

*Railway Act*

● (4:10 p.m.)

The purpose of this bill apparently is a very simple one, to extend the authority of the CTC under the provisions of the Railway Act to regulate and set the tolls charged by the telegraph or telephone companies to private wire services. I submit it is not nearly as simple a proposal as the minister puts forward. I believe the cabinet, having made a very serious mistake in January of this year, is now proposing legislation in an effort to get itself out of a somewhat difficult situation. On January 28, 1969 the cabinet passed an order in council, one paragraph of which I should like to read:

That after exploring a number of alternatives and following extended negotiations, it was concluded that the purpose of CN/CP Telecommunications would best be served by accepting a proposal to acquire a 51% interest in Computer Sciences (Canada) Limited;

It is because the cabinet permitted that acquisition that we are in this difficulty and have to pass this legislation. I submit, however, that it is not in the best interests of the computer companies of Canada nor of the ordinary people of Canada. This was done at the same time the anti-combines division of the government was holding an inquiry into the defects, if there are any, in permitting Bell Canada to own a wholly owned subsidiary, Northern Electric Company. The Bell-Northern Electric inquiry was held because Northern Electric is a manufacturer, as is Computer Sciences Limited. The inquiry by the anti-combines division is for the purpose of examining the relationship of Bell, as a monopolistic buyer of communications equipment, and Northern Electric which apparently is a subsidiary of Bell and a manufacturer of this equipment. One section of the government apparently has some doubt about the good sense of permitting Bell, a communications carrier, to own Northern Electric while another section of the government, in this case the cabinet, has permitted CN-CP Telecommunications to purchase a computer company, which I submit is in precisely the same position in relation to it as is Northern Electric to Bell Canada.

Not only was it probably a mistake to have permitted this, but I submit, having permitted it, the government will find that Bell Canada will now follow the example of the CN-CP Telecommunications and want to engage in the same business of transmitting computer information from one city to another. The government took this action in the full

[Mr. Orlikow.]

knowledge that the private computer companies of Canada objected to it and made their position very clear in a brief which they submitted to a number of cabinet ministers, including the Minister of Communications. In their brief the companies suggest that the government investigate the competitive nature of CN Telecommunications and the public communications arm of Canadian Pacific, the relationship between the Canadian and United States Telex networks, the adequacy of existing telecommunications, the relationship of unregulated and regulated aspects of common carriers to computer uses, common carrier rates and tariffs and the possibility of the federal government becoming more involved in communications and the security of data sent by common carriers. They point out that there was a similar proposal in the United States to the U.S. Federal Communications Commission from the Department of Justice.

Despite this, the Canadian cabinet permitted this acquisition by CN-CP Telecommunications. The brief quotes from a submission to the United States Federal Communications Commission from the Department of Justice which says that common carriers may use tariff restrictions as a means of placing independent data processors at a disadvantage if allowed to enter the computer time-sharing field. It goes on to say that communications common carriers should not be allowed to use their monopoly position in the field of providing circuits to extend their influence into areas not necessarily included in the monopoly.

I submit that the cabinet has permitted CN-CP Telecommunications to do what no other telecommunications system has been permitted to do. In the *Montreal Gazette* of February 27, 1969 the vice-president of the CPR, Mr. W. J. Stenason, is reported to have told a press conference that this is the first time anywhere in the world computer systems and communications services have been integrated, despite the fact that they are ideal partners. That, of course, is Mr. Stenason's opinion. I submit it was a mistake to permit this purchase by CN-CP Telecommunications. It is a merger which will not benefit the people of Canada. I submit that when the minister suggests he wants the CTC to regulate these operations, he really is saying there will be no regulation at all. I suggest that the record of the Board of Transport Commissioners, the commission which preceded the CTC, the record of the CTC and of its highly