. Austin was not to be outdone and he finally persuaded the City Council to allow him to demonstrate an electric trolley car in the bush of Fort Rouge. It was on January 28th, 1891 that the first Edison car to be manufactured in Canada was demonstrated.⁹ It drove along River Avenue with its bright carbon lights forever dimming the old oil lamps. No one was electrocuted. In spite of this successful demonstration, Mr. Austin's Winnipeg Street Railway Company was destined to continue with horses, because in 1892, City Council gave a 35 year franchise to the Winnipeg Electric Street Railway Company (WESRCo.), a company which, in its opinion, had sufficient financial backing to guarantee success.¹⁰ After two years Austin's horse-drawn cars were found to be no match for the electric cars, and he was forced to sell. On May 12th, 1894,

5. Ibid.

6. Municipal Manual, City of Winnipeg, compiled by City Clerk, Wpg. Man., 1953, p. 18.

7. "A Hydro History", Part I, p. 15

8. Ibid.

9. Ibid.

10. Mun. Manual, 1907, p. 56

he sold to WESRCo. for \$175,000.¹¹ At this time, Winnipeg had a population of 35,000 and the new electric trolley system of Winnipeg Electric Street Railway Co. was prospering.¹²

In 1888 City aldermen voted \$2,000 for a power and navigational survey of the Assiniboine River to be conducted by City Engineer Ruttan. Ottawa approved their 10,000 horsepower project. (Until 1930 the Federal Government exercised control over all water rights in the prairie provinces). The estimated cost was \$450,000 and the annual operational cost was \$54,700. Power was to sell at 55¢ per kilowatt-hour. However, the fact that the navigation canal would cost an additional \$200,000 proved too much for the City. Under the Municipal Act, Winnipeg was limited to borrowing a maximum of \$3 million until assessed real estate totalled \$25 million. The proposed project would have placed the City \$237,000 over its current allowable debt. In view of this the entire project had to be set aside.¹³

Meanwhile, on July 15th, 1889, by agreement the Manitoba Electric and Gas Lighting Co. received the right to erect poles and string wires on the city streets. A month earlier Northwest Electric Co. had been incorporated with similar powers.

In 1895 the Provincial Legislature granted the

11. Ibid.

12. "A Hydro History", Part I, p. 16.

13. Edger S. Russenholt, "The Power of a City" A Story of City Hydro, (unpublished manuscript available in the Manitoba Provincial Archives) p. 20.

City of Winnipeg the right to build and operate an electric power project, provided its investment did not exceed \$75,000. The Provincial Government placed this limit on the City so as to control its indebtedness. This was too small a capital investment and prevented the City from entering into this field.¹⁴

In March 1897 the Manitoba Electric and Gas Lighting Co. contracted with the City to supply electricity to the City for civic services and on the same day this Company contracted with WESRCo. to supply the power. Nine months later (Jan. 1898) WESRCo. purchased Manitoba Electric and Gas Lighting Co. for \$540,000 and closed its steam plant. They moved the generators to the plant they acquired when they purchased the Winnipeg Street Railway Co. in 1894.¹⁵

Formation of the Private Monopoly.

The City became alarmed and a clash began in the Provincial Legislature between monopolists and antimonopolists. In 1895 the City requested the Legislative Assembly to increase the \$75,000 investment limit to \$250,000. This was not debated until the 1899 session. The result was that the City was barred from supplying commercial and domestic electric power until it could settle with the WESRCo.

14. Ibid.

15. Ibid., p. 44.

In 1900, WESRCo. purchased the Northwest Electric Co. and closed its steam power plant, an action which provoked a strong attack against the Municipal Act. The City of Winnipeg wished to have it changed so as to permit public ownership and development of electric power. The Provincial Government refused to change the City of Winnipeg charter to permit this on the grounds it was unfair competition for the citizens to combine against a private company. However, Winnipeg General Power Co. was permitted to incorporate in 1902, with power to do almost anything in any municipality if the municipality gave its consent. The Provincial Government did not amend the City Charter to permit the development and production of electric power until March 1906.¹⁶

In 1904, WESRCo amalgamated with Winnipeg General Power Co., the company that had built Pinawa, and the name of the new corporation was shortened to Winnipeg Electric Railway Co. (WERCo). It claimed retention of all franchise rights. In 1905 WERCo purchased the Suburban Rapid Transit Co., a three-year old business. In 1906 it purchased controlling interest of the Winnipeg Selkirk and Lake Winnipeg Railway Co. which had been incorporated in 1900 to provide rail service from Winnipeg to Selkirk and Gimli.¹⁷ This proved to be a great step into the future and set the stage

16. "A Hydro History" Part II, p. 19.

17. Chronology Data of important events from 1880 to 1924. Manitoba Hydro, Public Relations Department, Winnipeg, Manitoba.

for the company's involvement in rural electrification in the 1920's.

In January 1905 the Provincial Legislature passed an act authorizing a bond issue of \$5 million by WERCo. Up to this point the Provincial Government had permitted the City to sell gas and water only, but no electricity.

Winnipeg City's Struggle to Change Her Charter.

In 1904 the civic election was fought on the issue of public vs. private ownership of the electric utility.

Mayor Thomas Sharpe, who favoured public ownership, won the election. However, the power to change the City Charter

lay outside his jurisdiction. Some thirty amendments to the City Charter were prepared for the new session of the

Legislative Assembly. They included the one which would

allow the City to develop hydro-electric plants on the Winnipeg River and to distribute the power in Winnipeg.

In 1906 J.W. Cockburn was re-elected chairman of the City of Winnipeg Power Committee. He tried to obtain

a hydro site on the Winnipeg River for the City, but all the sites on the Winnipeg River were held by private interests.

A long political struggle ensued, into which even Toronto was drawn. In April 1906 Sir Adam Beck warned the Toronto Board of Trade that it might lose its industrial advantage

to Winnipeg if that city was permitted to develop and produce its own cheap power on the Winnipeg River.¹⁸ Ottawa also hindered Winnipeg by not granting it a lease site on the Winnipeg River.¹⁹

Winnipeg Electric Railway Co. at this time offered cheap power from its Pinawa site to draw away public support from the proposed City Project. It was obvious that this private company was making tremendous profits and did not wish to lose a lucrative industry.²⁰ In Table 2 we can see the evident decreases in power rates as soon as the competition of Winnipeg Hydro was felt. Table 3 shows that the massive decrease was not confined to Winnipeg but conformed to the standard pattern of the whole of North America.

On June 15th, 1905, WERCo's new Pinawa plant was turned on by Lieut. - Governor Daniel McMillan and rates were cut by a third to one-half of the previous rates. Further reductions were promised. Winnipeg citizens were now sandwiched between these promised new rates and the new proposed Hydro scheme of City Hydro.²¹

In order to circumvent the City Charter and Ottawa's objections, Cockburn and a group of citizens formed a "Power Association" which was incorporated by the Province of Manitoba

18. Edger S. Russenholt, "The Power of a City", p. 63.

19. Ibid.

20. "A Hydro History" Part I, p. 16.

21. Ibid., Part II, p. 19.

TABLE 2

TREND IN COST OF DOMESTIC SERVICE IN WINNIPEG

1906 (Jan.)	20¢ per Kwhr.
1906 (June)	10¢ per Kwhr.
1911	7.5¢ per Kwhr.
1912	3.3¢ per Kwhr.
1922	2.5¢ avge. per Kwhr.
1952	1.83¢ avge. per Kwhr.*
1953	1.78¢ avge. per Kwhr.**

SOURCE:

*Municipal Manual, City of Winnipeg, compiled by

City Clerk, 1953, pp. 194, 195.

**Ibid., 1954, p. 200.

TABLE 3
 COMPARISON OF HYDRO PRICES UNDER PRIVATE & PUBLIC OWNERSHIP

	<u>Before Public Ownership</u>	<u>After Public Ownership</u>
Cleveland, Ohio	15*	3*
Seattle, Washington	20	4
Springfield, Illinois	11	6
Winnipeg, Manitoba	20	3
London, Ontario	9	1.5
Pasadena, California	15	5
Jameston, New York	10	5
Ottawa, Ontario	7	1
Lincoln, Nebraska	12	5
Toronto, Ontario	8	1.7

SOURCE:

*S.J. Farmer, Hydro-Electric Power in Manitoba
 1928, p. 8, as reproduced in Williams Ivens'
 "Prismatic Picture of Hydro-Electric Power
 Development in Manitoba", 1955, p. 13.

on August 28th, 1905, to deal in water power, electricity, steam and all other power.²² The City was to protect the Association from loss and in turn the Association was to assign all rights and assets to the City when called upon, if and when the City Charter was amended.

In 1906 when Cockburn was re-elected Chairman of the City Power Committee, all sites on the Winnipeg River were already taken. Cockburn finally secured, in his own name, the development rights to Pointe du Bois Falls on the Winnipeg River. If the Charter were amended, he agreed to turn all the assets over to the City of Winnipeg. He worked with City Engineer Ruttan and prepared a prospectus for the development of the site, indicating that power rates would be 3¢ per net kilowatt hour. It was this that swung public opinion. The City Charter was amended in March 1906, by the Provincial Legislature, and on June 15th, 1906, WERCo reduced its rate from 20¢ to 10¢ per kilowatt hour. In spite of this, two weeks later the Money Power By-Law for \$3,250,000 was passed overwhelmingly (2,382 to 382) by the citizens to develop Pointe du Bois. The City of Winnipeg Hydro-Electric System was born.²³ A lease for Pointe du Bois "...was obtained from the Dominion Government, renewable in perpetuity²⁴ at 20-year intervals."

22. Edger S. Russenholt, "The Power of a City", p. 49.

23. Mun. Manual, 1907, pp. 44, 45 and 1953, p. 188.

24. Ibid., 1953, p. 188.

Development of Winnipeg Hydro

By 1907 Winnipeg's population was 111,729²⁵ and the Metro area contained nearly one third of Manitoba's population. It was only natural that new private companies would try to exploit the profitable new hydro-electric industry on the Winnipeg River System. Two firms appeared very briefly, The Great Falls Power Co., backed by H.M. Byllesby of Chicago and the Lac du Bonnet Development Co., headed by Dr. Gray of Winnipeg. The first company folded when it could not meet Ottawa's terms, the second company went into brick works and other industries.

While WERCo prospered with the population boom, City Hydro had financial troubles. WERCo informed the City population that it paid over \$750,000 per year in salaries and that the City was merely throwing away the taxpayer's money on its power project, as it could never succeed. It also pointed out that it had spent over \$3 million on its Pinawa plant to supply power to Winnipeg and St. Boniface and that it still had a surplus power available.²⁶

The City of Winnipeg Council passed a motion 13-2 to borrow money locally at an exorbitant rate of 8 percent²⁷, but Mayor J.H. Ashdown vetoed it. After law suits with WERCo

25. Ibid., 1910, p. 78.

26. "A Hydro History" Part I, p. 16.

27. Ibid., Part II, p. 21.

over the City's right to bring in power from Pointe du Bois, and further financial troubles, the project was stalled until 1909 when Sanford Evans replaced Ashdown as Mayor. Evans pledged himself to see the project through. City of Winnipeg debentures found no market in North America and it appeared that WERCo and North American financial interests were in league. However, in April 1909 the financial difficulties were overcome when the debentures found a market in London, England.²⁸

The project was launched in 1909, but the contractors for the Winnipeg River bridge went bankrupt and the City had to assume the full responsibility for this project. By October 1910 the tram track to Pointe du Bois and the hydro project itself were sufficiently advanced for a public excursion trip. The return fare was \$1.10, and dinner was 24¢. Over 250 citizens made the excursion trip.²⁹

During the construction period there was one murder, on November 2nd, 1910, when one worker axed another; in July, 1911 the entire project was placed under quarantine because of an epidemic of smallpox. In spite of these and other difficulties the great moment finally arrived on October 16th, 1911, at 5 p.m. when a street lighting switch

28. Edger S. Russenholt, "The Power of a City".

29. Ibid.

was officially operated by young Gurney Evans, son of Mayor Evans.³⁰ Pointe du Bois hydro-electric power, owned and operated by the City of Winnipeg, was finally in the City. With this action, public ownership of a major electric utility had become a fact in both the development of the City of Winnipeg and in the growth of the Province of Manitoba.

The fight, however, was not yet over. WERCo filed an injunction to restrain the City of Winnipeg from constructing hydro lines within the city limits. The problem was solved when the Provincial Government created The Public Utilities Commission in 1912 with authority to rule on the power line dispute. The City of Winnipeg and WERCo became joint owners of the hydro lines as directed by the Provincial Government through the Commission.

Debates Over Power Rates.

WERCo announced it would meet the 3¢ power rate offered by City Hydro. Initially the City Hydro rate was set at 7½¢ per kilowatt hour. The price caused a storm of debate and immediate reference to the 3¢ power rate announced in the 1906 City prospectus. The public utility now had to face the first public outcry against its own system. Its response on December 5th, 1911 was to reduce

30. "A Hydro History", Part II, p. 21.

the basic rate to 3-1/3¢ per kilowatt hour. This forced WERCo to grant its customers similar rates in order not to lose them to City Hydro. It took two years only for City Hydro to move out of a deficit budget.³¹ This suggests that in the years prior to this stiff competition, WERCo had been making substantial profits when its rates were 20¢, 10¢ or even 7½¢.

On January 2nd, 1912 the City of Winnipeg very quietly established the lowest rates in North America by reducing the rate to 3¢ for both domestic and commercial users. This forced WERCo once again to cut its rates to meet the competition.³²

In spite of the competition the private company prospered and seemed to thrive in the new competitive field. It increased its holdings and constructed an eleven-storied skyscraper at the corner of Notre Dame and Albert; it increased its dividends from 10 percent to 12 percent per annum and its common stock from \$6 million to \$9 million. This created doubts in some minds as to the wisdom of public ownership, but most citizens soon realized that the public utility had in fact scored a tremendous victory over the huge compositis. Rates were down from 20¢ to 3¢ and this was difficult to argue against.³³

31. Ibid.

32. Ibid., Part III, p. 18.

33. Ibid.

Pointe du Bois hydro-electric plant was completed to its first stage in 1911; it was extended in 1920 and in 1926. The sixteenth and final unit brought it to its full capacity of 105,000 horsepower.³⁴ The total cost was \$6,921,846.³⁵

In 1922, a cyclone created a serious power failure and in order to overcome this the present Amy Street Plant was constructed. Construction began in the spring of 1923 and was completed by fall of 1924. In order to offset the cost of construction this standby plant was combined with a central steam heat facility for the downtown area of Winnipeg. The capacity of the combined thermal electric and steam heating plant has since been increased several times and the last turbo-alternator (4th unit) was installed in 1955.³⁶

In 1928 Slave Falls (Winnipeg's second and last Hydro Plant) was begun; it was placed in service in 1931 and brought to its full capacity of 96,000 horsepower in 1948.³⁷ In 1920 WERCo, through its subsidiary, Winnipeg River Power Co., built the Great Falls hydro plant. It was placed on line in 1923 at 168,000 horsepower.³⁸ This was three years after Winnipeg made its first major extension to Pointe du Bois and one year prior to the completion of the Amy Street Plant.

34. Mun. Manual, 1953, p. 188.

35. Ibid., p. 190

36. A Brief History of Winnipeg Hydro.

37. Ibid.

38. Great Falls brochures, Manitoba Hydro.

Rural Electrification

In 1910 twenty towns and about 125 farms in Lake County, Illinois were interconnected and supplied by one thermal plant. The success of the project exploded into the electrical industry.³⁹

In Manitoba the news prompted the Provincial Government to direct H.A. Robson, Chairman of the Public Utilities Commission, to make a feasibility study. In 1913 his negative report was tabled in the House. World War I intervened, immigration stopped, in fact Manitoba's population began to decrease. Schemes for interconnections and rural electrification appeared to be a dead issue.⁴⁰

This, however, was not the case for a Chicago entrepreneur by the name of Samuel Insull who, in 1916, on his own initiative and without consulting the Government of Manitoba, had his men make an in-depth feasibility study of Manitoba. His report documented in great detail WERCo., Winnipeg City Hydro, all their developments and every industry in the 21 incorporated and 29 unincorporated towns in the Province. It described each electric plant in the small towns of Boissevain, Brandon, Dauphin, Virden and many others.

39. "A Hydro History", Part III, p. 19.

40. Ibid., pp. 19, 20.

The prime significance of the Insull Report is that it showed that it was possible to buy power from Winnipeg Hydro, build a power line interconnecting 50 towns and still show a small profit.⁴¹

In March 1919 the Manitoba Power Commission came into existence through the passage of the Electrical Power Transmission Act by the Provincial Government. This Act made provision for any municipality to buy or construct its own electrical power plant.

Portage La Prairie was the first rural town to apply for hydro electrical power. With difficulty, a power line was constructed by a private contractor from Winnipeg to Portage La Prairie. It was begun on August 4th, 1919, the year of the Winnipeg strike. Because of severe weather, conditions, the contractor refused to complete the line and, as a result, the Manitoba Power Commission was forced into its first major project. The Commission had just completed the power line, except for a few steel towers, when a March sleet storm severely damaged both it and the towers. The Manitoba Power Commission re-constructed the line, this time pouring concrete footings for the towers.⁴²

On the night of August 17th, 1920 the Winnipeg Hydro-Electric system turned on 66,000 volts to Portage La Prairie and with this Act the age of rural hydro electrification began in Manitoba.⁴³

41. Insull Report

42. Manitoba Hydro "Image", 1964.

43. "A Hydro History", Part III, p. 21.

Further Development of WERCo.

"The year 1917 was the worst moment in W.E.R.Co.'s history. What the advent of municipal power had failed to do five year(s) earlier, namely, to fatally curtail W.E.R. Co.'s revenues, was now being done surely and steadily by the jitneys, short-haul rides operating in competition to W.E.R.Co.'s transit utility, the corporation's biggest earner. The jitneys were hurting W.E.R.Co.'s revenues to the tune of \$1,000,000 annually."⁴⁴

World War I had also taken away its competent workmen and maintenance personnel. The result was inept service and rapidly deteriorating facilities. Both the public and the investors lost confidence in the company.⁴⁵ To bolster its image, WERCo became very public relations orientated. It launched a massive publicity campaign in 1917, portraying itself as a benevolent and dedicated public servant. It began publishing a four-page pamphlet, called "Public Service News", which it distributed from the "take one" boxes in the streetcars. It wooed Winnipeg City Council with a promise to upgrade its transit facilities if Council would stop the jitneys. Council and the public were won over. Council supported WERCo, and in 1918 the jitneys were curtailed.⁴⁶ WERCo's electrical utility had suffered considerable losses after City Hydro's entry into the market, but it would not admit this nor declare how much its revenues had decreased. Presumably because of their loyalty, many of

44. Ibid., Part IV, p. 18.

45. Ibid.

46. Ibid.

its Winnipeg electrical customers switched to Winnipeg Hydro in 1911, even though WERCo offered the same rate. City Hydro had more customers, but it still generated less power. WERCo generated more power because of the vast demands of its integrated electrical distribution system and its transit utility. When the transit utility was rescued from the jitneys, it "...automatically kept the electric utility on solid ground."⁴⁷ By 1920 the transit utility, now at its peak, grossed \$5 million, compared to Winnipeg Hydro's 1¼ million dollars.

With the gross earnings of WERCo, once again buoyant, it regained the confidence of New York financiers and could borrow enough money to finance the Great Falls project.⁴⁸

It had its subsidiary, Manitoba Power Company construct the Great Falls plant, which came on line in December 28th, 1923 with a rated capacity of 168,000 horsepower, 63,000 more horsepower than the rated capacity of Winnipeg Hydro's Pointe du Bois plant. In addition to this WERCo owned the Pinawa plant with a capacity of 37,800 horsepower. In 1921 Winnipeg Hydro produced a record 32.6 megawatts; compared to WERCo's 32.2. With the Great Falls plant in production WERCo again surged ahead of Winnipeg Hydro and remained in the lead.⁴⁹

47. Ibid., p. 19.

48. Ibid., pp. 19, 20.

49. Ibid., p. 20.

The suburban and rural areas near Winnipeg desired railway service. WERCo used its transit utility as a "carrot" to extract long term exclusive electrical franchises from the Winnipeg suburbs and surrounding rural areas for streetcar extension services. The Winnipeg Selkirk, Lake Winnipeg Railway Co. & Suburban Rapid Transit Co., both subsidiaries of WERCo, were used to service some of these outlying areas.⁵⁰

During the first five years, the Manitoba Power Commission was harassed by storms, political interference, financial troubles and inexperience, as a result, there was very little expansion. In the meantime, WERCo's electric railway system spread out like an octopus. Within its many arms it now included Selkirk, Stonewall, Headingley and St. Norbert and was able to include these municipalities in its network of rural electrification.⁵¹

John G. Glassco, General Manager of Winnipeg Hydro from 1912 - 1944, realized that the company was not diversified enough. He began to compete with WERCo's gas utility. He offered free installation for electric ranges in apartment blocks; WERCo countered by doing the same for gas ranges. The WERCo saw that gas, for domestic cooking and street lighting was doomed, but very wisely chose to remain in the fight as it saw a future in a wider industrial use of gas.⁵²

50. Ibid.

51. Ibid., p. 21.

52. Ibid., pp. 20, 21.

In January 1925, disaster struck Winnipeg Hydro. Extremely low water on the Winnipeg River critically lowered the generating capacity of Pointe du Bois and, to tide it over, the company was forced to accept power from Winnipeg Electric Co. (WECO). In 1924 WERCo had changed its name to the shorter form.⁵³ The ensuing years saw slow growth in Winnipeg Hydro. The Depression set it back, but by 1948 it had Pointe du Bois, Slave Falls and the standby plant on Amy Street.

Manitoba Hydro

In 1949, the Provincial Government created the Manitoba Hydro-Electric Board (Manitoba Hydro) and gave it full responsibility for the development of future electrical sites in Manitoba. However, prior to this, WECO had constructed the Seven Sisters plant, which was put on line in 1931, extended after World War II, in 1948 and 1949 and finally completed in 1952. This was its last construction project.

Although Manitoba Hydro was not specifically created to take over WECO, it made a formal offer on October 28, 1952, to acquire the common shares of WECO. The offer was conditional: WECO had to establish two new companies and sell them its gas and transit assets by

53. Ibid., p. 21.

November 30th, 1952. The offer was also conditional upon its ratification by the Provincial Legislature, the consent of the requisite number of WECO bondholders and several other minor requirements. The offer expired January 31st, 1953.

By January 8th, 1953 WECO's financial agent, National Trust Co., reported that the offer had been accepted by or on behalf of holders of 446,494 (about 86 percent) common shares of WECO. The requisite 75 percent of the bondholders appeared to be assured prior to the expiration of the offer. This information was conveyed by Manitoba Hydro to the Manitoba Government which convened a Special Session of the Legislature on January 13th, 1953.

The necessary draft bill to amend the Manitoba Hydro-Electric Development Act, and the bill to incorporate the Greater Winnipeg Transit Company and the Winnipeg Central Gas Company had been prepared. On January 16, 1953 these bills received royal assent.

On January 26, 1953 the Province of Manitoba handed over a cheque for \$17,043,492.50 as payment for the common shares. By March 2nd, 1953 there were 72,230 common shares still outstanding and a number of certificates.

On this same date and under the provisions of Section 103 of the Companies Act of Manitoba, A Court of Queen's Bench Order was obtained to acquire all remaining outstanding common shares of WECO. This was completed by April 4th, 1953 and, as of this date, Manitoba Hydro became the owner of all issued and outstanding common shares of WECO. The preference shares of WECO were not purchased until 1955; at this time WECO became a wholly-owned subsidiary of Manitoba Hydro.⁵⁴

Winnipeg Hydro Becomes a Public Monopoly

An agreement was entered into, as at April 1st, 1955, whereby the Winnipeg Hydro would serve all electric power consumers within the present boundaries of the City of Winnipeg. As part of the agreement, Winnipeg Hydro's distribution properties and customers outside Winnipeg (mainly in Transcona, Brooklands, East and West Kildonan) were turned over to the Manitoba Power Commission. Within the City of Winnipeg, Winnipeg Hydro took over properties valued in excess of \$7,000,000 and approximately 18,000 additional customers. At the same time a second agreement was entered into, providing for Winnipeg Hydro and the Manitoba Power Commission to buy electricity from the Manitoba Hydro Electric Board at cost. This agreement would have expired on March 31st, 1961, but was extended in June, 1959, for a further three years to March 31st, 1964.

The amalgamation on April 1st, 1961, of the former Manitoba Power Commission with the Manitoba Hydro Electric Board carried the requirement that all previous agreements, including that providing for the sale of electricity

54. The Manitoba Hydro-Electric Board Second Annual Report For the Year Ending March 31, 1953, pp. 7 - 12.

of Winnipeg Hydro, be continued unchanged.

As of April 1st, 1964, the City of Winnipeg and the Manitoba Hydro Electric Board entered into a new Power Sale Agreement extending the basic principles of the original agreement for a further ten years to March 31st, 1974. 55

Development of Manitoba Hydro

On April 1st, 1961 the old Manitoba Power Commission (established in 1919) was amalgamated with Manitoba Hydro-Electric Board (established in 1949). This is the Manitoba Hydro that we know today. The development of the Manitoba electrical industry now turns exclusively to Manitoba Hydro.

Pine Falls was the first hydro-electric station built by the Manitoba Government. Actual consideration began on May 18th, 1949 and the site was placed on line in 1951 with a capacity of 114,000 horsepower or 85,000 kilowatts. The cost was about \$22 million. In 1952 work commenced on a second project, McArthur Falls, and was completed in 1955. Its capacity was 80,000 horsepower or 56,000 kilowatts; its cost was \$24 million.⁵⁶ This was the sixth and final hydro site suitable for development on the Winnipeg River within Manitoba. From now on Manitoba Hydro had to look elsewhere.

55. Winnipeg Hydro, A Brief History of Winnipeg Hydro, City of Winnipeg Public Relations Department, Winnipeg, Manitoba, 1971 (pamphlet).

56. "Pine Falls & McArthur Falls" brochures, Man. Hydro.

Through the Manitoba Hydro-Electric Board's acquisition of the WECO the power requirements of WECO and the Manitoba Power Commission's systems were consolidated. Later on, through a complex power integration system agreement with City Hydro, all the power requirements of Southern Manitoba were consolidated. Each utility was now interconnected and its power pooled.

This consolidation permitted further development of the industry. Pine Falls and McArthur Hydro plants were developed; at Brandon (1957-69) and Selkirk (1957-60) thermal plants were constructed and enlarged over periods of time as the consolidation process permitted.⁵⁷ It was considered a good financial investment by the Province for the continued development of Manitoba.

Later on a heavy interconnection line was made between Brandon and Estevan, Saskatchewan, and over a two year period Manitoba and Saskatchewan's load growths were consolidated to permit an interchange of power. This consolidation into a grid system made it economically feasible to proceed with Manitoba Hydro's ambitious project at Grand Rapids.

The first unit at Grand Rapids was completed October 26th, 1965 and the 4th unit in November 27th, 1968, at a total cost of \$117 million for a capacity of 150,000 horsepower. The magnitude of this project becomes clear

57. "Brandon & Selkirk" thermal plant brochures, Man. Hydro.

when it is compared to the \$3 million Pinawa plant of 1906, constructed by the WESRCo with a 30,000 horsepower capacity.⁵⁸

Interchanges now exist between Manitoba, Ontario and U.S.A. They allow power to flow back and forth as required during different peak periods and seasons. The economy of interconnections is also achieved by the transfer of surplus power from one system to another. The different time zones permit this. Hydro-electric power, can be transferred to replace the more expensive thermal power through these interconnections.

In the fiscal year ending March 31st, 1963, the saving to Manitoba that resulted from the purchase of surplus hydro power from Northwestern Ontario was about \$125,000; Ontario received a similar amount. In the same year \$20,000 extra revenue was gained from Saskatchewan.

In March 1972 Manitoba Hydro executives claimed that its grid system covers the entire North American continent, with the exception of Texas and a few scattered minor systems.⁵⁹

58. "Grand Rapids" hydro plant brochures, Man. Hydro.

59. This information was obtained personally from Manitoba Hydro Officials, December 1973.

On January 1st, 1972 the Uni-City bill, which amalgamated Winnipeg City with the surrounding suburban municipalities, was passed by the Manitoba Legislature and became law. I believe that it is only a matter of time before these two remaining systems will be amalgamated into one electric utility under Manitoba Hydro.

On March 31st, 1974, the power sale agreement expires. The consensus of opinion among officials of both systems is that they will be amalgamated prior to the expiry date, for they cannot see how a two-price hydro system can be maintained within one city.⁶⁰ In 1974 a uniform price was composed in Metro Winnipeg. Winnipeg Hydro rates prior to this were lower than Manitoba Hydro rates. Winnipeg Hydro cannot generate sufficient power for her customers and must purchase her extra requirements from Manitoba Hydro. This, in effect, meant that Manitoba Hydro was subsidizing Winnipeg Hydro users at the expense of other Metro Winnipeg citizens that were served by Manitoba Hydro.

The future for the electrical industry is bright. Kettle Rapids is nearing completion. Jenpeg, the third hydro-electric plant on the Nelson River is scheduled for generation by 1975 with a capacity of 160,000 kilowatts.

60. Personal interview with Man. Hydro and Winnipeg Hydro Officials, December 1973.

The Nelson's hydro-electric potential is estimated to exceed 5,544,000 kilowatts, over four times the present generating capacity from all other sources in Manitoba.⁶¹

Atomic Energy of Canada Limited, a federal agency, financed a direct current (D.C.) power line from Kettle Rapids to Winnipeg with a D.C. converter station near Kettle and an alternating current (A.C.) converter station at Rosser, Manitoba. Manitoba Hydro is buying it over a 50-year period on a pay-as-used basis. This system began to supply 50 percent of all Manitoba's hydro needs in 1974.⁶²

Manitoba and her citizens own one of the largest industries in the province. It all began through the persistent struggles and zeal of Alderman J.W. Cockburn and his associates back in the early 1900's when he and a small group of citizens took on the formidable monopolists.

The history of Manitoba's electrical utility began in the City of Winnipeg in the late 1800's. Numerous utility companies were incorporated in the first 20 years. But by 1904, through purchases and amalgamations, the Winnipeg Electric Railway Company obtained a monopoly and emerged as the sole producer and distributor of electricity in the major market of the City of Winnipeg and its

61. Personal interview with Man. Hydro Officials, Jan. 1974. This information is also available from Man. Hydro, Public Relations Department, Winnipeg, Manitoba.

62. Ibid.

suburbs. In 1906 the publicly-owned electric utility, Winnipeg Hydro, was incorporated. It produced its first power in 1911 and began competing with WER Co. for the electrical market in Winnipeg.

These two electric utilities by developing hydro plants on the Winnipeg River, ensuring Winnipeg citizens of a low-cost dependable power supply. In subsequent years there followed a series of developments, the formation of subsidiaries by WER Co., the creation of the Manitoba Power Commission and Manitoba Hydro by the Provincial Government. In 1953 Manitoba Hydro purchased the private utility and by 1973 the two public utilities we have today, Winnipeg Hydro and Manitoba Hydro had a complete monopoly of the electrical utility in Manitoba. Winnipeg Hydro services Winnipeg City as it existed in 1973 and Manitoba Hydro the remainder of Manitoba.

The organizational development of the concentration and ownership structures in the electrical industry in Manitoba from 1873 to 1974 is reconstructed in the next chapter.

CHAPTER IV

ORGANIZATIONAL DEVELOPMENT OF THE ELECTRICAL INDUSTRY IN MANITOBA.

The dependent variables in this study are concentration structure and ownership structure of electrical producers. Concentration structure can be described in terms of position on a competition scale with atomistic competition at one extreme and monopoly at the other. Atomistic competition is where no producer has sufficient control or influence over the market to set prices or production. Monopolistic competition is where a single producer controls prices and production in the market. Oligopoly is a term reserved to describe a situation where there is more than one producer, but a sufficiently small number so that their behaviour takes on some degree of market control, but not total market control.¹

The ownership structure of a firm can be described in terms of variation in government holdings of controlling shares. When government holdings are 0 percent it is a private corporation. When government holdings are 100 percent it is a public or Crown corporation. When government holdings are between 0 - 100 percent, the ownership structure could be described as mixed or partially

1. Willard F. Mueller, A Primer on Monopoly and Competition, Random House, N.Y. 1970, chapters 1 and 2.

FIGURE 1

DEVELOPMENT OF THE CONCENTRATION AND OWNERSHIP
STRUCTURES IN THE ELECTRICAL INDUSTRY IN
MANITOBA 1873 - 1974

Period	Concentration Structure	Ownership Structure
1873 - 1894	Competitive	Private
1894 - 1904	Oligopoly	Private
1904 - 1911	Monopoly	Private
1911 - 1953	Oligopoly	Private (Mixed) /Public
1953 - 1974	Monopoly	Public

public.

The ownership structure of industry can be described in terms of a variation in the proportion of public to private corporations producing in a given industry. The industry is publicly owned when public corporations own 100 percent of the firms in the industry. The industry is privately owned when public corporations are 0 percent of firms. The industry has mixed ownership when public corporations are between 0 - 100 percent of firms.

Concentration Structure

The 100 year history of the electrical industry in Manitoba has witnessed a complete change in its concentration structure. In its early developmental period it was competitive and remained atomistic until about 1894. It then became increasingly oligopolistic as some of the smaller companies were either sold to or amalgamated with the more virile companies. The trend continued until approximately 1906. In 1906 Winnipeg Hydro came into existence in law,² but did not become competitive with Winnipeg Electric Railway Company until 1911, the year it brought in its own power from Pointe du Bois.³ From 1904 to 1911, WERCo. had a monopoly of the

2. Municipal Manual, compiled by The City Clerk, Winnipeg, Manitoba, 1907, p. 44; 1953, p. 188.

3. Ibid., 1912, p. 13.

electrical generating and distribution system in the largest market in Manitoba, the City of Winnipeg.

In 1911 the private monopoly was broken and the industry, now comprising a private and a public utility became and remained oligopolistic until 1953.⁴ In that year the organizational structure again became a monopoly with the purchase of Winnipeg Electric Co. by Manitoba Hydro.⁵

In the rural areas of Manitoba the industry remained atomistic, partly private, partly public, until Manitoba Hydro slowly, between 1919 and 1973, replaced both the private and municipal electric utilities either through purchase or requested take-over. The organizational trend, however, was set in the major market of the City of Winnipeg.

Ownership Structure

Types of firm ownership. The ownership structure of a firm in an industry may be private, public or mixed. In the development of the electrical industry in Manitoba, all three types of ownership structures appeared.

4. Ibid., 1912, p. 13; 1953; pp. 188 - 202.

5. Ibid., 1963, p. 163.

(a) Private Companies. This type of ownership structure was the first one to appear on the historical scene of the electrical industry in Manitoba. It began with Winnipeg Gas Co. in 1873 and Manitoba Electric & Gas Lighting Co. in 1880. These two privately-owned companies produced electricity only as a secondary product. In 1881, Manitoba Electric & Gas Lighting Co. (established in 1880) purchased the Winnipeg Gas Co. This was the beginning of a trend toward amalgamation and take-over among the private companies. By 1904, Winnipeg Electric Railway Co. had a total monopoly of the electrical industry in the major market of Winnipeg City. There were three other privately-owned electric plants in Manitoba. In 1916, George L. Vipand & Son, of Killarney, owned and operated the local electric light and power system. Treherne also was supplied by a local privately-owned company. Minnedosa was supplied by Minnedosa Light & Power Co. Ltd., established in 1912.⁶

(b) Public Companies. In 1906, the City of Winnipeg Hydro Electric System became the first publicly-owned electrical utility in Manitoba's major electrical market. In theory, this utility had existed since 1906, but it did not become a producer and supplier until 1911, when the Pointe du Bois hydro station was placed on line.

6. L.E. Myers, A personal report to Mr. Samuel Insull, President, Middle West Utilities Co., Chicago, Illinois, dated Chicago, July 12th, 1916 (This report is referred to as the "Insull Report", see Bibliography).

In 1916, in addition to Winnipeg Hydro, there were 10 municipally-owned electric plants. These were owned by Portage La Prairie, Carberry, Souris, Neepawa, Rapid City, Virden, Dauphin, Boissevain, Carman and Morden.⁷

In 1919, the Manitoba Power Commission was established to electrify rural Manitoba. In 1949, the Manitoba Hydro Electric Board (Manitoba Hydro) was established to develop and distribute electrical power in Manitoba in the most economical manner possible.

In 1951, Manitoba Hydro's first power came from the Pine Falls station. It was wholly developed and owned by Manitoba Hydro.⁸ In 1953, Manitoba Hydro purchased Winnipeg Electric Co. In 1955, the electrical distribution system of the former Winnipeg Electric Co. within Winnipeg City was sold to Winnipeg Hydro by Manitoba Hydro.⁹

In the rural areas and towns from 1949 to 1973, Manitoba Hydro took over their electrical plants or became their supplier. Manitoba Hydro made an agreement with Hudson Bay Mining and Smelting Co. Limited, on 28 Sept. 73, and acquired the distribution facilities of the Northern

7. Ibid.

8. Man. Hydro Annual Report 1953, p. 7.

9. A Brief History of Winnipeg Hydro also Annual Report of Man. Hydro, 1955.

Manitoba Power Company Limited, which covered Flin Flon and Snow Lake . The other subsidiary of Hudson Bay Mining and Smelting Company Limited, the Churchill River Power Company, continues to supply the parent company's mines, mill and metallurgical complex from the Island Falls generating station in Saskatchewan. For service reliability the two systems will be interconnected near Snow Lake hydro lines. With the servicing of Flin Flon and Snow Lake, Manitoba Hydro now provides electrical service to the entire Province except the inner City of Winnipeg which is served by Winnipeg Hydro.¹⁰

(c) Mixed Companies. In 1952, Manitoba Hydro purchased all the common shares of Winnipeg Electric Co. The preferred stocks were purchased in 1953 as the result of a court order.¹¹ In theory, Winnipeg Electric Co. still exists as a wholly-owned subsidiary of Manitoba Hydro, but for all practical purposes, the mixed firm structure only existed until the preferred shares were purchased by Manitoba Hydro.

Types of Industry Ownership. The ownership structure of an industry may be private (all firms privately owned), public (all firms publicly owned) or mixed (some firms privately owned, some publicly owned or mixed ownership of firms within the industry).

10. Hydrogram, Vol. 13, No. 7 published monthly by Manitoba Hydro, Winnipeg, Man. Sept. 1973.

11. Man. Hydro Annual Report 1953.

FIGURE 2

DEVELOPMENT OF THE OWNERSHIP STRUCTURE OF THE ELECTRICAL INDUSTRY IN MANITOBA - ITS CAUSES AND CONSEQUENCES

Period	Ownership Structure	Causes	Consequences
1873-1904	Private (Competitive (Oligopoly))	Provincial/Federal control of water resources	a. Conflict within sphere b. Development of Oligopoly/Monopoly
1904-1911	Private (Monopoly)	Market control of price and production	Conflict becomes a public issue
1911-1953	Public/(mixed) Private (Oligopoly)	Outcome of strength of competing forces. (See Chapter V for explanation)	a. Conflict remains public. b. Industry becomes Public Monopoly
1953-1974	Private (Monopoly)	Largest market serviced by Public Corporation. Provincial control over water resources.	a. Conflict remains public.

Mixed Industry. In 1911, Winnipeg Hydro became a producer and with this the industry became mixed in the city. It remained a mixed industry until 1953 when Winnipeg Hydro became the sole distributor in Winnipeg.

This structure appears only as an interim measure. In 1916, the City of Brandon owned and operated its own electric street railway system. It obtained power from the privately-owned Brandon Electric Light Co. the only power producer in Brandon. The City of Brandon had two generator sets installed in the thermal plant of Brandon Electric Light Company and also the required transformers and switchboard for their street lighting system. Brandon City owned this equipment but purchased all its power from Brandon Electric Light Co.¹²

In 1919 the Manitoba Power Commission was established.¹³ It neither owned nor produced electrical power, but was established to electrify rural Manitoba. It began to invest and build power distribution systems, but purchased its power from Winnipeg Hydro & Winnipeg Electric Co.

In the rural area a similar situation existed

12. "Insull Report"

13. "A Hydro History", Part III, p. 21.

until 1973 when Manitoba Hydro became the sole producer and distributor.

Development. The ownership structure of the industry was initially private in the major market of Winnipeg.¹⁴ The primary causes for this were: (1) the Dominion Government controlled all prairie water resources until 1930¹⁵; and (2) both it and the Provinces were oriented towards private rather than public ownership. The nature of this ownership structure kept the conflict within the private sphere between the competing companies. This continual conflict eventually changed the structure from atomistic to oligopolistic to a private monopoly.

The private monopoly was held by Winnipeg Electric Co. from 1904 until 1911 in the major market in the City of Winnipeg. This monopoly allowed W.E. Co. to charge what the market would support, which in time moved the conflict into the public arena.¹⁶ Once the public issue was raised, Winnipeg City Council attempted several times, without success, to have the City Charter amended to permit it to produce its own power. As a result of sustained pressure from the City Council, newspapers, and the Liberal opposition, the Conservative

14. Manitoba Hydro "Image", "A Hydro History" by J. Donald Comstock, Part I, pp. 11-16, Manitoba Hydro, Winnipeg, Man. 1964-65, (Further references will be referred to as "A Hydro History")

15. Seven Sisters Generating Station, a souvenir booklet of pictures and data. Manitoba Hydro, Winnipeg, Man. p. 5.

16. Mun. Manual, 1907, p. 41.

Provincial Government amended the City Charter to permit it to form Winnipeg Hydro in 1906.¹⁷ With this the private monopoly was broken in theory, but in practice it carried on until 1911, the year Winnipeg Hydro first generated and distributed its own power from its Pointe du Bois station.¹⁸

The conflict has remained public since 1904 with numerous competing forces vying for advantages. The focal point of these struggles was reached in 1912. It was as a result of this struggle between the contending forces that the future ownership structure of the electrical industry in Manitoba was decided. The structure in the major electrical market of Winnipeg City remained a Public/Private Oligopoly until 1953, at which time it became a Public Monopoly.¹⁹ But prior to that date, in 1919, the Provincial Government had become involved when its Public Utilities Commission set up the Manitoba Power Commission,²⁰ a crown agency for electrical distribution, primarily for the rural areas; and again in 1949 when it established a crown agency, Manitoba Hydro,²¹ for the generation and construction of hydro sites. Another important decision, reached in 1930, helped the Manitoba Provincial Government, when it gained from the Dominion Government, the right to control water resources.

17. "A Hydro History", Part II, p. 19.

18. Mun. Manual, 1912, p. 13.

19. A Brief History of Winnipeg Hydro, City of Winnipeg Public Relations Dept., Winnipeg, Man., 1971, and Manitoba Hydro Annual Report 1954.

20. "A Hydro History" Part IV, p. 21.

21. Ibid.

With this control the Provincial Government could allocate sites to whom ever it pleased and on whatever conditions it deemed suitable. Table 4 gives a chronology of hydro/thermal generating stations and Table 5 gives us a view of the development of the concentration and ownership structure of the electrical industry in Manitoba over its 100-year history.

These first hundred years saw a complete transformation in the ownership and concentration structures. The ownership structure changed from totally private to totally public. The concentration and production structure changed from atomistic through oligopoly to a total monopoly. Concentration and ownership structures are the dependent variables and conflict is the independent variable.

The major struggle for dominance of the principle of public ownership of the electrical industry and some interrelated public service utilities in the Province of Manitoba took place in the year 1912.

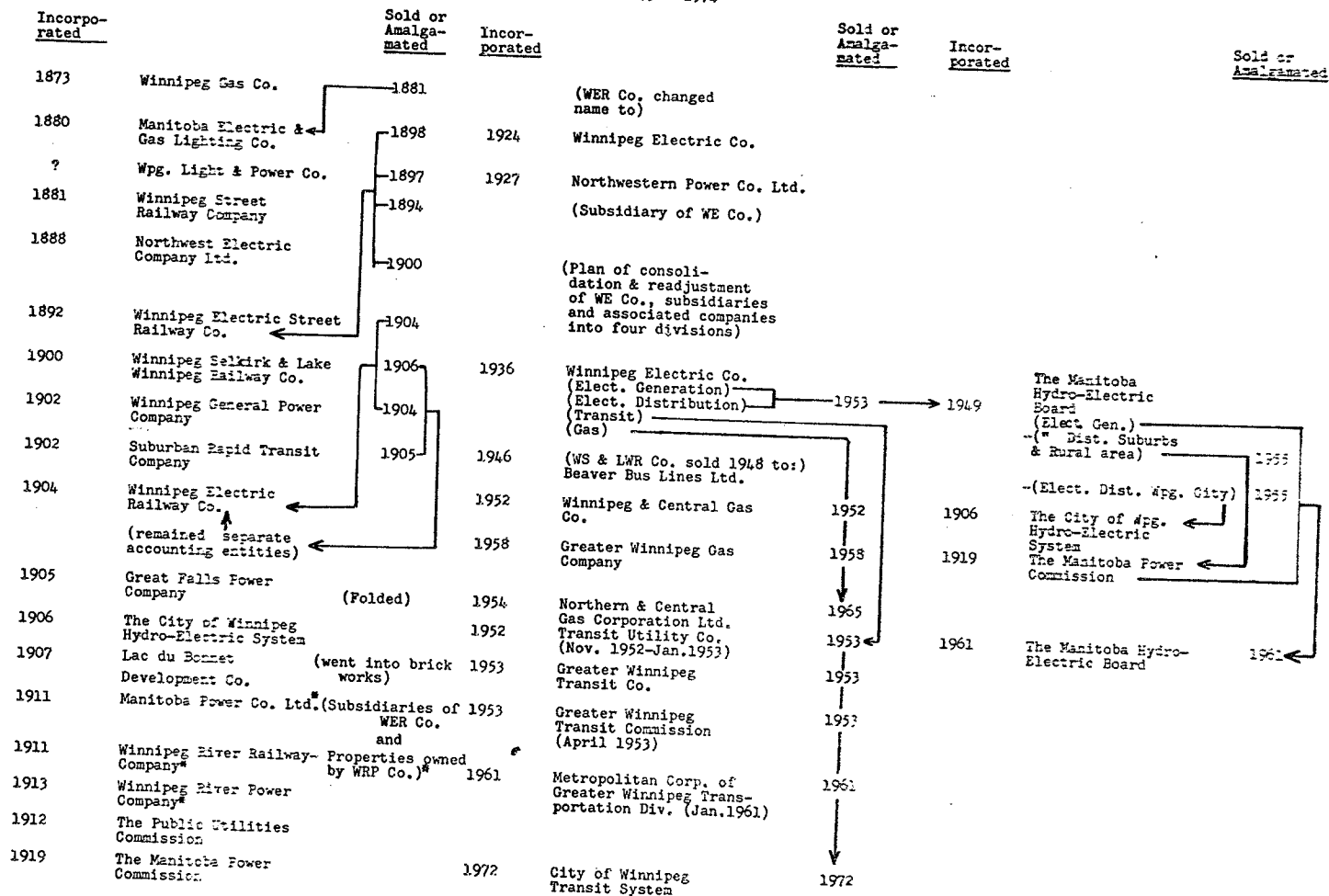
The controversy over the control of electric power appeared, at first, to be merely a symptom of a battle for economic power. Private interests saw great profit in hydro distribution and development whereas the

TABLE 4

CHRONOLOGY OF HYDRO/THERMAL GENERATING STATION DEVELOPMENT IN MANITOBA

STATION	TYPE	CAPACITY IN KILOWTS	HEAD IN FEET	NO. OF GENERATORS	LOCATION	DEVELOPER	FIRST POWER	STATION COMPLTD	RETIRED
Assiniboine Ave.	Thermal	4,500	-	-	Winnipeg	Private	1892	1910	1915
Morden	Thermal	75	-	-	Morden	Mun.	1896		(?)
Neepawa	Thermal	250	-	-	Neepawa	Mun.	1899	1912	(?)
Brandon	Hydro	600	30	2	Minnedosa R.	Bdn.E.Lt.Gen. Ltd.	1900	1900	1924
Garman	Thermal	110	-	-	Garman	Mun.	1902		(?)
Portage la Prairie	Thermal	600	-	-	Portage	Mun.	1906		(?)
Pinawa	Hydro	22,000	46	9	Pinawa Channel	Wpg.Gen. Power Co.	1906	1912	1951
Pointe du Bois	Hydro	72,000	46	16	Winnipeg R.	Wpg. Hydro	1911	1926	
Mill Street	Thermal	12,000	-	-	Winnipeg	Private	1911	1911	1944
Minnedosa	Hydro	450	18	1	Minnedosa R.	Minnedosa Lt. & Pwr.	1912(?)		(?)
Brandon City-Owned	Thermal	2,040	-	-	Brandon	Bdn.E.Lt.Gen. Ltd.	1916(?)		(?)
Dauphin Mun.	Thermal	390	-	-	Dauphin	Mun.	1916(?)		(?)
Carberry	Thermal	75	-	-	Carberry	Mun.	1916		(?)
Boissevain	Thermal	75	-	-	Boissevain	Mun.	1916		(?)
Killarney	Thermal	75	-	-	Killarney	Geo. L. Vipond and Son	1916		(?)
Treherne	Thermal	50	-	-	Treherne	Private	1916		(?)
Great Falls	Hydro	132,000	58	6	Winnipeg R.	Wpg. Pwr. Co.	1923	1928	
Amy Street	Thermal	50,000	-	4	Winnipeg	Wpg. Hydro	1924	1955	
Kanuchuan	Hydro	1,420	18	3	Island Lake River	Lakelingran Gold Mines.	1929		
Seven Sister Falls	Hydro	150,000	61	6	Winnipeg R.	Wpg.E. Co.	1931	1952	
Slave Falls	Hydro	68,000	30	8	Winnipeg R.	Wpg. Hydro	1931	1948	
Pine Falls	Hydro	85,000	37	6	Winnipeg R.	Man. Hydro	1951	1952	
Laurie River #1	Hydro	5,220	55	2	Laurie R.	Sherritt- Gordon M.	1952	1952	
McArthur	Hydro	56,000	23	8	Winnipeg R.	Man. Hydro	1952	1955	
Selkirk	Thermal	132,000	-	2	Red River	Man. Hydro	1957	1960	
Brandon	Thermal	237,000	-	5	Assiniboine River	Man. Hydro	1957	1969	
Laurie River #2	Hydro	5,220	55	1	Laurie R.	Sherritt- Gordon M.	1958	1958	
Kelsey	Hydro	224,000	50	7	Nelson R.	Man. Hydro	1960	1972	
Grand Rapids	Hydro	472,000	130	4	Saskatchewan River	Man. Hydro	1965	1968	
Kettle	Hydro	1,200,000	98.5	12	Nelson R.	Man. Hydro	1970	1974	

TABLE 5
THE HISTORICAL DEVELOPMENT OF THE ELECTRICAL INDUSTRY IN MANITOBA
1873 - 1974



SOURCES: For Table 4 and Table 5 Chronological Dates of important events from 1880 to 1924, Manitoba Hydro Public Relations Department, Winnipeg, Manitoba.

Manitoba Hydro, Hydrogram and Hydro-lines, monthly publications by Man. Hydro, Winnipeg, Manitoba.

Manitoba Hydro "Image" 1964-65, "A Hydro History" by Donald Comstock, Part I, pp. 11-16, Part II, pp. 17-21, Part III, pp. 17-21, Part IV, pp. 17-21, Manitoba Hydro, Winnipeg, Manitoba, 1964-65.

Manitoba Hydro - "Electric Board Annual Reports"

Municipal Manual, City of Winnipeg, compiled by City Clerk. From 1907 to 1973. (Available Winnipeg Main City Library. This first issue was compiled in 1904 as noted in the Preface of the 1953 edition. Issues 1904 to 1906 not available.)

Myers, L.E., A personal report to Mr. Samuel Insull, President, Middle West Utilities Co., Chicago, Illinois, dated Chicago, July 12, 1916. (This report is referred to as the "Insull Report" because the L.E. Myers Co., construction and Management of Public Utilities, Monadnock Building of Chicago was hired to do a detailed investigation of Manitoba's electrical utilities. The investigation was conducted quietly and without advice to the Provincial Gov't. It is available in the Manitoba Hydro Library, Winnipeg, Manitoba.)

Political Scrap Books in the Manitoba Provincial Library for: 23rd June 1910 to 15th March 1911; 16th March 1911 to 24th March 1912; 25th March 1912 to 25th August 1912. 2nd Session of the 13th Legislature Manitoba Free Press and Telegram Hansard Debates Opened 22nd February 1912 Closed 6th April 1912, Manitoba Provincial Library.

Russenholt, Edgar S., "The Power of a City" a Story of City Hydro. (Unpublished manuscript in Manitoba Provincial Archives) n.d.

Souvenir booklets of pictures and data of all the hydro/thermal generating stations in Manitoba as prepared by Manitoba Hydro and Winnipeg Hydro, n.d.

"Winnipeg Electric Annual Reports", held by Manitoba Hydro, Winnipeg, Manitoba.

"Winnipeg Hydro-Electric System Annual Reports," Winnipeg, Manitoba.

Manitoba Government viewed it as only part of the Province's general development. The City of Winnipeg saw it as a source of cheap power to attract more industries. However, these conflicts threw the concept of public vs private ownership of the electrical industry into the middle of the struggle.

In the next chapter the critical Legislative Assembly Session of 1912, as it pertains to the developmental change process in the electrical industry is given and analyzed in a conflict perspective.

CHAPTER V
CONFLICT ANALYSIS OF THE 1912 STRUGGLE

The year 1912 was the key year in the struggle for the continued growth of a public electric utility in Manitoba. A set of bills, which became known as the "Reese Bills", were presented to the Provincial Legislative Assembly. Their design and intent was to obtain a legislative monopoly over as many public utilities as possible. The defeat of these bills was crucial to the continued growth of the public sector firm. Their passage was equally important to the private sector. The 1912 legislation redefined relationships between the City and Province, Rural and Urban interests and between private and public interests in the electrical utilities in Manitoba.

It is important that we describe at this point, the numerous bills before the 1912 Legislative Assembly, that we indicate their probable implications, and present in sequence the events that follows their disposition. Each is analysed with reference to the relevant Coser proposition.

The Legislative Session of 1912

The 2nd Session of the 13th Legislature opened on February 22, 1912 and closed April 6, 1912. The fact that Nine Bills were before the Committee for Private Members Bills startled the City of Winnipeg. These bills were not of equal importance, but the seven bills ".... asked for by the Reese syndicate,....."¹ (popularly known as the Reese bills) were extremely important and controversial and full of implication that need to be explained.

The Seven Reese Bills

The first bill was the bill to incorporate Winnipeg Electric Co. as a holding company with the other six companies as its subsidiaries. The holding company was formed both to permit unity of action among the six companies and also to keep their assets separated. Each company would manage its own affairs, but all stock would be held and sold by the holding company. The reason the charter for the holding company was requested by Reese under this particular "....name was because of its reputation on the money markets of the world."² The name selected was similar to that of one of the proposed subsidiaries, the

1. Telegram, Hansard Debates, Manitoba Provincial Library Legislative Buildings, 21 March 1912, p. 54.

2. Ibid.

Winnipeg Electric Railway Company, often simply referred to as the Winnipeg Electric Company. Because of the similarity of names, the proposed holding company hoped to use the Winnipeg Electric Railway Company's reputation on the world money markets to its own financial advantage.

The second Reese bill was one to amend the charter of the Manitoba Power Company granted during the previous session of 1911. The main purpose of the bill was to allow the company to "...take over the entire gas business and such other property as was not subject (in 1927) to appropriation by the city..."³ The "other property" referred to was owned by the Winnipeg Electric Railway Co.; it included the entire city electrical system together with the Pinawa Hydro Plant in the Winnipeg River system. The charter contained a clause permitting the company to purchase, prior to 1927, all Winnipeg Electric Railway Company assets, except for the street railway system.

This purchase would also permit the takeover of all the old charters and their rights and powers previously purchased by Winnipeg Electric Railway Co. A clause in the bill asked for the right, "...to assume all the powers of the subsidiary Companies taken over from the Winnipeg Electric Railway..."⁴ Company. The old charters obtained by

3. Ibid.

4. Free Press, Hansard Debates, Manitoba Provincial Library Legislative Buildings, 13 March 1912, p. 29.

Winnipeg Electric Railway Co. were those of Manitoba Electric and Gas Lighting Co. incorporated in 1880. On July 15th, 1888 the City of Winnipeg gave it the right to erect poles and wires on city streets. In 1898 it was purchased by Winnipeg Electric Railway Co. and in 1900 the latter purchased Northwest Electric Co. which was incorporated in 1888. This company had the authority to acquire, construct, produce, and maintain electric light systems, electric street railways, electric motors or other electric power anywhere in Manitoba.

In 1892 Winnipeg City had given a 35-year franchise to the Winnipeg Electric Railway Co. to construct a street railway system. In effect, with the purchase of the above two companies, it now had power to do almost anything anywhere in Manitoba. The Manitoba Power Company bill if passed, would allow it to acquire all these rights and powers through sanction of legislation when it purchased the Winnipeg Electric Railway Co., except for the street railway portion which the City could expropriate in 1927.

The third major bill was the one to amend the status of the Rural Railway Company of Manitoba,⁵ a company controlled by the Reese syndicate, whose charter gave it the right to build railway lines up to and around the present

5. Telegram, Hansard, 21 March 1912, p. 54.

boundaries of the City of Winnipeg. With the consent of the City of Winnipeg, it could build spur lines into the City and passenger terminals to bring in its passengers, but it could not collect fares on any of these spur lines within the city limits. The Company asked for amendments to its charter. It now wanted the right to build lines into the City and to construct passenger terminals to collect fares within the city limits.

The bill, if passed, would fill the gap left by the Manitoba Power Co. bill which did not permit purchases of the street railway system of the Winnipeg Electric Railway Co. How could this gap be filled? The City of Winnipeg was expanding rapidly and in a very short time the rural lines constructed by the Rural Railway Co. would be within the new city limits, but not subject to expropriation by the City in 1927.

This company, like all the others, would be under the control of the new holding company, Winnipeg Electric Co., which would have economic control over all the subsidiaries. The holding company would be in a position to feed or to starve anyone of its subsidiaries as it saw fit, according to the best interests of the Reese Syndicate. Under agreement with the City of Winnipeg, the Winnipeg Electric Railway Co. had to build new street railway lines within a year

upon request by the City, unless it could show financial or other inability to do so. After the lapse of one year, the City could request any other railway company to build the required street railway lines. The problem the City would face would be that the only other company with such rights, subject to the City's consent, would be the Rural Railway Co. The city would have no alternative but to request it to fill the gap or to remain without new street railway lines and these would not be subject to expropriation in 1927. The Winnipeg Electric Co., i.e., the holding company would probably fund the Rural Railway Co. to build these new street railway lines within the City, and at the same time ensure that its subsidiary, subject to expropriation in 1927, would not have the necessary funds to extend its lines. By this method it would be possible to create within the City a new street railway system which would not be subject to expropriation in 1927 and which would allow the condition of the W.E.R.Co. to deteriorate so that by 1927 it would only hold the poorest paying street railway lines in the city.

The fourth bill was to amend the Winnipeg Electric Railway Co. charter so as to allow the company to sell all its assets, other than the street railway system subject to expropriation by the City of Winnipeg in 1927, to the Manitoba Power Co. and to become a subsidiary of Winnipeg Electric Co., the holding company.

The other three Reese bills were of a minor nature.

- (a) Winnipeg River Railway Company.
- (b) Brandon Electric Railway Company - a bill designed to grant the company a monopoly in the Town of Brandon.
- (c) Winnipeg and Northeastern Railway Company. These three company charters were written with the express purpose of filling in the gaps left by the Rural Railway Company bill.

The city also wanted its charter amended so as to permit construction of its own street railway system if Winnipeg Electric Railway Co. refused to build new lines. This was to prevent the very thing mentioned above. It also wanted authority to expropriate, in 1927, all the street railway lines within its boundaries. In addition, it sought legislation to force the joint use of electric poles between the City and the Winnipeg Electric Railway Company. All these requests were denied to the City.

The final bill, which was tied in with all the Reese bills and the bill to amend the City Charter, was Premier R.P. Roblin's, Public Utilities Commission or Public Service Commission bill, to be known as "The Public Utilities Act." Basically, it was designed to bring all public utilities of every corporation other than municipally owned ones (unless they voluntarily placed themselves under the Act) under the control of the Commission.

One other issue, apart from these bills, is of vital importance for a clear understanding of the complete situation. This was the litigation begun in 1906 between the City of Winnipeg and Winnipeg Electric Railway Company. The dispute was over the control and use of the city streets for the erection of poles, stringing electric wires and the charter rights of the old defunct companies purchased by or amalgamated with Winnipeg Electric Railway Company over the preceding 20 years. The City won the court decision in the Manitoba court but the Privy Council in London reversed the decision.

Mr. E.R. Reese was "...an ex-wireman of the Shipman electrical company, who came a couple of years ago from the United states"⁶. He was connected with Robert Muir, Arthur Muir, D.L. Mather and W.R. Mulock, all of Winnipeg. This group was known as the Reese syndicate, and it was this syndicate that applied for incorporation in the various bills. It was also this same group that wanted to buy out the Winnipeg Electric Railway Co., owned by Mackenzie and Mann. Often it appeared as if Reese was in league with William Mackenzie and D.D. Mann, but since this was never shown conclusively by the Free Press or Telegram, it can only be surmised that they were connected.

With this introduction we now may proceed and see

6. Free Press, Hansard, 13 March 1912, p. 28.

how these bills were worked out in the sociopolitical circles of 1912, as they were recorded by the Winnipeg Free Press and Telegram, both in their Hansard Debates and in their general press releases. We have used the Free Press Hansard reports and compared them with those that appeared in the Telegram. There is no basic difference except in the detail of particular incidents, where this is important, we draw attention to it. The general press releases, however, do differ considerably in their political viewpoints, their general analysis and conclusions.

Functions of Conflict in Consolidating Groups and Identifying Their Boundaries.⁷

In addition to the electrical utility owned by Winnipeg, there was at this time, a great proliferation of companies in the rail, street rail, gas and electrical industry. In order to bring about some semblance of order and control, Premier Roblin announced in early January 1912, that a Public Utilities Commission would be created during the coming session to "...direct, regulate, inquire into

7. Lewis A. Coser, The Functions of Social Conflict, The Free Press, New York, 1956, Chapter II, "Conflict and Group Boundaries", Proposition 1: Group-Binding Functions of Conflict, pp. 33 - 38.

Coser uses Simmel's notion that conflict helps set boundaries between groups within a social system by strengthening group consciousness and awareness of their separateness and also that reciprocal repulsions help maintain a total social system by creating a balance between the groups (see p. 34). Simmel maintains that hostilities between groups prevent the gradual disappearance of group boundary lines or group distinctiveness (see p. 33). Coser states that conflict serves to establish and maintain and reaffirm group identity and boundary lines between groups and societies so as to main-

and govern steam and electric railways, gas and gasoline lighting...⁸ and other utilities in the province.

The January 5th, 1912 issue of the Telegram reported that Premier Roblin had also publicly declared himself in favour of the principle of public ownership in his address to the Conservative Association in the Maw Block on January 4th, 1912.⁹

"I declare that neither corporate interests and the Grit party combined, led by the two Grit newspapers of this city, can or ever will be able to destroy the principle of government ownership as established in this province, and I further believe that they are absolutely impotent and harmless insofar as their attacks on the government of the day are concerned."¹⁰

"Home Rule for Winnipeg" was the caption of the 6th January, 1912 report in the Free Press of Premier Roblin's speech. The newspaper was very critical of his proposed

7. Cont'd. -tain its boundaries against the surrounding social system (see p. 38).

8. Free Press, Political Scrap Book, Manitoba Provincial Library Legislative Buildings, 5 January 1912, p. 70.

9. Telegram, Political Scrap Book, Manitoba Provincial Library Legislative Buildings, 5 January 1912, p. 75.

10. Ibid.

Commission and wondered if all Winnipeg's utilities would be subject to it. If that was the Premier's intention, he should be reminded that the City fathers were quite capable of controlling and regulating their water, power and electrical utilities.¹¹

Mr. T.H. Johnson, Liberal Member from West Winnipeg, advised Winnipeggers to reject Roblin's Public Service Commission and to keep their utilities free. He made the following resolution: "The elected representatives in the City Council and Board of Control, directly responsible to the citizens, are better qualified to legislate in the interests of the city than the members of the legislature, 90 percent of whom represent rural constituencies, and are therefore, not directly answerable to our citizens."¹² Winnipeg had one-third of the Province's population, but only four of the forty seats in the House.

He went on to explain that no matter what the Privy Council should decide, the City now could control the Winnipeg Electric Railway Company and he did not want any Public Service Commission to interfere with its power to keep this company in check. The Telegram pointed out that Mr. Johnson forgot that the City was at this very moment expending great sums on litigation. If they had the

11. Free Press, Political Scrap Book, 6 January 1912, p. 80.

12. Telegram, Political Scrap Book, 10 January 1912, p. 85.

Company at their mercy, why were they doing so? The City's legal advisors, I. Campbell, A.J. Andrews and Theo A. Hunt, were well aware that this was not the case. They knew that a favourable decision from the Privy Council was important. The Telegram pointed out that the Public Service Commission could and would do the very thing they wished the Privy Council decision to do, i.e., curb Winnipeg Electric Railway Company's enfranchised power.

The Telegram claimed the City had next to no control over a private corporation with enfranchised rights, and also that in nine cases out of ten, court decisions had been in favour of the Company. The Telegram insisted that the Public Service Commission would remove the utilities and their control from politics. The Liberals and their newspaper organs did not see it as such; above all, they wished to discredit Roblin and the principle of public ownership.

Urban - Rural Conflicts.

The Free Press in bold headlines, 19th January 1912, declared: "Help Settlement Around Winnipeg." It claimed that light railway lines and good roads were required if settlers were to be brought in and encouraged to stay on the land.¹³ The current slogan was "A Million for Manitoba". Thus heavy pressure was put upon the

13. Free Press, Political Scrap Book, 19 January 1912, p. 100.

Roblin Government to bring in settlers, and provide railway lines and roads around Winnipeg.

Poor, muddy, rutted roads were a real problem. Railways were desperately required to market the grain. It became a natural issue to push for railways no matter who built them. Municipalities were only too happy to have anyone do it, as they did not have sufficient capital themselves.

The farmers also wanted better roads and railway lines. One must remember that the rural vote represented thirty-six seats to Winnipeg City's four. With the current distribution of seats, it was politically expedient, and, it could be argued, democratically correct to defer to the rural wishes and desires.

A letter from John R. Bond, January 17, 1912 to the Free Press typifies the issue as the farmers and no doubt their rural representatives saw it. He wrote that the "...loss to the farmer in time, wear and tear of horses, wagons and harness was very great. Much produce which might have been taken to market and sold was damaged by delay or spoiled."¹⁴ He proposed a system of light railway lines around Winnipeg and other towns, and advocated that it should be undertaken by the government.

14. Ibid.

Mr. Bond's letter revealed the pressure exerted by rural public opinion for a better transportation system.

On January 17, 1912 another citizen, Seymour J. Farmer, later Labour Mayor, wrote the following to the Editor of the Free Press (published 19 Jan. 1912):
"....Let me suggest that the first duty the Million for Manitoba League should undertake is the freeing of the half-million from the exploitation of the monopolist and the land speculator."¹⁵

These two letters set the stage for a conflict between rural and city interests. The politicians, except for a few rural members, remained fairly true to this pattern throughout the 2nd session of the 13th Legislature of 1912.

Analysis: Functions of Conflict in Consolidating Groups and Identifying Their Boundaries.

Premier Roblin's major political policy speech, delivered in the Maw Block to the Conservative Association, engendered sufficient discord between opposing groups that it helped set the stage for a real struggle over the various issues in the upcoming Legislative Session.

15. Ibid., p. 102.

However, it did more than that from a sociological point of view. The ensuing conflict helped re-establish distinct boundary lines between the political parties, newspapers and other interested groups within the social system by strengthening their respective ideological philosophies, and giving them greater self-awareness as separate entities within the whole social structure.

The Free Press and Tribune defined their respective roles, as did the Conservatives and Liberals. The reciprocal rejection of each other's ideology helped create a balance between the various antagonists. An example of this is the alignment of the Free Press with the Liberals and Winnipeg City against the Tribune, the Conservatives and monopolists. It is noteworthy that this conflict also brought out the rural-urban split.

If this or another conflict had not occurred at this time, the boundary lines between the various groups may have become blurred and in time may even have disappeared.

In the resolution of these problems conflict served a positive function in that: (1) it helped to define, establish and maintain group identities and boundary lines against the surrounding social system. It

gave them the awareness of separateness, thus maintaining their identities; (2) the reciprocal repulsion of their respective views served to create a balance between the various groups, thereby maintaining a total social system.¹⁶

Preserving the Larger Group: Safety-Valve Institutions¹⁷

Legislature in Session 1912. The speech from the throne was given by His Honour, Lieutenant-Governor D.C. Cameron on the 22nd February, 1912 opening the 2nd Session of the 13th Legislature in Manitoba.

16. L.A. Coser, The Functions of Social Conflict, p. 34.
17. Ibid., Chapter III "Hostility and Tensions in Conflict Relationships", Proposition 2: Group-Preserving Functions of Conflict and the Significance of Safety-Valve Institutions, pp. 39-48. Coser sums up this proposition on pages 47 and 48 in two statements: (1) "Conflict is not always dysfunctional for the relationship within which it occurs; often conflict is necessary to maintain such relationship." Without an outlet to drain off hostilities group members may be crushed and withdraw from the groups. This would break up the groups. (2) Social systems provide specific institutions to drain off these hostilities to prevent group sundering. These act as safety-valve institutions and help prevent groups from sundering. Such an institution also helps reduce the disruptive effects of the conflict. It permits displacement of hostilities onto substitute objects, eg. parliamentary sessions, committee meetings, etc. members can vent their hostilities without fear of sanctions. These tension-release activities provide satisfaction in themselves without the need for an object or object substitution. This socially controlled conflict clears the air. Wit, sarcasm, ridicule, political jokes are all a displacement of means as no actual conflict is carried out. In witchcraft, scapegoating and prejudice, conflict is not stopped but a displacement of the object occurs, i.e. object substitution, eg. boxing and wrestling matches on TV, etc. Safety-valve institutions increase with the rigidity of the social structure.

The highlights of this throne speech were:

(a) Extension of Manitoba's Boundaries to place the Province in equality with Saskatchewan and Alberta.

(b) Telephone Commission enquiry into rates of the publicly-owned telephone system.

(c) Public Market for livestock in St. Boniface.

(d) Public Service Commission Plan.

The highlights of the Public Service Commission Bill, with respect to the future development of the electrical industry in Manitoba, were:

1. All corporations other than municipal ones automatically were to come under its jurisdiction. Municipalities could voluntarily place their utilities under the commission by passage of the appropriate by-law.

2. Any disputes over public services or interests dealing with usage that could not be agreed upon by the disputants would be arbitrated by the commission.

3. The Commission could order extension of services and conditions of services and decide who had to pay the costs.

4. The Commission could fix rates for public utilities.

5. The Commission could audit corporation books, records and prescribe method of accounting.

6. The Commission's decisions within its jurisdiction were final, except as to the question of its jurisdiction.¹⁸

The Free Press reported March 7, 1912 that a Bill to amend the Winnipeg Charter had been introduced.¹⁹ The Telegram failed to mention this. The object of the bill was to give the City the right to build her own street railway lines, if Winnipeg Electric Railway Company refused or was unable to do so, and also to force this company into the joint use of the electric street poles.

"Ambitious Scheme of Manitoba Power" was the Free Press headline of an article dated March 13, 1912, which reported that the Reese Syndicate had presented its bills and that they passed first reading in the committee for private bills.²⁰ The Telegram failed to mention this. "...The Reese syndicate has applied for incorporation under the name of "Manitoba Power Company", the capital stock of which shall be \$15 million which may be increased from time to time."

The names of those mentioned as applying for incorporation, included Robert L.R. Muir, Arthur E. Muir,

18. Telegram, Hansard, 14 March 1912, pp. 38, 39.

19. Free Press, Hansard, 7 March 1912, p. 20.

20. Ibid., 13 March 1912, p. 28.

E.B. Reese, ...D.L. Mather and W.R. Mullock."²¹

Since the company had been incorporated during the last session in 1911, it was a bill to amend its charter.

The Free Press also reported that this organization was consistently mentioned as the prospective buyer of Winnipeg Electric Railway Company. It pointed out that most of the syndicate members spent the winter in New York, apparently to arrange its financing.

The bill, oddly enough, was introduced by Joseph Bernier, Conservative member for St. Boniface. Only a few months earlier he had fought the Reese syndicate tooth and nail over certain franchises on the east side of the Red River.

In 1910, Mr. Bernier obtained a charter for the Manitoba Rural Railways Company. At this time the Manitoba Power Company was not chartered by the Provincial or Federal governments. The Free Press on March 6, 1911 speculated that Mr. Bernier may have sold his company to the Manitoba Power Company, since he was now sponsoring his former competitor's bill.

The requested charter amendment would have permitted a railway to be constructed around the City of Winnipeg. This would literally, have strangled the

21. Ibid.

City and brought the rural railway lines within the city limits as soon as Winnipeg had to expand to accommodate its rapid growth.

The Manitoba Power Company also sought to use any part of the streets, highways, lanes, parks, and squares in any municipality, after permission had been granted by that municipality. Clause 27 of the bill would allow the company to appeal a municipality's refusal to the lieutenant-governor-in-council, who could grant this right. In this way the Company seemed to have hoped to use other means to protect its vested interests if the municipalities refused them entry rights.

The bill to amend its charter requested the right to expropriate lands without consent, in accordance with the Manitoba Expropriation Act, and also the right to take over Municipal electric plants, which included water and sewage systems.

The Company requested power to manufacture hydraulic, hydro-electric, or steam power and to distribute it as it desired. It requested power to carry on business in light, heat, gas, water, sewage, to buy patents and inventions, to purchase the stocks, bonds, stores, debentures and securities of any company. It

wanted the power to assume all the power rights of any subsidiary purchased from Winnipeg Electric Railway Company. It wished power to merge or amalgamate with any other company and to retain all the powers vested in its charters.

Clause 15 would have allowed it to buy out the shares, stocks, bonds, etc. of other companies. This would have permitted watering down of stock. It also wished proxy representation at meetings.²² The Telegram Hansard Debates failed to mention any of these points until March 22, 1912 at which time the newspaper did not list the requested power but gave a paraphrased version of some of the arguments in the committee room. The Telegram stated that the crux of the issue was that the City asked the legislature not to pass the Reese bills and that it be allowed to resolve their differences with the weapons at hand. This was the "...request made on behalf of the city before the committee on private bills yesterday by A.J. Andrews, K.C., in the presence of practically the whole council, a good proportion of the members of the Manitoba Legislature, counsel for both the city and the syndicate and an interested representation of the public."²³

However, the Telegram brings out several important points. "There was a good deal of general

22. Free Press, Hansard, 13 March 1912, p. 28.

23. Telegram, Hansard, 22 March 1912, p. 61.

opposition to the principle of the bill from Mr. McPherson and Dr. McConnell. This elicited a warning from Hon. Mr. Campbell against the exhibition of unreasonable hostility. The legislature was prepared to concede whatever was reasonable, he said. There was no object in indiscriminate opposition."²⁴

Mr. Andrews, Counsel for the City, pointed out that the Privy Council had decided in favour of the Winnipeg Electric Railway Company and "...they were now asking for legislation to assist them in the contest between them and the people as a whole, with regard to the manner in which the light and power business should be conducted within the city limits."²⁵ He also requested that the Reese bills should be placed in the hands of the Public Utilities Commissioner, who was to be appointed. He felt "a question involving 90 percent of the public utilities of the province ought surely to be passed on by the commission, before any hasty legislation was enacted."²⁶

Joseph Bernier, member for St. Boniface, claimed Mr. Andrews was merely appealing to local prejudices. This was similar to Hon. Campbell's arguments.

24. Ibid.
25. Ibid.
26. Ibid.

Mr. Bernier pointed out -

What they should realize was that they wanted capital in the country, let it come from anywhere. The scheme before the committee was to his mind the most important that had been put before the people for years. It was a provincial scheme to give power, light and heat to the people of the province, and the country constituents were as much interested in it as the city.

"These gentlemen," said he, "are coming to us with money, any amount of money, necessary to put the scheme through, and they simply want the necessary rights to operate in this country. If we can get railway communications around the city we shall bring into Winnipeg people who will help its development, gardeners, milk men and people who will produce what is needed by the citizens."

We are not, continued Mr. Bernier, asking any more rights than the rights the Winnipeg Electric Railway Company has now, and I want to appeal to the calm judgment of the members of this legislature and the committee to take the case as it is, and not listen to misrepresentation and appeals to prejudice.²⁷

Mr. Bernier's appeal indicated that he and other government committee member supporters were aware of the entire scheme. The debate, as it is recorded by the Telegram, did not disclose the scheme. It did show that the City was not objecting to the bill if its own right to expropriate all the street railway lines within the city limits in 1927 were protected.

When Hon. Campbell desired free trade in power, Mr. Andrews asked him if he would permit competition

against the government-owned telephone company.

He made no reply.

Hon. Coldwell perhaps typified most members when the Telegram paraphrased him as saying -

the subject was so complicated that after all the discussion he failed to understand what the company wanted and he did not propose to being a party to granting powers or charters without knowing what they meant at the present time. "If these people will tell us," he said, "just what they want to do, in plain English, we will know pretty nearly what will be granted and just what they wish us to do. We should not grant powers in future, for the future," he declared "If", he continued, "they wanted to operate any particular company, let them say so, and not group the business of a trust company, a light company and a power company all in one bill. Amalgamation of this sort was one of the things the legislature must set its face against."²⁸

It seems clear, from Mr. Coldwell's statement, that he did not understand the Reese bills and therefore, he opposed them even though he was a Conservative and member for Brandon. Later on he replaced Hon. Campbell as chief advocate when Hon. Campbell disgraced himself in an outburst against Mr. T.H. Johnson, member for West Winnipeg.

Privy Council Decision. On the 18th March, 1912, the Free Press report on "The Manitoba Power Company" Bill²⁹ stated that the Canadian Court decision

28. Ibid.

29. Free Press, Political Scrap Book, 18 March 1912, p. 228.

had been reversed by the Privy Council in London, which ruled that all mergers and amalgamations by Winnipeg Electric Railway Company at different times were legal and that all rights, privileges and powers of all the now defunct companies were passed on to this company.

The Company was the old Winnipeg General Power Company which had begun the construction of the Pinawa plant but had no charter rights to bring its power into Winnipeg, except by permission of the City and on terms and conditions agreed upon by both. The Winnipeg Electric Railway Company had bought them out and brought the power in without permission. It claimed that since its charter covered that action, only an act of the legislature, not a further special agreement with the City, was required. Mr. Joseph Bernier, member for St. Boniface, sponsored the Bill.

The Free Press interpreted the Manitoba Power Co. bill as requesting legislation to allow Winnipeg Electric Railway Company to change its name to Manitoba Power Company and thereby gain total control of the rail and electrical power interests in the City of Winnipeg. To the paper, the bill appeared to be a "worthy twin brother to the Government Bill to create the one-man Public Utility Commission."³⁰ It claimed that these two bills, if passed, would strangle Winnipeg and all other

30. Ibid.

municipalities in their public development of electric power and other rail services.

On the 19th of March, 1912 the Free Press stated that the two bills, together with the other Reese bills, were drafted solely in the interests of the Mackenzie-Mann group which included Winnipeg Electric Railway Company.³¹

The newspaper pointed out that the monthly statement of earnings for the Winnipeg Electric Railway Company on the London Stock Exchange for January, 1912 showed a 9 percent decline, from \$157,795 in January 1911 to \$144,021 in January 1912. As all the companies' business was a monopoly, except for electricity, the decline in profits could only come from the competition of Winnipeg City Hydro. Without the City's competition the company's electrical rates would have remained high, its net earnings would have continued to average around 30 percent. On this basis the company would have earned approximately \$204,000 instead of its actual earnings of \$144,021, or, in other words a saving to the citizens of Winnipeg of \$59,979 in one year on electrical services alone.

The Free Press and Mr. T.H. Johnson, Liberal member from West Winnipeg, were against the Public Service Commission. Premier Roblin belittled Mr. Johnson

31. Ibid., 19 March 1912, p. 231.

for his attack on the bill.

Mr. Roblin said he proposed only to occupy the time of the house for reasons personal to himself. Like the dog to his vomit and the sow to its wallow the member for West Winnipeg returned to his insinuations when he spoke in that house... Mr. Johnson's remarks were simply an echo of the Manitoba Free Press. The Free Press, said the Premier, had cried, "Home rule for Winnipeg" after his speech in the Maw Block. Now it turned round and said the bill had been framed by the Street Railway Company. The drivel of senility was the wisdom of Solomon compared to the logic which appeared in the columns of the Free Press and in the speeches of the member for West Winnipeg.³²

Mr. Johnson rose to a point of order and Mr. Roblin withdrew the expressions, but remarked "...that he would do anything to keep the member for West Winnipeg quiet."³³ The debates on this bill were obviously very heated.

Premier Roblin stated that this was an important bill and that before long every municipality would take advantage of it. He pointed out that ".... the Commission would afford a judicial and fair inquiry into all the facts. Findings would be made which would not be overridden by the technicalities of the law. The granting of redress would not be drawn out over months and years."³⁴

On the 21st of March, 1912 the Free Press warned the City that the monopolists wished to attack

32. Free Press, Hansard, 19 March 1912, p. 38.

33. Ibid., p. 39.

34. Ibid.

and defeat the idea of public ownership and that this could be achieved politically if the Commissioner arbitrarily exercised his power against the City. The City should recognize that its 3¢ power rate was a menace to monopolists and to dividends and it should watch for any shrewd moves to kill its electrical industry.³⁵ On March 22, 1912 the paper described as a monstrous proposal, the institution of a one-man Commission from which there could be no appeal.³⁶

On March 23, 1912 the Telegram replied and declared that the enemies of the Public Utilities Act finally had come into the open. At first the Free Press had favoured it and then turned and condemned it outright as a mere tool in the hands of Roblin and the monopolists. Roblin stated that the Commission was to regulate corporations in the light of common sense and not with an iron-clad rule based on court decisions. The corporations were to be regulated in the public interests and not to override the municipal services. The Liberals and the Free Press, on the other hand, claimed that the Commission was set up to change rules and contracts, to override existing laws and reverse decisions of the courts to the detriment of the public and to the benefit of the monopolists.

35. Free Press, Political Scrap Book, 21 March 1912, p. 236.

36. Ibid., 22 March 1912, p. 240.

To the Telegram the issue was now clearly defined. Were the corporations to be permitted to sell and control services with fair and equitable restraints or should they be forced to perform for the interests of the public with reasonable profits? This, it claimed, was Roblin's stand, but the Liberals accused him of being in league with the vested interests in order to control the public services.³⁷ The Public Service Commission was debated at great length in the papers throughout the year 1912. In the same year an important court action between the City of Winnipeg and Winnipeg Electric Railway Company threw much light on the way in which a Privy Council decision against the City influenced both the Public Service Commission and Reese bill debates.

The 1906 Litigation and Decision. In 1906 court action was begun between the City of Winnipeg and the Winnipeg Electric Railway Company with respect to the right to erect poles and string electric wires in city streets. In 1892 the company had received authority from the City to build an electric street railway system. With a 35-year franchise, it had the right to erect poles and wires for its street car operations without prior permission, but had to obtain permits to erect poles and string wires for electrical use.

37. Telegram, Political Scrap Book, 23 March 1912, p. 242.

Winnipeg City had its own Pointe du Bois hydro plant and, under an amended charter, began distributing power in 1911.³⁸ As a result the City and the company had been and were still running power poles side by side on the same streets. The Company, however, defied the City by erecting poles and stringing wires without seeking permits. It did so on the strength of the old charter rights of the Manitoba Electric and Gas Lighting Company of 1880, to which the City gave permission, on July 15, 1889, to erect poles, string wires and distribute power in Winnipeg. In 1898 Winnipeg Electric Street Railway Company amalgamated with this company and in 1900, with Northwest Electric Company Ltd. (incorporated August 23, 1888), which had the same rights as Manitoba Electric & Gas Lighting Co. In 1897 Winnipeg Light and Power Co. was sold to Winnipeg Electric Street Railway Company.³⁹

On January 15, 1910 Judge Mathers ruled in favour of the City but in February 1912 the Privy Council rendered a decision in favour of Winnipeg Electric Railway Company.⁴⁰

38. Free Press, Political Scrap Book, 25 March 1912, p. 1.

39.. Telegram, Political Scrap Book, 28 March 1912, p. 11.

40. Free Press, Political Scrap Book, 22 February 1912, p. 157.

The Privy Council decision led the Roblin Government and the Reese Syndicate to assume that Winnipeg Electric Railway Company now had all of the powers and rights invested in the old charters of the companies it had amalgamated with or purchased over the past 20 years. The Privy Council did not state this directly, but commented on the fact that since the old charter rights were never mentioned by the City solicitor, they were not an issue. In its opinion the only issue was: who had the rights to erect poles and string wires on the city streets. The Privy Council stated the company had these rights.

The ruling left the issue of the old charter rights undecided. Both points of view could be argued. The City claimed that the company had only obtained the company's physical assets and not their charter rights. The company and the Reese supporters argued that the company had obtained both the physical assets and the charter rights. The Free Press argued this way too, when it suited its political bias interests.

On March 22 and 26, 1912 the Free Press raised the question: Why was the City's hard-won court decision in Canada not defended before the Privy Council in London, by Sir Robert Finlay, the City's lawyer?

This same question was raised time after time, but was never answered officially or unofficially by the Council or the Mayor of Winnipeg.⁴¹

Analysis: Functions of Conflict in Preserving the Larger Group & the Significance of Safety-Valve Institutions.

At this stage in the struggle the only institution available to deal with conflict between contending forces in the utility industry was the courts. They removed the conflict from the local arena, but, as we have seen, the Privy Council in London reversed the Canadian Court decision and made a ruling that favoured the formation of an even greater private monopoly in the electrical industry. This aggravated the conflict and as will be seen later when we analyse Coser's Proposition 13, it appears to have been one factor in the creation of a new institution, the Public Utilities Commission, formed to deal with conflict in local areas.

The 1912 session of the Legislature acted as a safety-valve institution. It provided a means of venting hostilities, aggression and differing ideologies among the contending groups within the social system,

41. Ibid., 22 March 1912, p. 240.

without sundering the relationships between them. It permitted them to drain off hostilities in a socially acceptable manner.

We now see that conflict is not necessarily dysfunctional for group relationships, that it is often required to bring the antagonists together and to help to maintain relationships. However, a socially legitimate institution must be available to provide this outlet. If it is not, members of the contending groups may become crushed and withdraw from apathy or be led to join radical or deviant groups working outside the prescribed norms of the social system.

In this specific case the democratic parliamentary machinery provided the necessary outlet for the release of hostilities, ordinarily suppressed outside the safety-valve institute, thus providing for the continuance of relationships between the antagonists. In addition, the institution of the news media allowed the public expression of opposing views.

The parliamentary procedure also served as a tension-release activity which provided satisfaction in itself, without a need for an object or object substitute. This socially controlled conflict helped "clear the air". In this procedure socially sanctioned

expressions against the adversary could be set aside, the venting of suppressed hostilities permitted and the excess drained off. Wit, ridicule and sarcasm functioned as a displacement of means for venting aggression and expressing hostilities.⁴² These all serve as means to drain off hostilities felt towards the opponent (Object) without having to resort to actual physical violence.⁴³ The opponents were permitted to make each other appear ridiculous without fear of retaliatory action outside the house. A prime example of this was when Premier Roblin ridiculed Mr. Johnson for his continued attack on the Public Utilities Commission and the Reese Bills. Indirectly Premier Roblin referred to him as a senile dog and a sow merely re-echoing the Free Press, afterwards he tactfully withdrew his remarks on a point of order, but sarcastically claimed that he would do anything to keep Mr. Johnson quiet so that the house could continue with its business. "The mere opportunity for expressing (such) aggressiveness (was) a source of satisfaction."⁴⁴

Coser introduced a distinction between displacement of means and displacement of object. This is of great sociological significance. In the

42. L.A. Coser, The Functions of Social Conflict, p. 43.

43. Ibid., p. 44.

44. Ibid., p. 45.

displacement of means, through wit, ridicule and sarcasm, no physical conflict occurs. In aggression against substitute objects, conflict is channelled away from the original object, but a new conflict situation occurs with the substitute object. This "...type of relationship involves conditions of "unrealistic" conflict..."⁴⁵. Since conflict in this case remained realistic, there was no scape-goating or substitution of the original objects.

"Conflict (through the legitimate social institutions) is thus seen as performing group-maintaining functions insofar as it regulates systems of relationships."⁴⁶ It permits the venting of highly emotional issues in unconventional expressions, thereby acting as a therapeutic curative treatment for the antagonists.

This type of interaction permits at least two things: (1) direct vocalization of aggressive feelings towards the opponent; (2) a displacement of means through wit, etc. which serves as a tension-release activity giving satisfaction in itself without the need for an object or substitute object.⁴⁷

45. Ibid., p. 45.

46. Ibid., p. 39.

47. Ibid., p. 41.

The parliamentary system also served as a lightning arrester, not by preventing re-occurrences or accumulation of new conflicts, but by draining off existing tension in a socially acceptable manner which maintains relationships without sundering the social system. In this manner, the conflict over the old Charter rights and the new Reese bills could continue to exist.

Ideology and Conflict: Objectification of Goals⁴⁸

The old Charter rights were left hanging in a state of indefiniteness. The Reese bills were, therefore, presented to obtain legislative sanction authorizing all the amalgamations. The Free Press reported that under these bills if the Winnipeg Electric Railway company was permitted to sell, the

48. Ibid. Chapter VI, "Ideology and Conflict", Proposition 12: Ideology and Conflict, pp. 111-119. Simmel distinguished between two types of conflict: (1) where the goal is personal and subjective; (2) and where the goal is impersonal and objective. Coser reformulated Simmel's proposition stating that where conflicts are depersonalized and participants feel they are mere representatives of the group fighting for the ideal truth, the struggle becomes more radical and merciless than struggles over personal goals. The elimination of personal elements tends to sharpen conflict. Objectification of conflict makes it rigid and a strict ideology, which is likely to be a unifying element between contending factions when both are pursuing the same ideal truth. The proposition concerns itself with: (1) the effect of objectification upon the intensity of the conflict (2) the effect of objectification upon the relation between the antagonists. There is a conflict of ideas, not interests when the conflict is objectified.

City's rights to purchase its street car operations in 1927 would not be safeguarded. Council was concerned. The role of the Utility Commissioner also disturbed them since his powers were to be absolute and not subject to appeal. The Free Press conceded that much good could be done by such powers, but where was a man to be found who would not abuse them.

Roblin had said to the objectors of his one-man rule: "I am democratic insofar as the will of the people is concerned, ...but an autocratic form of government is the best form of government in the world, if you have the right kind of autocrat."⁴⁹

On the 19th of March 1912 the Telegram headlined: "Square Deal for the Public and Public Utilities is the Object of Commission Bill". The gist of its report was: The bill was to supervise the corporations, as stated by Hon. Howden, the Attorney-General. Mr. T.H. Johnson, Member for West Winnipeg, spoke for three-quarters of an hour. Premier Roblin replied with "some warmth". Mr. Howden's speech, which the paper reported in full, repeated Roblin's previous points and outlined the purpose of the bill, which was to prevent senseless and costly litigation and corporation abuses.

49. Free Press, Hansard, 19 March 1912, p. 39.

Perhaps the most significant point in Mr. Howden's speech was his political insight when he declared that:

public opinion has been rapidly moving in the direction of placing all public service corporations under control. In the province of Quebec we find some years ago an act similar to the present one brought into force. The province of Ontario in a limited degree, has through its railway and municipal board, endeavoured to deal with the utilities over which that board has been placed, but neither of these acts has as far reaching provisions as the proposed measures.⁵⁰

However, by this time the Reese interest had become clearer. Mr. E. B. Reese was reported to have said:

that all negotiations for the purchase of the holdings of the Winnipeg Electric Railway Company and its subsidiary companies have been completed and that the deal will be an accomplished fact the moment that legislation now before the Manitoba Legislature is passed...⁵¹

Negotiations had been in progress for approximately one year. Reese was associated with the R.R. Muir Syndicate, D. L.. Mather of Winnipeg and New York Bankers. The New York interests had had their experts in Winnipeg for sometime making a detailed physical assessment of the Winnipeg Electric Railway Company. Messrs. Foster, Richardson and Jos. E. Coate, Jr., of the New York firm of J. G. White and Company, leading corporation lawyers, and W. R. Mulock,

50. Telegram, Hansard, 19 March 1912, p. 49.

51. Free Press Hansard, 19 March 1912, p. 40.

K.C. of Winnipeg were retained to ensure that proper legislation was passed to give the utmost power to the Manitoba Power Company.

At the City Council meeting of March 20, 1912, council was informed by the Reese interests that they would be willing to take over all gas and electric utilities to prevent duplication. City Council refused the suggestion. Reese must have known that electric power was extremely profitable; this was the probable reason why he made this attempt to gain total control of the industry.

During this meeting an interesting piece of information with respect to the railway system was given by Mr. Reese. He predicted "....that the city would never have control, even after 1927, of any lines outside the present city limits. These would all be part of the rural railway company."⁵² The Rural Railway Company bill was at that very moment, before the Private Members Committee.

City Council suggested to Reese that it would take over the control of all the power plants. He replied "....the lighting and power part of the company business was far more profitable than the street railway end."⁵³ City Officials argued to the contrary but Mr. Reese insisted that his appraisal was correct. With the benefit of hindsight, it now

52. Ibid., 21 March 1912, p. 45.

53. Ibid.

becomes obvious why the Reese Syndicate was so adamant in its efforts to control the electrical industry through a Manitoba Power Company bill.

Mr. Reese suggested that needless duplication of lighting facilities could be eliminated if his company bought power from the City and distributed it. This, he said, would eliminate the necessity of duplicate poles and wires. He would arrange to have a group of independent consulting engineers submit a price to the City for the cost of power. The City, he claimed, would then receive cheap power without worries, become respected for its harmonious operations with a famous company, and no doubt attract other industry as a result.

City Council, after deliberating in private, decided not to withdraw its objections to the bills including the Public Utilities Commission bill. It feared that the Commissioner might force an increase in the lighting and power rates, since no consulting firm would recommend distribution at cost.⁵⁴

City Solicitor, Mr. Andrews, advised the government to move slowly on the Reese bills, to

54. Ibid.

appoint the Utilities Commissioner first and to give him time to study the bills before advising what action should be taken. He stated that the government should not permit all the amalgamations that would create the total monopoly of the Province that the Manitoba Power Company desired. He claimed that modern government practice was against such trends. Mr. J.R. Choate did not agree with him. He pointed out that the agitation against trusts that had existed ten years before was now a thing of the past. The Sherman law to prevent monopolies had failed and it was now recognized that unchecked competition was a greater evil than combinations. Mr. Choate also pointed out that the West required developmental capital; by allowing combinations to operate in the Province to promote and develop it, capital would flow in. Since the Utilities Commission was the Province's watchdog, they did not need to fear this combination. He stated that "they should also follow the experience of ... the U.S. ...and permit co-operations to attract capital which was needed and provide for its regulation by suitable means."⁵⁵ Mr. Isaac Campbell, K.C., disagreed with Mr. Choate and pointed to the current U.S. attempt to break the steel trusts. He pointed out that the present legislation asked for statutory sanction for a great

55. Ibid.

scheme which it would not have the power to break at a later date.

Mr. Choate referred to the Sherman Anti-Trust law and the two successful prosecutions against the Tobacco trust and the Standard Oil Co. He also pointed out it would be easier for the Commissioner to regulate one company than a dozen or more, but Mr. Andrews and T.H. Johnson, Liberal Member for West Winnipeg, felt the powers requested were too extensive and once granted would be difficult to revoke.

Mr. L. McMeans, Member for South Winnipeg, asked Mr. Reese if he intended to go into any municipality and erect poles or do anything he pleased. To this, Mr. Reese replied that in light of the Privy Council decision, the present company had permission to do this and that he merely wished to keep these rights as "...mentioned in the bill."⁵⁶

Mr. Coldwell pointed out that Clause 25 of the bill would allow the Manitoba Power Company to amalgamate with any other company and that this power showed that it was not part of Winnipeg Electric Company, the holding company. In response to a series of

56. Ibid., p. 46.

other questions which he raised, Mr. Coldwell was told that the stock would be held by Winnipeg Electric Company, and that Manitoba Power Company would control all electric power, but have nothing to do with the street railway.

Mr. Andrews pointed out the City's rights to buy Winnipeg Electric Railway Company in 1927. When Mr. Reese said that was understood, Mr. Coldwell replied that Clause 25 of the Manitoba Power bill gave it the right to take over the street railway, an action which would prevent City By-Law #543 being put into effect. Hon. Colin H. Campbell asked: "If the committee agrees to the insertion of a clause making this by-law effective, will the city be satisfied?" "No", came the unanimous answer.⁵⁷

The revival of the old charters was a frightening thing to Mr. J.G. Harvey, Member for Dauphin, and he strongly opposed it. The legislature, he felt, should revoke them now. Mr. Andrews said that, in light of the Privy Council decision, that avenue could not be followed. Hon. Colin H. Campbell said no one would advocate that the charter should be abolished. Mr. Harvey said he opposed reviving

57. Ibid.

the old charters, at which Mr. Campbell asked how they could be revived if they were still alive. "No one", he continued, "would dare to stand up in the legislature and ask for its annulment in view of the decision of the Privy Council". Mr. Harvey answered, "I would."⁵⁸ Mr. L. McMeans, member for South Winnipeg, also stated that the old charter rights of the Manitoba Electric and Gas Lighting Co. should be revoked.

In the discussions it was learned that the new holding company was to be a Winnipeg Electric Company that would be organized during the session of parliament, and not the Winnipeg Electric Railway Company. The reason for this, according to Mr. Choate, was to facilitate marketing the stock of one well known company instead of several unknown companies. Hon. G.R. Coldwell remarked choosing this name for the holding company was confusing, but Mr. Choate merely repeated the reason why it was being used in this way.

Free Press Hansard Reports of March 22, 1912 reported that the Opposition to the Manitoba Power Bill was so intense that three clauses only, were passed, even then with considerable amendment.

58. Ibid.

A.J. Andrews, K.C., City Solicitor, asked the Private Bills Committee for a clear statement as to what the exact purpose of the bill was, and why the promoters refused to declare who were the backers of the entire scheme, or what their agreement was with the Reese Syndicate.

Hon. G.R. Coldwell, Member for Brandon, championed the City's cause, but Hon. Joseph Bernier, Member for St. Boniface, and Hon. Colin H. Campbell both supported the bill. Bernier was also bitterly opposed to Winnipeg City. Hon. Colin H. Campbell wanted new capital poured into Manitoba and this was one reason he supported the bill. Hon. Coldwell stated that on the surface, the new company bill only granted provision for light and power rights; but as he saw it, the bill would allow the company to do practically everything, from providing light, power, water, sewer, street railways, and even such things as a trust company. He pointed out that the same promoters had secured a charter in 1911 and that now they wished to have a fuller one that left out the clauses protecting the municipalities. He stated that he was at sea as to what the company really wanted, and that there appeared to be hardly anything which was not in the bill. Mr. Andrews informed him that it wanted greater power to defeat its rival, City Power.

Mr. Coldwell felt the bill should be set aside to allow the, still to be appointed, Public Utilities Commissioner to review it in detail. If the bills were passed now, they would only tie his hands before he began to function. Joseph Bernier, father of the bill, stated he would fight for the bill to the bitter end. Capital was required and needed in this country,"...capital from anywhere."⁵⁹ He went on to say that the promoters had backers with enough money to push the scheme immediately, and that was what Manitoba needed, not objections from the City. He claimed it was necessary for the men to obtain a power to act which would help the City. "The company had its rights vouchsafed to it in the case before the Privy Council,"⁶⁰ claimed Mr. Bernier.

Mr. T.J. Johnson wanted to know the relationship between this new company and the Winnipeg Electric Railway Company. He felt this should be clarified before they asked anything of the legislature. Hon. Colin H. Campbell said this had nothing to do with the bill, but Mr. Johnson and many other members of the Private Bills Committee disagreed with him.

59. Ibid., 22 March 1912, p. 48.

60. Ibid.

Mr. Ed Anderson, Solicitor for Winnipeg Electric Railway Company, said he only represented the company, and had nothing to do with the requested legislation, in other words, that in his view, the Winnipeg Electric Railway Company had nothing to do with the proposed bill. "However, the new Winnipeg Electric Company was incorporated in his office. He explained that this was done at the request of Reese in order that he might negotiate for the purchase of the company....⁶¹ He went on to explain that the Winnipeg Electric Company was only a holding company formed in order to...enable this purchase to be carried out."⁶² He claimed his client had no interest in the bill. Mr. Anderson also pointed out that all the old charters were still in existence and could not now be cancelled by legislature.

A long discussion took place in the committee meeting which is summed up in Mr. T.J. Johnson's remark: "We don't know the object of the bill, as Coldwell says. Let them bring their agreement to us."⁶³

A clause by clause study was made but very little was changed. J.W. Armstrong M.P.P., and Mr. Coldwell both argued that if the committee was going to pass

61. Ibid.

62. Ibid.

63. Ibid.

everything, they may as well pass the bill right now and give them their blanket charter for everything in the Province. Mr. Campbell wanted to know why they objected to bringing in capital. Mr. Bernier claimed the committee was prejudiced.

The bills had to be read and studied together to see what their aim was. When so read it could be seen that their aim was "nothing less than fixing up the city in perpetuity as a street railway monopoly, despite the supposed right of the city to buy out the street railway in fifteen years' time."⁶⁴

Private bills committee once again met on March 22, 1912, to consider the series of power, electricity and railway bills of the Reese syndicate. The meeting "...was a confused jumble of discussions and the same applies to the sessions that were held the two previous days."⁶⁵

...All the seven bills that the Reese syndicate (was) trying to put through affect(ed) the province as a whole, and Hon. Colin H. Campbell, with others, maintained that on this account the city (had) no right to object to the bills going through.⁶⁶ Mr. Campbell, said he would have the rural lines running right into the city. He was interested in the development of the city and thought the farmers were of far more importance than the city people. They should be able to come right into the city on the cars from the country.⁶⁷

64. Ibid., 23 March 1912, p. 53.

65. Ibid., p. 54.

66. Ibid.

67. Ibid., p. 55.

Mr. Harvey, Member from Dauphin, wanted to include a clause in all the bills safeguarding all the municipalities in order "....to prevent the resuscitation of the old powers of the early companies which were felt in every municipality of the province to be unjust and unreasonable at the present time."⁶⁸ Mr. Coldwell agreed with Mr. Harvey and had pointed out earlier that "... the object of the new legislation asked was simply to revive the old rights which he thought should be revoked."⁶⁹ Hon. Colin Campbell felt the Privy Council had settled that issue in favour of the company and that those old rights were not dead but alive and could not be revoked.

It also appeared that the 3¢ lighting rate had struck the monopolists' financial nerve centre as we can see by their next moves for new amendments in the Committee room. Hon. C.R. Coldwell proposed an amendment to bring municipally owned enterprises under the Public Utilities Commission even before the Manitoba Power Company could be brought under it.

A.J. Andrews, K.C. Counsel for Winnipeg objected to this. He had been told earlier that the Manitoba Power Company was to come under the Public

68. Ibid.

69. Ibid.

Utilities Commission, but he now discovered that the opposite was being asked for by Coldwell's amendment. This proposal would have forced the City to raise its rates if the Commissioner decided they were unfair. Hon. Colin Campbell claimed there was "no danger of that."⁷⁰ Andrews read from the Public Utilities bill showing that the proposed Commission was to have the power to settle differences as to 'insufficient rates'. Mr. Campbell - "It is suggested that Winnipeg should have the right to make a cut rate."⁷¹ Mr. Andrews and Mr. McMeans, Member for South Winnipeg, felt the City should have power to set its own rates. Wm. Fergusson, Member for Hamiota, and Hon. Colin H. Campbell both fought for the Manitoba Power Company bill. All the points but two in the bill were agreeable to both sides and those in dispute were hammered out privately.

One serious matter was that Manitoba Power Company wanted all power to be vested in the old light and gas companies with which it was to be amalgamated. This would give it the power and the right to use any street of any municipality without the prior consent of the municipality. The other disputed point, in reality a brand new issue, was that the Winnipeg City Utilities should come under the new Public Utilities Commission.⁷²

70. Free Press, Hansard, 28 March 1912, p. 65.

71. Ibid.

72. Ibid.

J.G. Harvey, Member from Dauphin, objected to the Manitoba Power Co. obtaining the old charter rights. He also pointed out a loophole in the Municipal Act. In the last session of the Legislature, a new clause had been inserted in the Act; it required the prior consent from a municipality before any company could enter its area. This clause, however, only applied to companies chartered after the clause was passed in 1911. Hon. Colin H. Campbell ruled him out of order and told him to seek the appropriate amendment in the Municipal Act and not in this private bill.

Isaac Campbell, representing Winnipeg City, pointed out that the Privy Council decision had given the old chartered companies their old rights. Harvey wanted to protect outside municipalities and agreed to leave out Winnipeg, but his amendment was defeated 8 to 6. Mr. Andrews, City Counsel, managed to get the 'consent of the city' inserted into the bill, subject to the appeal to the Public Utilities Commissioner.⁷³

Hon. Geo. R. Coldwell "introduced a new sub-section to be added to section 20 of the Act which would make ..."⁷⁴ it impossible for the

73. Ibid.

74. Ibid., 29 March 1912, p. 68.

Commissioner to raise the rates of Winnipeg, but any ratepayer could take the City to court and show it was not operating the electric utility in the best interests of the public and so force it to raise its rates. This method was pointed out by Coldwell to Reese when he and his backers objected to the low city rates.

Mr. Coldwell told Mr. Reese that these rates had existed when, in the previous year, they began negotiations to purchase Winnipeg Electric Railway Company. Mr. E.E. Flinsch, representing the New York money interests, stated no large capital would be invested unless it was protected from such unfair competition as the City 3¢ rates.⁷⁵ Mr. Edward Anderson, representing Winnipeg Electric Railway Company, said the City should not be allowed to sell power at a rate below cost. He claimed the City could only do this by charging maintenance against taxes.

Hon. Colin A. Campbell, Minister of public works, did not discuss the low rates. He contented himself with saying that under the Municipal Act franchises were limited to 30 years and that the objections to these franchises extending to perpetuity were unfounded.⁷⁶

75. Ibid.

76. Ibid., p. 69.

To show how intense and heated the issue of the Reese bills became in committee, on March 29, 1912 the Free Press, but not the Telegram, referred to the profanity that took place. The Free Press reported that Hon. Colin H. Campbell and the chairman, Geo. Steel, M.P.P., furiously berated all those opposed to the bills and that Mr. Campbell, at every session, had shown great impatience with the detailed examination, asked for. The Free Press considered that the chairman contributed nothing to the understanding of the bills, but showed his impatience by continually demanding: "Question!" "Question!" The Minister of Public Works also repeatedly said, "We have had enough talk; let us get on with the bill, we simply are beating the wind: let us get ahead; Question!"⁷⁷

During the discussion of clause 16, which gave the company the right to ".....occupy any parts of any of the streets, highways, or lanes in any municipality,"⁷⁸ provided prior consent (by by-law) was obtained, C.D. McPherson, Member for Lakeside, and opponent to many tricky and dangerous clauses in

77. Ibid., p. 72.

78. Ibid.

these bills, asked Hon. Colin H. Campbell if the Municipal Act covered clause 16 in protecting municipalities. Mr. Campbell said clause 16 was fine and it should be passed. Mr. McPherson then turned to Winnipeg's legal representatives and asked if they were satisfied with clause 16. They said they were. With this Mr. Campbell began ridiculing Mr. McPherson and shouted at him, "he knows all about this thing." Mr. McPherson stated quietly that he was speaking for his constituency and not for the City. Mr. Campbell angrily shouted at him: "We won't be subject to your damn nonsense." "I know what I am talking about," replied Mr. McPherson. "You are talking damn nonsense; we won't be subject to a child," claimed Mr. Campbell. "You are talking utter nonsense."⁷⁹ This carried on for some time and then Mr. Campbell "...spoke banteringly of Mayor Waugh." "The Mayor knows what he wants, let us have the mayor." "We haven't heard from the mayor yet." "Bring on the mayor."⁸⁰

The second incident occurred later on in the morning when Mr. McPherson requested that the Manitoba Power bill be reprinted so that the House might have it in its completed form. This appeared

79. Ibid.

80. Ibid.

to be a very reasonable request as it had been amended many times since its last reprinting. Here the Chairman, George Steel, became incensed and shouted angrily: "Shut up, you damn fool. It has been reprinted and that is sufficient."⁸¹ T.H. Johnson, Member for West Winnipeg stated: "You may feel yourself to be a pretty big man around here, but this sort of thing don't go. When you tell a member to 'shut up' you are stepping over the limit, understand that."⁸² Mr. Steel was quiet. Mr. McPherson called for a vote on the motion. The government members defeated it.

A motion by T.H. Johnson, M.P.P. West Winnipeg, that the Manitoba Power Company bill be set aside for a year was voted down by members of the Roblin government. To show how cumbersome and complicated this bill was, clauses 24 and 25 alone covered four closely printed pages. These clauses were struck out because they implicitly validated the old gas and light company charters. The insertion of these clauses showed that even the promoters doubted if the Privy Council's decision validated the old charters. Clause 24 allowed the Manitoba Power Company to take over the old charters by amalgamation. The Manitoba Power Company also tried to insert

81. Ibid.

82. Ibid.

Clause 21 which permitted "watering of its stock". T.H. Johnson, asked to have this removed and his proposal was carried with little dissension. It is interesting to observe that, at this stage, the original father of this bill, Joseph Bernier, Member from St. Boniface, remarked disgustedly that the entire bill might as well be thrown out.

The Rural Railway Company bill was set aside when Mr. Andrews proposed an amendment. Basically, it was to give the company the right to enter the City, subject to the agreement of the Public Utilities Commissioner, but also to allow the City, if it took over the Winnipeg Electric Railway Company, the right to expropriate all the rural railway lines that were within the City limits in 1927. The Rural Railway was to have running rights over these lines into the City subject to the Commissioner. The heat of these debates shows the tremendous opposition the City faced in its struggle against the Reese Bills.

Analysis: Ideology and Conflict: Objectification of Goals.

Why were the Reese bills and the Public Utilities Commission bill presented? In this

portion of the conflict we saw the antagonists differ in their ideological philosophies for the further development of the utilities in Manitoba and the City. The various groups objectified their respective goals by disclaiming self-interest.

When this takes place the conflict becomes more intense than when it is merely for selfish interests or personal goals. The latter point is shown when Reese tried to barter with City Council. Council members saw that Reese was bartering strictly from self-interest and, as a result, their meeting with him was very calm compared to later discussions in the Private Bills Committee where the arguments were couched in an impersonal and objectified manner. Here the struggle over principle and ideas became very intense and heated.

Mr. Howden's speech brought to light a new political philosophy when he stated that public opinion was now favouring public ownership of the utilities. He denied having any motives of self-interest. City Solicitor Andrews also remarked that modern governments were now moving in the direction of public ownership of essential utilities. Both had objectified their goals. Their opponents, the

New York lawyers, Reese and his Conservative supporters, also disclaimed self-interest and objectified their goals. They argued against the opposition's ideas by using Sherman anti-trust laws as examples of dismal failure in curtailing combinations.

Two major consequences occur when conflict is objectified and transcends personal interests: (1) it will intensify the struggle; (2) and a common norm of objectification exists between the adversaries. In other words, the proposition concerns itself with the effect objectification has upon the intensity of the conflict and the effect it has upon the relationships between the hostile groups.

We saw that the arguments were more intense than the conflict over immediate personal issues. The opponents in the conflict viewed themselves as representatives of an idea and this gave them the feeling of rightness, respectability and self-righteousness, since their motives apparently were altruistic. Pursuance of such an idea with a good conscience will be more radical and intense than when this inner support is lacking.⁸³ This was seen in the committee debates.

These points are of sociological interest. For when a struggle is depersonalized, antagonists

83. L. A. Coser, The Functions of Social Conflict, p. 113.

can appear in their representative roles for their respective groups; each will claim that their cause is right and they seek an ultimate good. When this occurs, the struggle will achieve great intensity. It allows the antagonists to feel that they are part of the future. In this specific case the Reese group and its supporters saw themselves as the great developers of Manitoba; their adversaries saw themselves as the great protectors and preservers of the people's rights and future and also as the developers of a great public utility for the good of all the people, not just for a few vested interest groups.

Both sides struggled for "eternal truths" and towards ultimate goals. In this case, it was the concept of public vs private ownership in the electrical and other utilities in Manitoba. Both sides pictured themselves as "public champions". Mr. Colin H. Campbell typified this in his support for the Reese Bills when he claimed "he would have the rural lines running right into the city...and thought the farmers were of far more importance than the city people."⁸⁴

The opposite view is typified by Mr. Johnson and his backers, who also saw themselves

84. Free Press, Hansard, 23 March 1912, p. 55.

as "champions" of the rights of the City and the people when they claimed that the Reese Bills and the resuscitation of all the old allied charter rights would sell the City and Manitoba in perpetuity to the Reese Syndicate and make it impossible for future Legislators to revoke these rights. The struggle over the bills was so intense it had to be carried on clause by clause.

Conflict Establishes and Maintains Balance of Power.⁸⁵

Contentious clauses in the bills before the Private Bills Committee were the subject of a long private conference which was held in the office

85. Lewis A. Coser, The Functions of Social Conflict, Chapter VII, Proposition 15: "Conflict Establishes and Maintains Balance of Power" pp. 133 - 137. Simmel advanced the notion that the most effective prerequisite to avoid a confrontation between antagonists was the exact awareness of their comparative power, which often can only be obtained by a limited conflict. Coser built on this proposition and saw conflict as a functional element in balancing and maintaining a society and preventing conditions of disequilibrium by:

- (1) creating and modifying the norms required in the readjustment of the antagonists' relationships;
- (2) allowing groups, if their strengths are comparable, to come to conflict with predetermined rules so that their fighting techniques are relatively the same;
- (3) reassessing their relative power which becomes a balancing mechanism and helps to maintain the society as an ongoing concern.

of City Solicitor Hunt on March 22, 1912 in the afternoon.⁸⁶

For City

Mayor Waugh
 Controllers Douglas, Harvey
 and McArthur
 City Solicitors Hunt,
 Isaac Campbell, K.C.
 A.J. Andrews, K.C.

For Manitoba Power Company

E.B. Reese
 Jas. H. Choate Jr.
 Rudolph Flinsch
 W.R. Mulock, K.C.

The full results of this private meeting can be seen in discussions renewed before the private bills committee, Saturday morning, March 23, 1912.

The following letter to the editor of the Free Press by S.J. Farmer from Winnipeg, written March 23, 1912, gives an eye witness account of the Saturday meeting of the Private Bills Committee.

It was an inspiring and instructive spectacle, that burlesque debate in committee this (Saturday) morning. At one end of the chamber the promoters, their counsel and satellites. Around the table, the representatives of the City of Winnipeg. In the background, a few interested spectators. Mr. Joseph Bernier, M.P.P., father of the bills, when he was not trying to gesticulate an objectionable clause into favour, snuggled up close to Mr. E.B. Reese, prime promoter of the scheme, who sat for the most part with his arm curved affectionately around Mr. Bernier's shoulders. Near them, Jr. J.H. Choate, counsel for the Great Unknown Financiers, and Mr. E. Anderson, counsel for the Winnipeg Electric Railway. Behind these gentlemen certain others intimately connected with other of Messrs. Mackenzie and Mann's undertakings. On behalf of the Rural Railways Company, Mr. Choate would ask certain

86. Free Press, Hansard, 23 March 1912, p. 55.

privileges, Mr. Anderson on behalf of the Winnipeg Electric Railway Company would object. Mr. E.B. Reese, boss of the whole works, would occasionally confer with one or the other of these opposing (?) gentlemen, and so the opera bouffe legislation for the public went on.

It would be to laugh, Mr. Editor, were the predominant inclination not to damn and damn loudly.

Again I ask, cannot something be done to defeat this vicious legislation? Or are we to be saddled for all time with corporation rule in Manitoba?"⁸⁷

On 25 March, 1912 the Free Press headlined:

"Railway and Power Bills Menace the City's Future Freedom; Need for Action by the Citizens."⁸⁸ This article summed up the basic aim of the bills. It also pointed out that the bills had to be studied together in order to understand their total ramifications. The article brought one new point to light. The City under terms of the bills would not be permitted to explain to Winnipeggers why new areas in the city were not being serviced by the Winnipeg Electric Railway Co., if it refused to do so or claimed lack of funds. The Rural Railway Co. would probably offer to fill the gap, but again the City would not be permitted to explain why permission was refused. This would have left the citizens of Winnipeg in the dark as to the City Council's action. The company's plan now becomes clear. Citizens would pressure the City to allow the Rural Railway Company to service new areas if the Winnipeg Electric Railway Co. did not have the funds to expand; in 15 years time, by 1927, this process would have been repeated often enough to render Winnipeg Electric Railway Co. useless and worthless.

87. Ibid. Political Scrap Book, 27 March 1912, p. 5.

88. Ibid. Hansard, 25 March 1912, p. 56.

The City would not be able to expropriate the railway lines of the other company in the City which, by then, would be servicing all the major areas of the City. The citizens of Winnipeg would not permit the City to purchase a useless Winnipeg Electric Railway Company. In this manner the Reese syndicate could reasonably hope to obtain a rail monopoly in the City.

The Free Press urged the citizens of Winnipeg to see through this scheme and to protest it. It claimed it was quite apparent that this scheme had "...been concocted with the approval of the controlling members of the government; which, in turn would imply that pledges have been given by these parties that this legislation will go on the Statute Books, regardless of the opposition of Winnipeg."⁸⁹ The paper also pointed out that the Power bills had now passed through the committee stages and supporters of it were now requesting a clause permitting the Rural Railway Company to collect fares in the City.⁹⁰

The following letter to the editor of the Free Press on March 27, 1912 summed up the feelings of many.

"The present Bills before the House are a subtle and sinister plot to steal the rights of the common people of Manitoba for the benefit and interest of a few. This is hardly fair play as proponents of the Bills suggest."⁹¹

89. Ibid.

90. Ibid., p. 57.

91. Ibid. Political Scrap Book, 27 March 1912, p. 5.

The writer makes three points:

- (1) Until 10 days ago the people knew nothing of these proposed bills. The public was unaware that all these companies in public service were one big corporation. Now they want their mergers to be made law and so putting the entire province into their control.
- (2) Roblin government is avowedly favourable to the Mackenzie-Mann interests. The Hon. Colin H. Campbell, of Roblin's government, appears to be acting like a solicitor for this company, but we also have Premier Roblin's total silence on this issue. Why? When only a few weeks ago, (January 4, 1912) in the Maw Block (he) was hissing at the monopolists and declaring himself for governmental ownership.
- (3) Bribes are being offered by the corporate interests to steal the common rights of the people. The bribe is a railway system and other public services costing millions. 92

The Free Press went on to point out that another bribe was the right to develop a private company, and then to offer to sell it back to the public in 1927 at a high price. The paper asked: "Should this company be allowed to steal from the people now and for generations after?" It asserted that no one should be surprised if the working class rebelled against this sellout some day hence. The Roblin government, claimed the Free Press, would create more Socialists in one year in Winnipeg than all the propaganda the Socialists themselves could create in ten, if these charters and their amendments were not refused to the company. The company would by 1927 be worth over \$30 million and the City would be unable to buy out their own assets, which had been stolen over the years from the people by these proposed bills. The Free Press and

others wondered what could be done to defeat the bills before the Private Bills Committee of the Legislature for it seemed that the Committee majority would be strong enough to force them through.

On March 26, 1912, the Legislature went on record as being unanimously in favour of public ownership of utilities. The Hon. Colin H. Campbell spoke for the Roblin government and Mr. T.C. Norris for the Opposition. The power bills would obviously hinder this very thing. Yet some of the members insisted that City Council was unduly antagonistic towards the bills because they wanted to gain undue advantage over the rural areas. The Telegram was concerned that in order to conceal its real intentions, the Reese group was attempting to create dissension between urban and rural groups.

"Haste and perpetual Franchise" was in bold print in the Telegram of March 28, 1912. The article that followed declared that the proposed power bills should have been in the hands of the various municipalities affected before the Private Bills Committee came into actual session. The Telegram finally recognized the scheme of the Reese syndicate and turned against its members. It saw that the bills vitally concerned two parties: those who sought privileges and the public. It pointed out that the private interests had spent months in framing the proposed bills so as to gain effective

control over the utilities. They now were pressing for a decision to be made within a few days, which was insufficient time for all to become aware of possible implications. It asked: "Why not set them all over until the next session? Why the haste?"⁹³ The following headline also appeared on the same day: "The City of Winnipeg does not need any Mackenzie-Mann-Roblin-controlled official to tell it how to run its public utilities."⁹⁴ It continued its attack against the Public Utility bill and the Reese bills by declaring: "If the 'gang' at the Legislature Buildings have their way, 1912 will be known to history as the year in which the City of Winnipeg was sacked."⁹⁵

Winnipeggers finally woke up and saw the monopolists' scheme, reported the Telegram on March 29, 1912. Headlines read: "Syndicate Versus City Case Put Before Citizens"; "Big Meeting Offers No Opposition to Statements of Winnipeg's Counsel"; "Resolutions Adopted".

At the meeting Mr. J.J. Moncrief, endorsed by Mayor Waugh, proposed that if it appeared that the bills might be passed, the Mayor should call a demonstration of the citizens at the Parliament Buildings, and Premier Roblin should be called upon to oppose the bills. He even

93. Telegram, Political Scrap Book, 28 March 1912, p. 11.

94. Ibid.

95. Ibid.

suggested the Mayor declare a civic holiday for the occasion. Mayor Waugh stated that if the resolutions passed by the meeting had no effect on the legislature, he would call a holiday.

Mr. Andrews, who by now had expert knowledge of the Power Bill, described the struggle between the City and Winnipeg Electric Railway Company as a death struggle for control over power and lighting. He deplored the unwillingness of the government to lend the City a hand. The Company had already won the Privy Council decision and now was seeking statutory power as well. The Reese bills as a whole were a danger, and the clause legalizing the "watering of stock" for purchasing purposes was a particularly pernicious weapon. Mayor Waugh stated that only two weeks previously the City Solicitor had received information from the legislative committee that the Manitoba Power Bill was before the Private Bills Committee. The promoters' lawyers had spent two months in New York the previous summer assisting the promoters in drawing up the bill.

This bill also allowed its directors to live elsewhere and to do their business here by proxy. Distribution of funds could be done by proxy throughout the amalgamation by a director of the holding company. He

could starve out Winnipeg Electric Railway Company if he so desired and build up the rural lines without opposition. Mr. Isaac Campbell believed that that was the syndicate's intention.

The principle of the Public Utility Bill was sound, stated Mr. Andrews and this was recognized by most. The main aim of this bill was to appoint a Commissioner to see that the public utilities gave good service and at reasonable prices.

The old Winnipeg Light and Power Company in 1897 had been sold to Winnipeg Electric Railway Company when it wanted, but was refused an extension of its franchise by the City. Winnipeg Electric Railway Company in taking over the company had a working agreement with the City, and Mr. Andrews doubted very much if the Privy Council decision gave it the powers it now claimed. The promoters of the Manitoba Power Company also appeared to doubt it, since they were now anxious to secure legislative sanction.

The Privy Council had only made passing reference to the Winnipeg Electric Railway Company's rights to bring power into the City. This did not give them the right to erect poles and string wires wherever they liked

on Winnipeg streets. But now City Council had two weeks only to study intricate and detailed bills, the preparation of which had taken the company a whole year. Mr. Andrews was of the opinion that all the bills should be set aside until the Public Utility Commissioner had been in office for a year and had had an opportunity to study them and decide how the controls could be imposed.

One council meeting passed the following eight resolutions:

1. Bills should be set aside for one year for study.
2. There should be no extensions on the streets of Winnipeg of the Gas and Electric Light Companies which should be made subject to Municipal regulation and to the Public Utility Commission.
3. The Public Utilities Act should apply to all private companies and to municipal utilities only if they so desired.
4. No rural municipality should be allowed to use the name Winnipeg as part of its name.
5. The Manitoba Electric and Gas Light Company charter granted 32 years ago (1880) should be rescinded.
6. When the City acquired Winnipeg Electric Railway Company in 1927 it should control all rail systems in the City.
7. The City should be allowed to build its own electric railway system and to operate it within the City with necessary extensions outside the City.

8. The proposal to allow construction of overhead and underground railways was premature.⁹⁶

On March 29th, 1912 the Free Press report on the Mass Meeting was similar to that of the Telegram. But it disagreed on the Public Utility Commission bill and stated that it was part of the whole scheme.

The Telegram in its March 30th, 1912 edition made a scathing attack on Mayor Waugh and his efforts to defame Premier Roblin through the March 28th public meeting and the proposed protest march. It wondered why he did not approach Roblin directly on these Reese bills instead of through "party politics". Premier Roblin himself denounced the Mayor's tactics and stated he should have voiced his concern to him personally. He referred the Mayor to the provisions of the Criminal Code in respect to demonstrations and that it carried a fourteen year penalty for violators. Roblin, however, assured the citizens of Winnipeg that he would protect their interests in spite of the Mayor's actions.⁹⁷ In the meantime the Private Bills Committee passed the Reese bills.

To counter this mass demonstration a deputation led by Alex Haggart, ex-M.P., went to the Private Members Bill Committee room on Saturday morning April 1, 1912. The Telegram published the list "...of names

96. Ibid., 29 March 1912, p. 14.

97. Telegram, Political Scrap Book, 30 March 1912, p. 20.

purporting to comprise the delegation that waited upon the private bills committee Saturday morning on behalf of the claims of the Reese syndicate..."⁹⁸ as it had been supplied to them by representatives of the syndicate.

The Free Press did not accept this list at face value but analyzed it immediately and on April 1, 1912, published its own account of the delegation of sixty-nine persons. It checked the list as the Telegram had published it and found that of the total of sixty-nine names, nine were not listed in the directory, five could not be contacted, nineteen stated they were present as members of the delegation, thirty-four stated they were not members of the delegation, but were present on other business. Some who were listed stated that they were not even present. The list included a deputation from the university council, present to ask for a money grant. Mayor Ross of Selkirk was also included on the list, but he stated, as did many others, that he was there on other business. The assumption made by the Free Press that an employee of the syndicate merely listed everyone present, appears to be correct.⁹⁹

The mass meeting and "so-called" citizens' delegation successfully aroused the interest of Premier Roblin. In his opening address to the delegation he

98. Telegram, Hansard, 1 April 1912, p. 92.

99. Free Press, Political Scrap Book, 1 April 1912, p. 23.

admitted that he had paid little attention to the Manitoba Power Company bill. He claimed his government wished to do no harm to the City by giving extraordinary power to a corporation, but that the Province required capital (still the cry today) and that he did not intend to interfere in efforts to bring it in. This had been the contention of both Hon. Colin H. Campbell and Joseph Bernier throughout this issue: "Capital from anywhere".¹⁰⁰

Premier Roblin also admitted he did not understand the issue and requested that the City write out its objection. Chairman George Steel advised Premier Roblin that the City had done this in an eight-page submission. "Well", replied Premier Roblin, "they ought to have it in one page".¹⁰¹ The Telegram Hansard Debates report his remark as, "Well, it ought not to cover eight pages....One page ought to be sufficient for a clear statement of the case."¹⁰²

The Free Press also stated that Roblin demanded that the City set forth its objections to the massive Power Bills in one concise page as he did not have time to read more.¹⁰³ It should be noted that

100. Ibid. Hansard, 22 March 1912, p. 48.

101. Ibid., 1 April 1912, p. 75.

102. Telegram, Hansard, 1 April 1912, p. 92.

103. Free Press, Political Scrap Book, 1 April 1912, p. 24.

Premier Roblin never actually stated he did not have the time, but as quoted, not by the Free Press, but by the Telegram, this appeared to be his meaning.

The City submitted its one page letter to Hon. R.P. Roblin, dated March 30, 1912, with a "Memorandum of Claims". In this letter the City solicitors succinctly outlined their basic objections to four of the seven "Reese Bills". In addition they wished to have the Winnipeg Charter amended to regulate the positioning of power poles and the right to build its own street car rails if Winnipeg Electric Railway Company refused, neglected or was unable to do so.

April 1st, 1912, Reese informed the committee he wished to withdraw the Winnipeg Electric Company Bill. This was to be the holding company with all the financial power over the "...other five (six) companies under it."¹⁰⁴ Mr. Reese merely stated he was making other arrangements. These "other arrangements" appeared as soon as he sat down, when Mr. Edward Anderson, solicitor for the Winnipeg Electric Railway Company, submitted a bill to amend the charter of this company. The amendment would have given the company power to sell its assets and the right to build subways and overhead railways. Mr. Anderson claimed his company had nothing to do with the "Reese bills", but Reese had asked him to include the latter amendment.

104. Ibid. Hansard, 2 April 1912, p. 78.

Here again the devious methods employed by the Reese Syndicate are shown. A casual follower of these bills would miss the fact that this later amendment for overhead and underground railways had been struck from the Rural Railway Bill. The back door method would work just as well for Reese, for in amalgamation these powers would be vested in his new company. The committee passed the amendment, but subject always to prior consent from the City of Winnipeg.

The Committee also passed the motion allowing the Winnipeg Electric Railway Company to dispose of its assets subject to Winnipeg By-Law 543.¹⁰⁵ This by-law allowed Winnipeg to expropriate the company's street railway lines in 1927.

The Manitoba Power Company bill passed the committee. The Rural Railway Company bill passed the committee, but was to be reprinted and presented formally April 1, 1912.

The Brandon Electric Railway bill, Winnipeg and Northeastern Railway bill, and Winnipeg River Railway bill all were to be remodelled on the lines of the Rural Railway Company bill in its amended form, and then passed. These bills were to be presented to the legislature for passage unless strenuous opposition

105. Ibid.

presented itself. According to Premier Roblin the house had to prorogue Thursday, April 4th, 1912.¹⁰⁶

On April 4th, 1912, the Free Press drew the citizens' attention to the fact that the City Solicitors were at a loss as to what ulterior motives were behind the Reese bills. They had been changed so often and were so interwoven that time alone would tell what force this legislation would have on the future of the City and Province.

The latest amendments to the Manitoba Power Bill placed the Syndicate and City under the Public Utilities Commissioner. The City representatives objected to having their utilities placed under the Commissioner. Mr. Reese, with Mr. Bernier backing him, insisted that the City utility was a company just like their corporation. The Public Utilities Commission bill had been amended, April 1, 1912, so that the Commissioner could not stop any company from lowering its rates. Mr. Reese stated he did not want the City to have the authority to set its own rates. Mr. McMeans: "you mean to say that you don't want the city to have that power?" Mr. Reese: "No that would not be fair."¹⁰⁷

106. Ibid., Political Scrap Book, 2 April 1912, p. 25 (Tuesday).

107. Ibid., Hansard, 2 April 1912, p. 78.

Mr. Bernier finally put the motion (to place the corporation and City under the Commissioner) and it was carried by the rural members of the Roblin government.

The Rural Railway bill was dealt with next. The passage of the above motion apparently influenced Mr. Reese as he changed his entire attitude to the clause which would give the Rural Railway Company power to collect fares within the City limits. Mr. Reese stated he was prepared to drop that clause, retain only his original power and collect fares only outside the City limits.

On April 1, 1912 the Public Utilities bill was passed, but against strong protests from the opposition led by T.H. Johnson, member from West Winnipeg. Mr. Norris, Liberal leader, was absent.

On April 2, 1912 the following Reese bills were passed by the house: - 1. Brandon Electric Railway Company; 2. Winnipeg Northeastern Railway Company; 3. Winnipeg River Railway Company; 4. Winnipeg Electric Railway Company.¹⁰⁸

The Manitoba Power Company and the Rural Railway Company bills were now the only two left after the Winnipeg Electric Company bill had been withdrawn

by Reese on April 1, 1912.¹⁰⁹

On April 2, 1912 the Private Bills Committee met, but Hon. Colin H. Campbell was absent. The two remaining Reese bills were considered and the Manitoba Power Company bill was amended, in spite of the promoters' objections. The clause giving the company the powers to build street railways in any municipality was struck out.

Mr. J.G. Harvey, member from Dauphin, moved an amendment that, at amalgamation or any other time, the old charter rights could not be used without the prior consent of a municipality.¹¹⁰ Mr. Bernier and his backers declared that this had been agreed upon previously by the City Solicitors. Mr. A.J. Andrews disagreed, declaring that Mr. Choate had intimated that this was the company's intention anyway. The promoters of the bill and its legal representatives denied this. It was pointed out to them that they could always appeal to the Public Utilities Commissioner if they felt the City treated the Manitoba Power Company unfairly by refusing consent.

The clause was debated for some time before the vote was taken. The ensuing tie was broken by the Chairman, Mr. Steel, who cast his vote in favour of

109. Ibid., 2 April 1912, p. 78.

110. Ibid., 3 April 1912, p. 83.

Mr. Harvey's amendment. It was the same Mr. Steel along with Hon. Colin H. Campbell who had maligned Mr. McPherson, an opponent of the bill, on March 29, 1912. The incident shows that the Roblin government members were beginning to change their attitude with the continuing opposition to the bill. Nevertheless, with the passage of the amendment it was decided to report to the House.

Analysis: Conflict Establishes and Maintains Balance of Power.

"If conflict is the most effective means of establishing the relative strengths of antagonistic interests, it is apparent that such conflict may be an important balancing mechanism within society."¹¹¹

A strike tests the economic endurance between opponents just as a limited war between antagonists tests their relative strength by allowing them to estimate and compare possible losses against the possible gains. If a relative balance of power exists, a cessation of hostilities comes at that point of equilibrium or through mediation. Mediation is generally possible only after the antagonists understand that their relative strengths are fairly balanced.

In the contest between the two alien ideologies of public vs private ownership of utilities an

111. L.A. Coser, The Functions of Social Conflict, p. 136.

imbalance existed and the ensuing struggle was an attempt to establish a balance. Before this balance could be obtained, each side had to test the opponent's relative political strength through conventional means. Prior to this, accommodation was not possible. Struggle in this case appeared to be an important element in creating a condition of balance by mitigating the biases for power relations between the antagonists.

Conflict, in the Winnipeg case also appeared not to be dysfunctional, but a functional means for balancing and maintaining the society as a continuing entity. In the struggle between the City and the Reese Syndicate, conventional means were used. The conflict took place between opposing views in the newspapers, in the Private Bills Committee, and in a private conference in the City Solicitor's office. However, when it was apparent that these conventional means were not maintaining a balance, the opponents of the Reese Bills suggested alternate means, a mass meeting, a demonstration and a Civic Holiday in order to protect themselves against the sellout to the monopolists by the Roblin Government.

Threats of violence were suggested as a means of impressing the Government that the City meant business. This may be considered as the City's ultimate weapon against the Reese Bills. Conflict within the conventional

institution had not maintained the required balance of relative strengths and thus the unconventional means of mass meeting and suggested violence were used in the struggle to avoid a further imbalance.

The threatened mass demonstration was not disruptive and dissociating as far as the City was concerned, but was a functional means of balancing the relative strengths of the antagonists in order to permit the parliamentary procedure to continue. For it was at this time that the antagonists were ready to allow the Roblin Government to perform its major function of final arbitration of the various hostile interests. Roblin pledged to intervene to ensure that the City would be protected and that WERCo and the Reese Syndicate would not be allowed to run rampant over the City of Winnipeg.

For the City to obtain a hearing from Roblin and to be understood it had had to demonstrate its strength and intent. Once the City did this it lent credence to the arguments. In this conflict an imbalance appeared and it seemed that the Reese Bills would be passed without consideration of the City's rights. When this appeared, assertion of power by the City was necessary and the only means open to it was the mass meeting and a threatened demonstration with possible violence. In the Legislature an imbalance also existed. As Winnipeg with one third of Manitoba's population, only had four out of

the forty seats, it had to show its power and strength by unconventional means, since the existing institution did not permit it other ways of showing its relative strength otherwise.

Once the balance of relative power was created by the threatened demonstration, mediation was possible between the City and the Reese supporters. Contentious clauses were deleted and avenues were left open for future growth of City Hydro and the eventual takeover of the Street Railway system within the City.

The Pro-Reese group countered the mass meeting by a counter pressure group; but this was effectively nullified by the Free Press' analysis of its group content.

Roblin's threat to the Mayor's tactics and a fourteen year penalty for demonstrators brought these two antagonists together, as will be seen later on, and also the admission by Roblin that he was ignorant of the struggle between the antagonists. This conflict and the later meeting between the Premier and the Mayor obtained the personal intervention of Roblin himself which allowed the City to rest for a moment.

Impact and Function of Conflict in Group Structures¹¹²
and Conflict Binds Antagonists.¹¹³

After the Private Bills Committee had adjourned, Mr. Reese and his associates showed their displeasure at the turn of events and immediately began lobbying the members of the legislature for a final struggle. They proposed to have these amendments struck

112. Ibid. Chapter IV "In-Group Conflict and Group Structure", Proposition 7: Impact and Function of Conflict in Group Structures, pp. 72-81. Coser speaks of both in-group conflict and conflict between groups. Here, only conflict between groups and how it causes change is discussed. Simmel contended that conflict is an element in social relationships in that it acts as a positive function for the re-establishment of unity and balance in the group. Coser states that Simmel had failed to consider one thing, that conflict is a negative factor if it is over core principles. Coser points out that society relies for its existence upon adherence to basic principles. When this is gone, it splits into divergent groups. However, the very interdependence of groups in our modern society has a tendency to check the tendency towards cleavages over core values. Co-operation between groups produces dependence, withholding it operates as a means of coercion to regain co-operation from the other. Wilbert Moore has noted that unions recognize their dependence upon business' survival. This type of dependence "...underlies all conflict relations...where there are separate and interdependent functions." (p. 75). Coser states that conflict clears the air and in doing this it is a stabilizing function between opposing parties. It may also "...serve to remove dissociating elements in a relationship and to re-establish unity." (p. 80). Conflict here appears to help stabilize group structures and socialize the antagonists.

113. Ibid. Chapter VII, "Conflict - The Unifier". Proposition 13: Conflict Binds Antagonists, pp. 121-128. Simmel contends that the mere fact that antagonists have engaged in conflict establishes a relationship hitherto non-existent. Conflict is viewed as a binding element between antagonists. It also tends to establish basic norms to govern the form which the struggle is to follow.

out when the Manitoba Power Company bill came before the House.¹¹⁴

Headlines in the Free Press April 4, 1912 read: "Reese Syndicate Scores Victory over Winnipeg - Private Bills Committee Gives City Stunning Knockdown Blow. Bills as Passed are Worse Than When First Introduced - Power Company Can Enter Upon Any Street or Road in Province - Amendment, Carefully Framed, Put Through by Party Pressure."¹¹⁵ With this, declared the Free Press, two weeks of strenuous resistance in the Private Bills Committee had ended in total defeat for the City and a sweeping victory for the Reese Syndicate on April 3, 1912. Mr. A.J. Andrews, City Solicitor, stated that the Manitoba Power Company bill as presented to the House on April 3, 1912 was now more injurious to the City than when it was first presented to the committee.

113. Cont'd. These norms, or new rules governing conduct, contribute to socialization by imposing common restraints. Conflict as such then usually takes place within a common set of norms and rules, which often leads to the extension of these as a void is discovered concerning the issue in dispute. Coser points out that conflict will often reaffirm dormant norms in addition to acting as a stimulus by creating new rules, new institutions and the modification of existing norms, thus acting as an agent in the socialization of the antagonists.

114. Free Press, Political Scrap Book, 3 April 1912, p. 83.

115. Ibid., 4 April 1912, p. 85.

After an outbreak of profanity, Mr. George R. Coldwell took over Hon. Colin H. Campbell's role as chief advocate of the bill, and it was his new amendment that drove home the dagger as far as the City was concerned. His amendment gave the Manitoba Power Company the rights and powers of the old gas, power and rail charters that it would be absorbing on amalgamation. The decision completely reversed Mr. Harvey's amendment of April 2, 1912, which was designed to prevent absorption of these old charter rights. The lobbying of Mr. Reese and associates had been successful. The vote that reversed the earlier victory for the City was extremely close, ten to nine. The country government members voted for it.

It is rather interesting to note that, only the day before, the committee had agreed to present the Manitoba Power Company bill to the House as amended, but that on the day following, Mr. Joseph Bernier, Reese bill sponsor, moved that the committee reconsider the bill. Mr. T.B. Johnson objected, but the chairman overruled him.

It will be remembered that the government member from Dauphin, Mr. Harvey, had put forth the amendment the day before to prevent the Manitoba Power Company from obtaining the old charter rights, but that the next day he reversed his stand and voted to allow it to retain and

acquire all the old charters when it amalgamated with Winnipeg Electric Railway Company. The 2nd amendment put forth by Hon. G.R. Coldwell stated the company had to receive prior consent from the municipality before entering its streets, etc. Mr. Harvey voted against this, but the amendment was superfluous, since the old charters would give the Manitoba Power Company entry rights without prior consent.

The Free Press of April 4, 1912 suggested that the procedure of passing Mr. Harvey's previous amendment was just a show for the benefit of the opponents of the Reese bill as "...Mr. Coldwell was well prepared with two typewritten amendments..." which "...he immediately put before the committee."¹¹⁶ The Free Press did not indicate whether the second amendment passed committee, but that was really immaterial because these rights were all invested in the old charters which were covered in Mr. Coldwell's first amendment.

The promoters included similar amendments in the Rural Railway bill, which was taken up immediately after the Manitoba Power Company bill, but amazingly, the country members made an about-face and defeated the scheme. The Rural Railway Company now had to obtain the prior consent of municipalities before entering their areas.

116. Ibid.

In order to prevent this syndicate monopoly, Mr. A.J. Andrews, City Solicitor, immediately arranged a meeting between Premier Roblin and City Council for 10 a.m. on the next day. (4 April 1912). After the events of this day, City Council was very distressed. It took its case directly to Premier Roblin's office in the afternoon of April 4, 1912. Mr. Reese stated he would withdraw his two bills in the face of the City's inflexibility. Mr. Reese "...declared that the syndicate already possessed ample powers to carry out its project, and they would rely on these rights".¹¹⁷ Reese had obtained authority from Ottawa for a Winnipeg and Northeastern Railway that would allow him entry to the City. He flung this in Roblin's face when Roblin sided with the City, informing him that his Dominion charter gave him all the power he required.¹¹⁸

In spite of this, the City and the syndicate came to an agreement which would allow the passage of the Rural Railway Company bill and also an Enabling Bill granting the Lieutenant-Governor-in-Council the power to approve a utilities contract between the City of Winnipeg and any company, such approval to be as valid as if it had been passed by the legislature.¹¹⁹ This was passed Saturday, April 6, 1912, the day the 2nd session of the 13th Legislature prorogued.

117. Ibid., 5 April 1912, p. 92.

118. Edgar S. Russenholt, "The Power of a City", A Story of City Hydro. (Unpublished manuscript in Manitoba Provincial Archives)

119. Free Press, Hansard, 8 April 1912, p. 97.

Analysis: Impact and Function of Conflict in Group Structures.

In the final struggle we saw that through its lobbying, the Reese group utterly defeated the City and in so doing opened a greater rift between the City and the Roblin Government. At the same time, the conflict served to bring Roblin and the Mayor together by removing the dissociating elements in their relationships and actually re-establishing a certain unity between the Roblin Government and City Council.

The intense impact of the struggle had "cleared the air" and stabilized the relationships between the two opposing groups. Both parties re-affirmed their basic beliefs in the principle of parliamentary procedure instead of demonstrations. Their very interdependence helped to check any further tendencies toward basic cleavages. Both Roblin's and the Mayor's political reputations were hanging in the balance and their interdependence had a tendency to check any further radical break with the social and political system. They pledged to co-operate, a pact which in itself produced dependence, as a withdrawal by either would have been a means of coercion to regain co-operation from the other.

The City promised to cooperate on certain issues if certain portions of the Reese Bills were dropped and if the Public Utilities Commissioner did not gain the

power to increase Winnipeg Hydro rates. Premier Roblin agreed and pledged his support for this cooperation by the City.

Analysis: Conflict Binds Antagonists.

Conflict may initiate interaction between antagonists; it may also act as a stimulus for the creation of new laws, norms, institution or rules, thereby acting as an agent in the socialization process for the antagonists.

The conflict over the Reese Bills and the Public Utilities Bill brought Premier Roblin, the City Council and the Reese Syndicate together. Prior to this they had not met to discuss the issues. Out of these meetings compromises were reached. Reese stated that he would withdraw his two bills. The City and Reese Syndicate came to an agreement which would allow the passage of the Rural Railway Company Bill and an Enabling Bill permitting the Lieutenant-Governor-in-Council to approve a contract between the City and any company in reference to utilities.

Conflict may also act as a stimulus for the creation of new institutions and modifications of existing norms and a readjustment of relationships to changed conditions. This can be seen in the creation of the

Public Utilities Commission to meet the changed conditions in the utilities industry. It also explains the mutual use of power poles by the City and WERCo and their agreement not to connect each other's customers unless they had paid all their utility bills. Here we see that conflict tends to give rise to regulations and norms that will govern its conduct and restrain the forms in which it is being fought out.

Conflict establishes relations where none may have existed before. It is a binding element between antagonists who previously had had no relationship. We have noted that this conflict brought about new statutory law in the area in which this conflict revealed that such law was required. The Public Utilities Commission was brought into force in order to regulate the many public utility companies in the Province.

Conflict "...brings into conscious awareness of the contenders and of the community at large, norms and rules that were dormant before the particular conflict."¹²⁰ An example of this is the struggle over the old franchised rights which the Reese Syndicate attempted to secure through legislation. The conflict re-activated the issue and the Privy Council ruling. Advocates of private ownership asked for retention while their adversaries insisted

120. L.A. Coser, The Functions of Social Conflict, p. 127.

they should all be thrown out. Prior to this conflict the issue had remained dormant.

S U M M A R Y

In 1911 Winnipeg began to distribute hydro power at 3¢ per kilowatt hour, a price that cut heavily into Winnipeg Electric Railway Company's revenue. The same year E.B. Reese obtained a Provincial charter for his Manitoba Power Company and purchased Joseph Bernier's railway charter. His bills known as the Reese bills, secured New York and Toronto financial backers. In 1927 Winnipeg City, under By-Law 543, could expropriate the street car system of Winnipeg Electric Railway Company. The proposed Rural Railway Company bill, a creature of Winnipeg Electric Company (the proposed holding company), was designed to ring the City with a belt line, and as the City expanded these lines would be within the City, but not subject to expropriation in 1927. The City charter did not permit it to build street railways. Winnipeg Electric Railway Co. also could not be compelled to extend its tracks. The City could only request or give the rights to another railway company. The only other company available would be the Rural Railway Company.

The promoters claimed that since Winnipeg Electric Railway Co. was heavily mortgaged, it could not

obtain capital for expansion. The future holding company would supply it the required funds. The difficulty of course, was that the holding company could withhold funds from it and force the City to ask the Rural Railway Company to build tracks for which the holding company would supply funds because these lines could not be expropriated in 1927. Public pressure would force City Council to give its consent to allow the Rural Railway to build new tracks to service new areas. This manoeuver would be repeated throughout the City, and by 1927 the Rural Railway Company would own all the best tracks in the City and the City would not dare to expropriate the dilapidated and inadequate Winnipeg Electric Railway Company. Thus the monopolists would continue to hold total control. This was why the City insisted on expropriation rights over all street car tracks within its borders in 1927, or authority to build its own street car system to avoid this scheme.

The Winnipeg Electric Railway Co. held charters through various purchases and amalgamations obtained over the preceding twenty years for gas, electricity, heating, power, lighting and street railways. The Manitoba Power Company bill would allow it to purchase all but the street railway. This would give it control of the electrical industry except Winnipeg Hydro. The Privy Council decision ruled against the City and gave the company full rights to erect poles and string wires and implied that the old charters were still alive.

There was a plethora of utility companies in Manitoba and Roblin's Public Service Commission was designed to police them. The City feared that it was the victim of a trick to force it to increase a 3¢ power rate which the Reese syndicate claimed was unfair. A clause in the Utilities Act safeguarded the City for the Commissioner had no power to raise the rates.

Conflict functions as an element in consolidating groups, defining their boundaries and maintaining a total social system by creating a balance between the groups. Premier Roblin's Maw Block speech on the 4th January 1912 engendered sufficient discord between the opposing groups to set the stage for the 1912 Legislative Session over the various issues. The news media immediately saw their roles, as did the political parties, the urban and the rural interest groups. Conflict helped define their roles, thereby consolidating them: it helped define their boundary lines; it helped to create a balance between the two major groups embracing the ideology of public vs private ownership; and it helped to maintain a total ongoing social system.¹²¹

It seems also that conflict was an element in the preservation of the groups, and that safety-valve institutions were significant in permitting the venting of hostilities without causing the social system to sunder.

121. Ibid. See Coser's Proposition 1: "Group-Binding Functions of Conflict" pp. 33-38.

The 1912 session acted as a safety-valve institute by providing socially accepted means for the venting of hostilities between the two major ideological groups. The parliamentary procedure served as a tension-release activity and helped clear the air. Conflict through such a legitimate social institution becomes a group-maintaining function when it helps to regulate interaction between the groups.¹²²

When the goals were sorted out into their respective ideologies and objectified the struggle became more centered or concentrated on the main issue of private vs public ownership of the electric utility and some of the other essential utilities.

The two major groups differed sharply in their ideological philosophies, but once their goals were objectified the conflict intensified.

Mr. Howden's speech highlighted the new public philosophy of favouring public ownership¹²³ of essential public utilities. This typified the objectification of this group's goals. Conflict also seems to have generated the same influence upon their adversary. They argued

122. Ibid. See Coser's Proposition 2: "Group Preserving Functions of Conflict and the Significance of Safety-Valve Institutions" pp. 39-48.

123. Telegram, Hansard, 19 March 1912, p. 49.

against this philosophy by using the Sherman anti-trust laws as primary examples of failure.¹²⁴

Once the conflict was objectified and had transcended subjective interests, the struggle intensified. The common norm that created this intensity was the objectification of goals. Here we saw the effect objectification of their respective goals had upon the intensity of the conflict and its effect upon the relationship between the antagonists.¹²⁵

Conflict also establishes and maintains a balance of power between the antagonists. In the struggle between the two alien ideologies of public vs private ownership of the utilities an imbalance existed. Each side tested its relative strength through conventional means. When these means failed unconventional means were used. Conflict here appeared to be an important element in bringing about a balance by helping new power relationships to develop between the antagonists. Once this new power relationship was established, and the groups were more balanced, the Roblin government was able to mediate between the two opposing groups, the City and the Reese Syndicate.¹²⁶

124. Free Press, Hansard, 21 March 1912, p. 45.

125. Coser, Functions of Social Conflict, see his Proposition 12: "Ideology and Conflict" pp. 111-119.

126. Ibid. See Coser's Proposition 15: "Conflict Establishes and Maintains Balance of Power". pp. 133-137.

The impact and function of conflict on group structures and its binding together of the antagonists was exemplified when both the groups re-affirmed their basic belief in the use of conventional methods to resolve a struggle. They agreed to co-operate and compromise on certain issues. The City would agree to certain aspects of the Reese Bills provided that others were dropped and the Public Utilities Commissioner would not have the authority to increase Winnipeg Hydro rates.

Conflict initiated interaction and also appeared to be an element in the creation of a new institution, a Public Utilities Commission to arbitrate future conflicts. The conflict over the differing ideologies and issues brought the Premier, City Council and Reese Syndicate together to work out appropriate compromises. Prior to this, they had never met as a group; but when the issues reached an impasse they did meet. This meeting set the stage for the creation of new laws and the passing of legislation that previously had seemed impossible.

Thus we see that conflict established relationships where none had existed before, and that it bound the antagonists together with new laws designed to help mitigate contentious issues.¹²⁷

127. Ibid. see Coser's Proposition 7: "Impact and Function of Conflict in Group Structures", pp. 72-81, and Proposition 13: "Conflict Binds Antagonists" pp. 121-128.

In the end Premier Roblin decided against the Syndicate, and Reese withdrew his bill to amend the Manitoba Power Company and Rural Railway Co. bill. In July 1912, in order to settle the power distribution question, the City adopted a by-law placing all its and the monopolists' utilities under the Commissioner.

With the defeat of the Reese Bills and the passage of this by-law the major struggle for the principle for public ownership of the electrical utility in Manitoba was won for the City and for Manitobans. This did not occur without an intense struggle. It would appear that conflict was functional in bringing about a gradual change both in the concentration and the ownership structure of the electrical industry in Manitoba.

CHAPTER VI

SUMMARY

Throughout this thesis, changes are discussed that occurred in the development of the electrical industry in Manitoba. In Chapter One, it is shown that in the early 1900's the merits of private vs public ownership of this utility was debated in North America. A United States Federal Trade Commission investigation produced conclusive evidence that from about 1919 on, this, and the private gas utilities had carried on a campaign to thwart attempts for public ownership. Defenders of the principle of public ownership claimed that such utilities were a natural monopoly.

In North America this dispute continues to be a central issue. Table One reveals that ownership of this utility, is still partly private and partly public.

A brief historical overview of the industry in Manitoba, indicated a similar conflict existed from 1904 to 1953. In 1953 the private electrical utility, Winnipeg Electric Co., was purchased by Manitoba Hydro. With this purchase the industry became a public oligopoly shared by Manitoba and Winnipeg Hydro.

In Chapter Two the various theories of social change were discussed and synthesized. The theoretical framework with its parameters for conflict analysis is set out. The theorists referred to agree conflict is present in the change process,

however, whether it is functional or dysfunctional is still in dispute. Simmel's theories of social change as interpreted and extended by Coser are used in the conflict analysis of Chapter Five, which contains the crucial 1912 Legislative Session.

The macro-history of the industry is traced in Chapter Three in order to give the reader a clearer view of its development, and also for analytical purposes as set out in Chapter Four. In this Chapter an attempt is made to show how the industry changed from atomistic to a private oligopoly; from a private monopoly, to a private/public oligopoly; from a public oligopoly, to a public monopoly. Some of the apparent causes and consequences are also given. (See Figures One and Two). Tables Four and Five give empirical evidence that this organizational and developmental change did take place. It is evident from the above mentioned figures and tables that the crucial turning point in history, from private towards public ownership, occurred sometime between 1911 and 1953.

A major conflict erupted over the issue in the 1912 Legislative Session. At first it appeared to be merely a symptom of a battle for economic power; but this was not the case. The primary dispute was the concept of public vs private ownership of the utility. In Chapter Five the critical

session, as it pertains to the developmental change process in the industry is given and analyzed in a conflict perspective.

Viewed from a macroscopic perspective it is evident that the industry changed, and that conflict was functional in this process. Chapter Four shows the change. In Chapter Two it is argued, conflict is functional in the change process. This was tested empirically in Chapter Five and shown to be valid. The change process, no doubt, could have been viewed from another perspective and revealed more information. Apart from this, the following observations are offered:

- (1) Conflict is present in the change process in the development of the electrical industry in Manitoba.
- (2) Change is evident.
- (3) Objectification of goals intensifies conflict.
- (4) Conflict is functional in binding groups.
- (5) Conflict is functional in establishing and maintaining a balance of power in the social system.
- (6) Interdependence between groups has a tendency to check a radical break with the social system.
- (7) Conflict binds antagonists by initiating interaction.

- (8) Conflict acts as a stimulus for creation of new laws, norms and institutions, or their modification. It may also reactivate dormant ones.
- (9) Conflict serves as a group preserving function.
- (10) Social systems provide safety-valve institutions as outlets to vent hostilities, thus preventing destruction of group relationships, thereby preserving group relationships.

Limitations

The concept of social conflict is a tool for empirical sociological research that is very useful for capturing relevant aspects of the process of developmental change. Coser's interpretation and expansion of Simmel's conflict theory, as it is discussed in Chapter II and used in this study, appears to be both relevant and adequate as an explanatory framework.

The following Coser propositions have been applied:

- (1) the function of conflict upon the external relationships between groups;
- (2) the functions for the in-group of conflict with other groups and the effect this has upon their internal structure;¹

1. Lewis A. Coser, The Functions of Social Conflict, The Free Press, New York, 1956, p. 87.

(3) the function of conflict in interpersonal social relationships within the group itself apart from other groups.² Since intrapersonal, interpersonal and intragroup dynamics were not the object of study, Coser's propositions referring to these matters were not used or discussed.

However, Coser did fail to draw distinct lines between categories. This lack of conceptual clarity and a shifting unit of analysis created a problem in maintaining conceptual clarity and distinct units of analysis in this study. An example of Coser's ambiguity is Proposition 7, where he shifts from intragroup to intergroup conflict. Propositions 1 and 9 are similar, because both deal with the effect conflict between groups has upon their boundaries or structure. He states in Proposition 9 that a group defines itself by conflict with other groups; in Proposition 1 he had already stated that conflict sets boundaries between groups. It would appear that these two propositions should be integrated into one expanded proposition.

The propositions used in the explanatory framework dealt with external relationships between groups and how they affect the social system as a whole. Our research data was mostly explored at this level. The parameters were set to show external rather than internal group structural changes, those

2. Ibid., p. 85

elements that directly impinged upon the social system and caused the concentration and ownership structures to change in the electrical industry. This eliminated a need to search for data showing in-group structural changes brought about by external group conflicts or in-group changes caused by intragroup conflict. More research in these areas is indeed required to relate internal group relationships to external group relationships and conflict within the group itself and to show how it affected the structure.

The generalization of the findings and conclusions to other utilities and political jurisdictions is somewhat limited because the study and analysis was of one specific event in the history of the Manitoba electrical utility.

Further Research Required

Other specific areas requiring more research are the relationships between the Federal and Provincial Governments during this conflict and in the boundary issue of 1912. Here, Roblin's personal involvement was an element that absorbed his time and energy; for some time, it kept him away from the utilities conflict. The relationships between the various competing groups and their relationships with the Provincial and Municipal Governments should be explored because they were important elements in the conflict over utilities. Since the financing of utilities was a major concern for the contending groups, their relationship with the institutions controlling the money market is an aspect requiring further research.

The relationship between Mackenzie-Mann-Reese is never clearly stated in the data available, but it is certainly an element which appears frequently. This relationship and how it related to the contending groups requires clarification and analysis.

Conclusions and Implications

The primary purpose of this thesis was the study of the developmental change process as manifested in the electrical industry in Manitoba. Toward this end, a socio-historical account of the institutional development of the industry was delineated from 1873 to 1974. Subsequently, the 1912 Manitoba Legislative Assembly session was identified as the crucial factor in the industry's developmental change. A conflict perspective, based on the works of Simmel and Coser, was used to interpret and analyse the relevant events of the 1912 struggle.

The conflict was primarily between the adherents of the notion of private ownership and the proponents of public ownership of the electrical and other essential public utilities. The relative import of various social interests and issues in the long drawn out struggle between these two groups was documented and systematically analyzed to show

the effects it had upon the ultimate action taken by the 1912 assembly. The results of the analysis indicated that conflict appeared to be a primary element in the developmental change process in the electrical industry in Manitoba.

The concentration and ownership structure, during the hundred year history of the electrical industry in Manitoba was completely changed. The concentration structure changed from atomistic, through oligopolistic to monopolistic; the ownership structure changed from private to public.

The creation of the Public Utilities Commission was an outcome of the 1912 struggle over the Reese Bills. It was a necessary condition for the eventual public take-over of the electrical industry in Manitoba.

The major change represented by the Commission was the removal from the courts of arbitration in utility disputes. At this time, court of last resort was the Privy Council of the British Parliament. Thus, while the struggle took place in Manitoba, it was arbitrated from outside.

The Commission represented a device for keeping the arbitration of local disputes in the local arena. It could be argued that the court system exacerbated conflict in the industry when it arbitrated the skirmishes among the antagonists because, while the local interests in favour of

public ownership were stronger locally, the courts could not accurately reflect this balance of power.

The Commission more accurately reflected the local balance of power by removing the possibility that the utility disputes would be arbitrated in the metropolitan centre of London, England. It determined that, in the long run, local interests, first 'those of' Winnipeg and then those of the Province, would be dominant in the industry.

Throughout this study the developmental change process in the electrical utility was viewed from a conflict perspective. It can be inferred that a similar process will probably be repeated in other essential utility industries. In Chapter Four, Table Five "The Historical Development Of The Electrical Industry in Manitoba," Winnipeg Electric Company's Electrical, Transit and Gas assets are broken down to show how they were dispersed over a period of time. The transit portion went totally public, as did the electrical assets. The gas assets are still private, but current political rumblings are that they also may be taken over. It would appear that this will probably take place in time, especially if any major conflict develops over gas prices or over the question of the validity of public vs private

ownership of this essential utility.

The shortage of fossil fuels and continued price increases may create a major confrontation between the private industry and proponents of public ownership. Nevertheless, Manitobans can look forward with optimism, as the hydro industry in the province has a bright future. The Nelson River, with Kettle Generating Station completed in 1974 produces 45% of its hydro needs. Long Spruce Generating Station, of similar capacity, is nearing completion, with other stations already in the planning stages.

I have attempted to demonstrate the dynamics of the developmental change process in the electrical utility using the conflict perspective. As others read this thesis I trust they will have a clearer understanding of the vital part the development of the electric industry has played in the historic process in Manitoba.

APPENDIX A

Some Speculations and Interpretations of the 1912 Struggle

Below we speculate and interpret what may have been some of the implications of the Reese syndicate scheme if it had not, at least in part, been successfully opposed. It is based upon the Free Press article "The Defence of the City,"¹ published on Monday, April 8, 1912. It contained its final appraisal of the Reese bill affair.

The bills were kept secret and not mentioned until the last ten days of session. Why the secrecy and hast? This short period certainly did not allow enough time for their careful examination. It would appear that the intention was to rush them through quickly and quietly to slip in many devious clauses. Why the rush? Why did Roblin tell the City to write out all its objections on one normal-sized sheet of paper, saying that he did not have time to read more? Why did Roblin remain in the background until the last minute?

It is difficult to say what all the intentions of the syndicate may have been, but we certainly can see some of them. Neither the City nor the opponents of these bills had sufficient time to review all of them in detail in order

1. Free Press, Political Scrap Book, Manitoba Provincial Archives, 8 April 1912, p. 33.

to be knowledgeable enough to detect all their implications. But some of the purposes of the proposed legislation stood out quite clearly.

One major aim of the syndicate was to secure by legislation "... the revalidation of the old franchises of the Northwest Electric Gas and Light companies, thus giving to these oppressive and ancient measures the moral support of the approval of a Legislature bearing the date of 1912."² If this had been allowed and had become a right by statute, it would have been difficult, if not impossible, for a future Legislature to remedy the evil powers so granted. It takes little imagination to picture the worth of such a franchise. It was estimated that the franchise might be worth \$30 million or more to the Reese syndicate.

Hon. Colin H. Campbell, (Conservative) fought determinedly and openly in the Private Bills Committee for the passage of these bills. He burst out into ill-controlled anger and profanity when the City staunchly refused to allow many of their proposals. With this outburst his usefulness to the syndicate was ended and he was replaced by another Roblin member, Mr. Coldwell.

It was also obvious that the syndicate's plans included the construction of a second large street railway system to control all the new suburban areas and its rural

2. Ibid.

and urban extensions, in preparation for the 1927 takeover option, which the City of Winnipeg could invoke against Winnipeg Electric Co. It would penetrate the heart of Winnipeg, buy up the best paying lines from the Winnipeg Electric Railway Co., and leave it with the worst, non-paying lines. The City would discover that the new street railway system would then be beyond its reach.

By 1927 it would have been faced with the option of taking control of a non-paying, delapidated and nearly defunct Winnipeg Electric Railway Co., and in competition with a strong and viable street railway system, under a different name, that controlled all the paying routes i.e. the Rural Railway Company.

It is worth noting that the City's efforts to secure the rights to build its own street railway on streets unserved, or refused services by the Winnipeg Electric Railway Co., was defeated in the Law Amendments Committee, principally because of the opposition of the Hon. J.H. Howden, Attorney-General in the Roblin government.

The third apparent purpose of these series of bills was to create an impossible condition for the City, by forcing it to relinquish its rights to control its own utilities by placing them under the control of a one-man Public Utility Commission. The Commissioner, as the Bill originally proposed, could force the public utilities to increase their rates.

This was obviously aimed at Winnipeg's 3¢ power rate. The Free Press stated that the "... speakers for the syndicate were unable, in addressing the committee, to restrain their feelings when the low rates charged by the City for light and power came up for discussion."³ Their aim no doubt was to use the Public Utility Commission to compel the City to increase rates.

If these bills had been passed in their original form, Winnipeg would have lost control of all its City streets, and would have ultimately been forced to cede control of its utilities to the Public Utility Commissioner. It was the intention of these bills to render Winnipeg and other municipalities "... an easy prey for the exploiters."⁴

Why was it that these bills were defeated? The Roblin government showed no overt signs of alarm, but rather much haste in trying to push them through the committee, before any suspicion as to their pernicious intent was aroused. Fortunately public opinion was alerted to the inherent dangers both to itself and to future generations. The City's legal counsel detected this and stalled their passage in committee until the City fathers had time to arouse the public. It was most fortunate that the City did all its fighting in the open and not behind closed doors as the

3. Ibid.

4. Ibid.

promoters had done.

Once the citizens of Winnipeg were aware of what these bills meant, the battle was engaged and victory, was possible. It took much pressure and pleading, however before it was achieved. At first, Mr. Roblin, pretending innocence, stayed in the background. To his later regret, he harangued and threatened the City. He spoke disparagingly of the public mass meeting as though the citizens of Winnipeg had no right to assemble. He claimed political engineering by his enemies, and even attacked Mayor Waugh for the same reasons when the Mayor was only trying to protect the City's interests.

The pretence that it was only Liberals who objected to the Reese bills is not warranted, citizens of all political philosophies objected to the rape of their City by the syndicate.

The Free Press claimed the citizens owed no obligation to Premier Roblin for the defeat of these vicious bills, but to their City fathers, their members of the Legislature and to themselves for no remaining apathetic to the entire evil scheme of the syndicate and its political henchmen. It asked why Mr. Roblin waited so long before declaring himself, if he was as interested in protecting the City's rights as he declared after the City's victory.

The newspaper claimed politics per se played no part in the fight against these bills, that it was primarily Roblin who imputed such motives to the City Council and its advocates. The City advocates stated that they fought the intent of the entire scheme without regard to the political persuasions of its promoters.

On the 9th of April, the Free Press carried on the argument. Why did the syndicate want Legislation to re-enact the charters of the old defunct companies, and endow the Manitoba Power Company with all these powers, when the recent Privy Council decision ruled in favour of Winnipeg Electric Railway Company? It declared that the company had all these rights because of its mergers and amalgamations. But the Privy Council in declaring this, was also very careful to point out that the City had not disputed this in presenting its case. Why was this not done? Who instructed City Counsel not to make this argument, which they had done so successfully in the Canadian Courts. Without making the argument before the Privy Council the company had won by default. The Privy Council gave the company a legal but certainly not a moral right to all the old charter rights.⁵

This no doubt was true. How else can we explain the syndicate's attempt to obtain both the legal and moral stamp of approval of the Manitoba Legislature? Once their

5. Ibid., 9 April 1912, p. 36.

sanction was obtained, they would have had the City riveted down, and could have capitalized upon their investments at the expense of Winnipeggers then, and for generations to come. The exploiters black web would have been spun not only over Winnipeg, but over surrounding municipalities, and eventually over the entire Province in 1912, and after.

Fortunately "... the race is not to the swift nor the battle to the strong..."⁶ For the poor and the humble will be avenged if with importunity⁷ they make their continual⁸ requests, even if their judge apparently neither "... feared God, ..." or "regarded man."⁹

On the 6th April, 1912, the Telegram box headlined: "Credit Belongs to Premier, Says Counsel for the City", "It is a complete victory for the City; and the credit is entirely due to Premier Roblin, said A.J. Andrews, K.C., counsel for the City, shortly after it transpired last night that the Reese syndicate had withdrawn the Manitoba Power bill and permitted important modifications of the Rural Railway bill."¹⁰

6. Eccl. 9:11, KJV.

7. Luke 11:8.

8. Luke 18:5.

9. Luke 18:2

10. Telegram, Hansard, Manitoba Provincial Archives, 6 April 1912, p. 113.

On the 8th April, 1912 the Telegram quoted Premier Roblin as stating that the Reese bills had been misrepresented "... by what I may call yellow journalism... to exploit a business matter in which the City of Winnipeg is interested, in the hope of injuring the government."¹¹

On the 9th April 1912, in its own defence of the Roblin government, the Telegram wrote: "... the criticism of the Manitoba government has reached a point which verges upon the limit of unfairness in reference to the Reese bills brought before the legislature."¹²

The Telegram stated that the whole issue rested on four points:

1. That the Roblin government was unduly influenced by the syndicate.
2. That the Roblin government sponsored the bills.
3. That the Roblin government was hostile towards Winnipeg and intended to hand over its utilities to the Syndicate because the City was unable to administer them properly.
4. That the Roblin government changed its position because of the patriotic efforts of T.H. Johnson and the like.

The Telegram then proceeded to knock down the four straw men, they had erected. It claimed that Point one

11. Ibid., 8 April 1912, p. 115.

12. Telegram, Political Scrap Book, Manitoba Provincial Archives, 9 April 1912, p. 36.

was the primary issue and insisted that the Roblin government, far from being influenced by the Syndicate, merely dealt with the bills as governments must in order to see that the public interests are protected.

The second issue was dismissed as preposterous; the newspaper claimed that the bills took the normal "mechanistic" route that all private bills must take. It made no mention of Mr. Campbell's enthusiastic involvement in pressing for their passage, and claimed that the government had nothing to do with them until they had passed the committee and came into the House, where they were defeated.

The third allegation was refuted by stating that Premier Roblin announced he would not allow the City's interests to be violated. The Telegram went on to say

...It is quite true that such legislation should not be introduced with [such haste], which it was, but it was introduced under statutory regulation, not by the government. But the government was quite positive on the point that an agreement had to be reached between Reese syndicate and the City before any charter would be ratified. It was Hon. Mr. Roblin who cut his way clear through to that fundamental principle when the City itself was floundering in a confusion of details, its advisors first saying aye and then no, first saying this and then that. 13

The Telegram insisted that the entire incident was "hosted" by a group of agitators motivated by hostility

13. Ibid.

toward the Roblin government "... who desired to bring about what might be undesirable for the City in order to throw responsibility upon the government."¹⁴

Finally the claim that the government was forced to relent was false. "The Liberal organ [Free Press] concludes a panegyric of T.H. Johnson with this significant prophecy. Of no man in the public life in the province can it be said with greater certainty of the prediction being fulfilled that the future holds great powers and responsibilities for him. "... This evidently foreshadowed movement to make the member for West Winnipeg leader of the opposition..."¹⁵ (replacing Mr. Norris.)

The Aftermath. The Telegram on Thursday, April 11, 1912, in bold print, headlined: "City and Reese Syndicate Hitch", "Agreement looking to Settle Differences as Far Away as Ever."¹⁶

An enabling act was passed in the last few days of the session and it would come into effect on a date to be set by Order-in-Council.

The City wanted the Mackenzie interests to drop the suit then pending against the City.

14. Ibid.

15. Ibid.

16. Ibid., 11 April 1912, p. 39.

The City put this forward as a condition precedent to anything being done, and it was this stand of the city at the session of the private bills committee that led to the withdrawal of the bill for the incorporation of the Manitoba Power Company and also the measure, designated as the Winnipeg Utilities Bill. The latter proposed that the city should have control of all the poles of the City and let their use to companies at a rental. The promoters were willing to agree to this but then, as now, the crux was the withdrawal of the action against the city.¹⁷

"Splendid Assembly at Royal Alexandra Does Honor to Manitoba's First Minister for Extension of Provincial Boundaries."¹⁸ Thus reads the Telegram's main headline to accompany, a large photograph of Hon. R.P. Roblin on April 12, 1912. He "... was Tendered the Greatest Banquet Last Night in the History of the Province."¹⁹

After this great event in Manitoba's History, Hon. R.P. Roblin, and Hon. Colin H. Campbell (the great proponent of the Reese bills) were thrown into a glorious new lime light which endeared them to many Manitobans at that time, and in future generations. Manitoba, the "Postage Stamp Province," had come of age and size to be an equal partner in the West and in Confederation. It was a great victory for Hon. Roblin. The events that led up to this single event really overshadowed the entire Reese bills affair and no doubt helped the Syndicate to push

17. Ibid.

18. Ibid., 12 April 1912, p. 44.

19. Ibid.

through its nefarious scheme unnoticed by the public. But it was the reports published in the newspapers that brought the issue into the open and helped it to be defeated by an alerted public and its elected representatives.

The absence of any publicity given to this great banquet by the Free Press now seems shocking. Just how partisan can a paper get? It did not report the event until April 17, 1912 and then only through reports from Quebec papers and their views on the affair.²⁰

On Friday, April 12, 1912 the Telegram²¹ wrote that special City Council meetings were held to consider some new proposals by the Reese syndicate, but no new information was given out.

On Saturday, April 13, 1912 the Free Press²² reported that further meetings did not involve withdrawal of the suit over the pole issue between Winnipeg Electric Railway Company and the City. On the same date the Telegram²³ reported that Reese left for Toronto to confer with Sir Wm. Mackenzie. Reese's latest proposition was that if he persuaded Sir Wm. Mackenzie, owner of Winnipeg Electric Railway Company, to withdraw the suit, the City was to allow

20. Free Press, Political Scrap Book; 17 April 1912, p. 61.

21. Telegram, Political Scrap Book, 12 April 1912, p. 50.

22. Free Press, Political Scrap Book, 13 April 1912, p. 54.

23. Telegram, Political Scrap Book, 13 April 1913, p. 55.

the incorporation of his Manitoba Power Company.

All these events were swept into the background by the stunning news of Wednesday, April 17, 1912 that at 2 a.m. the Titanic had sunk.²⁴

On April 20, 1912 the Free Press published a full text of the new and latest proposal as announced by Mayor Waugh. The City threatened to throw all the City's utilities under the Public Utilities Commission unless the syndicate agreed to its proposal by April 25, 1912. If the syndicate discontinued its suit, the City was prepared to allow the Manitoba Power Company to be incorporated.²⁵ Mr. Reese stated Sir Wm. Mackenzie had refused to drop the suit. This appeared correct, for on the 22nd of April, 1912, the Free Press stated that an official letter from the Winnipeg Electric Railway Company board of directors was received by the City stating that, since Mr. E.B. Reese had no authority to negotiate for them, no agreement would be binding.²⁶

On Wednesday, May 1, 1912 the Free Press published a short article stating that the City Proposed to place its public utilities under the Public Utilities Commission to avoid expensive litigation with corporations.²⁷

24. Ibid., 17 April 1912, p. 59.

25. Free Press, Political Scrap Book, 20 April 1912, p. 64.

26. Ibid., 22 April 1912, p. 66.

27. Ibid., 1 May 1912, p. 85.

It was near the end of May 1912 that the City by-law to place its utilities under the Commissioner received final reading.²⁸ The Telegram picked this up and stated that the decision made by City Council would refute all the Liberal Organs unwarranted attacks against Roblin's One-man Commissioner.²⁹

In July of 1912 City Council adopted its by-law,³⁰ and the question of power distribution was referred to the Commissioner. With this the Telegram once again pointed to the original wisdom of Roblin's Act, which created the institution that now came to the rescue of the City.

28. Ibid., 31 May 1912, p. 120.

29. Telegram, Political Scrap Book, 23 May 1912, p. 121.

30. Ibid., 18 July 1912, p. 186.

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