

am definitely positive that they did not interpret it that way; and I would go further than that and if you or Mr. Green representing the city of Vancouver would care to talk to these people, I think that could be done.

Mr. CRUICKSHANK: Might I ask Major Hamilton if the city council would not understand it that way? Provision was to be made that no application for an increase of rate on account of this additional capital would be made, according to Hansard at page 3124, where it says:

Provision to be made that no application for an increase of rate to be based upon any increase of the capital stock authorized.

Now, that was given to us by the sponsor of the bill. Surely that is plain English. I want to make that perfectly clear. There is no question about what city council understood or did not understand—provision to be made that no application for an increase of rate to be based upon any increase of the capital stock authorized. I think that is quite clear plain English and should be sufficient for anyone. Was that not the undertaking given?

Hon. Mr. HOWE: Perhaps the provision is not quite clear—

Mr. CRUICKSHANK: Pardon me, Mr. Chairman, am I not entitled to an answer?

Hon. Mr. HOWE: Yes, but I just wanted to sum it up; I mean, I have not been following this very closely, but the position I think is this: a telephone company is a natural monopoly. It is to the benefit of the citizens of Vancouver that there be one telephone company serving Vancouver instead of two. Being a natural monopoly this company is regulated by the Board of Transport Commissioners to make sure that its duties are carried out and it has duties as well as privileges through being a natural monopoly; its duty is to give service to the citizens of Vancouver. If there is a large increase in the volume of business the company, as I see it, is bound to give adequate service to those people. This suggested expansion is an important factor in the extension of the telephone service. There are no telephone services to the Department of Munitions and Supply in Vancouver directly, nevertheless, big plants are being built in Vancouver and they are being operated for us by industrial companies, and these plants are served by telephone and it is important to us that they be served by telephone. Some of the new fortifications along the coast need telephone service, and I think it is important that this service should be available, and I think obviously the extension of these services will be incidental to the change in the war status. The point at issue seems to be whether capital raised as a result of this authorization will be any different from any other capital that the firm has. In the first place, this authorization merely allows the company to go to the Board of Transport Commissioners and make a case for being allowed to put additional capital into the business by the sale of stock, and it is the duty of the Board of Transport Commissioners to make sure that any capital put into the business in that way is used wisely. Now, the point at issue I think is this: I think Major Hamilton has the right to say that the authorization of stock would not be used as a rate factor, and logically it could not be used in that way; the only increase in rate that would be granted by the Board of Transport Commissioners would be based on the actual money used in the business; but I think that it is going to be difficult to distinguish the money used in this business as a result of this bill from money that has been put in the business previously in a similar way through the sale of stock. It is my understanding that the suggestion of Mr. MacInnis is that this money put in as a result of the sale of this stock be ear-marked and excluded in the case of any further adjustment of rates. I think if things go on as they are and if it all remains stable and Major Hamilton's statement is correct that the extensions now being put in will be covered by the rates now being charged and there