

He said: Honourable senators, the main feature of the Bell Telephone bill is an increase of its authorized capital from its present amount of \$500 million to the amount of \$1,000 million, divided into shares of \$25 each par value.

I think it might be of interest to give some explanation of what the company has done since its incorporation, the work it had to do in past years, and the reason why additional capital is required to discharge its obligations to the public.

This company was incorporated in 1880, about four years after the invention of the telephone. The purpose of the incorporation at that time was to integrate the very few local telephone companies that existed in the main cities of Canada. There were telephone systems in Toronto, Windsor, Hamilton, Montreal and Quebec with, altogether, about three thousand subscribers, having no other communication but the local connections in their respective cities. It was thought that the company, with proper support, would be able to combine these local companies into one big corporation for the development of its facilities, and furthermore to so associate these companies that it would be possible for a subscriber in any city to get in touch with a subscriber in any other. That was the purpose of the incorporation of The Bell Telephone Company at that time, with the very small capital of \$500,000, which the directors had power to increase to \$1 million.

In the year 1881, one year after incorporation, these five or six local telephone companies were integrated into The Bell Telephone Company of Canada, which had at that time approximately 6,000 customers.

Since 1909 the Bell Telephone Company has confined its operations to Ontario and Quebec, although by its charter it is not so confined. The rest of Canada is served by other telephone systems. At the present time there are approximately 2,700 telephone systems serving Canada, including 677 systems which serve Ontario and Quebec alone. Later on I will give statistics on the numbers of subscribers the Bell Telephone Company and other telephone companies have in this country.

If we look at the conditions under which the Bell Telephone Company operates, we find that Parliament has always looked upon telephone service as a great public utility, and has always been very prudent about the conditions under which the service functions.

In 1906 the Board of Railway Commissioners, which was later named the Board of Transport Commissioners, was given exclusive jurisdiction over all Canadian telephone companies. The board's jurisdiction

over the Bell Telephone Company is very broad. It has complete control over tolls and charges for both local and long-distance telephone calls, and it has the right to act on its own initiative to review, rescind, change, alter or vary its own decisions. The power of the board to examine and control the operations of the company is far from limited. The board has the right to inquire into, regulate and inspect the construction of the company's works. It also has authority to order repairs and to examine and approve or disapprove of all contracts of the company, including anything that might limit its responsibilities. In other words, if something happens to indicate there should be a reduction or an increase in rates, the board, without an application being placed before it, may inquire into the matter and rescind or change or alter its previous decisions.

In 1926-27 the board ruled that all telephone companies must file with the board a monthly report of their operations. This ruling has never been altered and therefore the Bell Telephone Company is obliged to give the board these monthly statements.

Since 1929 the company has been unable to issue any stock unless the terms and conditions of the issue have been approved by the board. As honourable senators can see, control over this public utility company has been pretty thorough and rigid for a long time.

May I point out that the company is not only authorized to give service, but it is obliged upon demand to give service within a reasonable length of time. That is to say, if a person applies for telephone service the company is obliged to install that service within a reasonable period. It is not surprising, therefore, that the company has from time to time petitioned Parliament to increase its capital in order to get the necessary funds to extend its system and give the public the service it is entitled to.

It may be of interest to honourable senators if I were to give a short review of the financial history of the company.

In 1880 the authorized capital of the company, then \$500,000, was increased to \$1 million. In 1884 Parliament increased this amount to \$2 million, in 1891 to \$5 million, in 1902 to \$10 million, in 1906 to \$30 million, in 1920 to \$75 million, in 1929 to \$150 million, and in 1948 to \$500 million. Now the company is asking that its authorized capital be doubled from \$500 million to \$1 billion.

Also it may be of interest to state what the company has done with all the money that has come into its hands, and some statistics might be impressive. For instance, in 1881 there were only 3,100 telephones in