

I think it will interest this house to know that the Bell Telephone Company is doing well. I hope that it continues to do well. I will quote from an article on the financial page of the *Montreal Gazette* of October 31. I gather that, the market being what it is, everybody is reading the financial page of newspapers these days. The article reads:

BELL TELEPHONE PROFIT UP ONE PER CENT IN QUARTER,  
SIX PER CENT TO DATE

Though operating expenses and other charges rose at a somewhat greater rate than the gains in operating revenues and other income, net profit of the Bell Telephone Company of Canada in the first three or four months of this year increased by \$1.6 million, or 6 per cent, as shown above.

I bring this to the attention of the house because the rates have constantly increased. I cannot recall a reduction of rates, either voluntary or ordered. I have been led to believe that mass consumption or mass services and mass production usually lower the cost to the consumer. I wonder if we now must believe that that is true only in the competitive field. I wonder what the situation would be if the company had to meet competition to expand marketing opportunities. If it had to show more aggressiveness, would the story be different?

The Consumers Gas Company of Toronto, a very large corporation, has taken a somewhat different course. It needed expanded markets and it had to meet aggressive competition. Its rates, mind you, are set by the Ontario Fuel Board. Yet in Toronto, Ottawa, Brockville, Lindsay and other Ontario municipalities the company voluntarily reduced its rates on February 1, 1955, by \$2.5 million per year; on October 1, 1955, by \$550,000 a year; on October 15, 1956, by \$1 million per year; on September 30, 1957, by \$1 million per year,—a \$5 million reduction of rates in 31 months. So, in these energy-short fuel markets, prices in a competitive field were reduced.

**Hon. Mr. Hayden:** Because of natural gas.

**Hon. Mr. Croll:** It has not come in yet, and is not likely to be here for a year; yet the company started to reduce rates in 1955. The point is, it expects a certain amount of competition.

Our experience with monopolies and combines has not been good. There is, for all to see, a record of investigations, reports and prosecutions which indicates that we have required continuous tightening-up of the Combines Act, with increasing penalties. The corporations involved are many, responsible and respectable, the list of whose boards of directors reads like *Who's Who*, but who do not mind doing a little price fixing and trade regulating if it pays. Can one wonder that

the public are suspicious of a million-dollar corporation, and downright distrustful of a billion-dollar corporation?

It is eminently true that there are in this house a large number of honourable senators who can read and evaluate the implications of a financial statement. It is an achievement which I should like to share. As a matter of fact there are far more members of this house who can appreciate a financial statement than there are in the House of Commons, yet often after only two or three hours of unrecorded evidence before a Senate committee an important matter is disposed of, though I readily admit there is every opportunity to ask questions, and if they are asked, the answers are given. I always have the feeling that we really know very little about these great corporations, their corporate structure and their interlocking directorates. We deal with them piecemeal, one at a time, in air-tight compartments. We never see the overall picture. How can one say anything fruitful after such a quick capsule education?

Take a case in point, the pipe lines. They obtained charters from Parliament. We hear of profits that are described as amazing, as an avalanche of profits. We hear talk of watered stocks and other machinations, and that they are building private corporate empires. These same men who came before us last year and the year before are being referred to by responsible Canadians as buccaneers. If they are, we made this possible by giving them a licence to go free-wheeling in the economic world.

Honourable senators, I have here a clipping from the *Winnipeg Free Press* under date of October 31. It is rather long but I feel I must read it in order to give you the whole picture:

The public works committee of Winnipeg City Council wants the provincial Government to break the monopoly power held by the Winnipeg and Central Gas Company.

I quote from further on:

Gas pipeline companies are showing ominous signs of behaving as the equivalent in these times of the railroad barons of an earlier generation.

I quote again from further on:

A pipeline company has to have a franchise and it needs a lot of capital. Having once got its franchise and its capital, it may feel itself in an impregnable position to exploit the advantages of monopoly and make a mockery of the utility-board type of control.

The worst example comes from British Columbia. There the pipeline company, Westcoast Transmission, appears to be on very friendly terms with the Social Credit Government of Mr. Bennett. It is a peculiar set-up. Westcoast has a licence to sell gas at the border to a U.S. firm, Pacific Northwest Pipeline Company. Pacific Northwest owns, through a trustee—J. P. Morgan Inc.—the largest block—nearly a quarter—of the shares of Westcoast. Pacific Northwest is itself controlled by El Paso