

**PUBLIC SERVICE  
CORPORATIONS; A BRIEF WORK  
DEALING WITH THE OPERATIONS  
AND REVENUES DERIVED FROM  
THE SAME**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649194391

Public service corporations; a brief work dealing with the operations and revenues derived from the same by Lemuel Wm. Serrell

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**LEMUEL WM. SERRELL**

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# Public Service Corporations

A BRIEF WORK DEALING WITH THE OPERATIONS AND  
REVENUES DERIVED FROM THE SAME

By

Lemuel Wm. Serrell, M.E.



*New York*

1901

V.C.

THE NEW YORK  
PUBLIC LIBRARY  
ASTOR, LENOX AND  
TILDEN FOUNDATIONS  
1907

THE  
RUMBERG  
PRESS  
NEW YORK

## Preface



IN the following pages of this brief work on Public Service Corporations an effort has been made to put before the public, in a concise manner, the commercial engineering principles that underlie the various quasi-municipal companies herein described, so that the reader may understand in a general way their technical construction and the commercial efficiency that has been attained, and those interested financially in such properties obtain some idea of how cheaply they may be operated when properly installed.

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## Municipal Ownership



THE question of municipal ownership of public service corporations has in the past and still is occupying the mind of the American public. These agitations are generally socialistic in their nature, and cannot but disturb the financial security of investments of such character. Wendell Phillips prophesied some time ago that the correct solution of the problems of our great cities would test our institutions more severely than the struggle with human slavery.

It is of great importance that the principles underlying these agitations should be understood and gravely considered, and if possible relief measures adopted that will be reasonably satisfactory to both sides, so that the money invested in these great institutions may not be a continued subject for socialistic attacks, such as have already occurred where agitations for municipal ownership of street railways, three cent fares and the like have already taken place.

It has been argued that the frequency of our political elections disturbs the order of progress in business, but the frequent elections are very beneficial to the country, as the agitations pro-

duced create discussions which educate the common people, and have already produced as high a standard of citizenship as any in the world. Agitations regarding municipal ownership are created sometimes through well meaning ignorance, sometimes through greed of corporations and at other times through political motives. It has been stated that the street railway three cent fare agitations of Detroit, recently declared unconstitutional, accomplished its purpose in making a mayor of a city the Governor of the State.

Probably no country in the world has had as much experience with municipal ownership as England, and yet the recent report of the Royal Statistical Society shows that this learned body, after having taken the trouble to go into the subject with great care, makes a report that is a very emphatic argument against municipal ownership. The report sets forth that as a result of municipal ownership the public debt has been increased over \$450,000,000, by public funds being invested in public service corporations, the income from which, after paying the interest on the debt, is only about one-half of 1 per cent. to the municipality.

## American Citizenship

The American people have been so successful in their undertakings that they think they

can do a little better than the rest of the Anglo-Saxon race; but the franchise of American citizenship makes the operation of public service corporations by municipal ownership practically an impossibility. The State confers upon municipalities certain rights and powers for the improvement of the town, such as laying out streets, parks, sewers, etc. The city is a corporation, in which the taxpayers are the stockholders, and the election of officers in this corporation is effected by the voters. In this country, however, the voter does not have to be a taxpayer. Were all voters taxpayers, then the business of the city would be conducted for the good of the taxpayers and not for the benefit of politicians. The proportion of taxpayers to voters is shown by the statistics of the city of Boston for 1900. With a population of 560,892, the total number of people entitled to vote was 148,747. Total number of resident taxpayers, including women, 42,127. Total percentage of voters who are taxpayers, 28.3 per cent.

## Control of Elections

The control of the elections is, therefore, out of the hands of the taxpayers, and this condition has created the political "boss," who endeavors to control this majority vote through the patronage he controls, and the results show that usually