

employment and industry that that involves must have a very important part, although not perhaps as large as the economic effects which the government and parliament can play in the country; we are doing our part and I think we are doing a very substantial part from the point of view of one corporation.

The CHAIRMAN: We now have an answer to Mr. Smith's question. About 7,000 people are employed in construction.

*By Mr. Grills:*

Q. Supposing this bill is not passed, what percentage of those 7,000 people would likely be laid off work within the next six months?—A. 30 per cent.

*By Mr. Holowach:*

Q. I would like to ask a question following the reasoning of Mr. Stanton. I am concerned about the plight of the small and medium sized business in Canada. You will appreciate that there is a very dangerous trend developing in Canada with respect to mergers. Am I correct in assuming from your statement that this capital required, \$962 million, is not to be used, or is not being asked for the purpose of acquiring the existing assets of some of those smaller independent companies?—A. Well, sir, it is not being asked for that purpose, and we have no program or projects before us now for any such acquisitions. But I cannot assure you that if at some time in the near future some small telephone company starts going bankrupt and we are called upon by a provincial government to step in, that we won't have to do so.

Q. You yourself indicated that over the past five years you have acquired 40 independent smaller companies.—A. Yes sir.

Q. 40 seemed to me to be a very large number, and I just wanted to indicate a very dangerous trend with regard to mergers.—A. At least 17 of them were companies of which we owned the stock and had owned it for years before and we decided after careful economic examination that we could operate more effectively by taking them in as part of our system. Some of them were municipal telephone systems and the municipalities were very anxious to get rid of their telephone systems and get us in there to operate them. The Ontario telephone authority put on some pressure in certain cases for us to come in and buy, so that people in that locality could get telephone service. I do not think anybody can suggest, if he knows the facts, that we are trying to grab up small telephone systems. We do not want them. But in the interests of giving telephone service to Ontario and Quebec, and indirectly to the rest of Canada through long distance lines, we simply have to do it.

*By Hon. Mr. Marler:*

Q. How many telephone companies are there in Quebec? Have you any idea?—A. There are about 700 in Ontario and Quebec.

*By Mr. Holowach:*

Q. My second question deals with the substantial construction program. Is that program to be confined to the provinces of Ontario and Quebec?—A. Yes sir.

Q. I have one further question: with respect to the \$962 million. Is that amount to be met by the issue of capital stock?—A. No. \$962 million is the total expenditure and I said that we would raise about 60 per cent by capital stock, 40 per cent by debt, and that we would make up the rest of that \$962 million from our internal resources.

Q. I wondered if you could give us some information with respect to the depreciation which has been piled on, let us say, during the past five years?