

Mr. HOWE: Yes; that is the thought I have in mind. I may say that I have made no particular study of this situation; I have drawn on what I have learned of the telephone business generally during the past few years. I had that particular case drawn to my attention because someone was discussing it a short time ago, but I am not attempting to lay down any doctrine of telephone engineering. Since the hon. member for Quebec-Montmorency has made rather a serious attack on the telephone company, however, I just wish to point out that there is a basis of reason in the attitude of the company, and that possibly while some business people in a zoned area find their telephones more expensive because they are in that area, there are many ordinary residence telephones which enjoy lower rates due to the fact that they are located in the zone rather than connected with the main exchange.

I think that on the whole, in giving Canada an efficient telephone service at reasonable cost, the Bell Telephone Company is doing a good job. We find that it is a progressive company. Recently in the city of Ottawa it has changed over from manually operated to automatic phones, and in all parts of Canada we find it constantly improving its technique. Some time ago a new process developed which multiplied by four the number of messages the company is able to send over a single wire. Automatically and very quickly thereafter long distance tolls were reduced.

The close connection between the Bell Telephone Company and the Northern Electric Company has been referred to. I think neither company would attempt for a moment to disguise the fact that the Northern Electric Company is a subsidiary of the Bell Telephone Company. I see nothing improper in that relationship. The telephone company uses about ninety per cent of the telephone and other equipment manufactured by the Northern Electric Company. The close association between the two companies permits the telephone company to buy its equipment at or near manufacturing costs, and the close connection between the Northern Electric Company and the Western Electric Company, which manufactures for the American telephone company, allows an interchange of patents and a general collaboration in connection with inventive work.

I believe that in a discussion of the operation of a highly specialized business, such as the telephone business, where the public benefits from the fact that one company controls all telephones, the operating company should not be condemned solely because it is a monopoly. But I believe that it becomes the duty of the state to apply every

legitimate form of regulation to the company, and to take full power to review its rate making, in every particular. For that reason I believe the bill is desirable, and I therefore suggest that the bill be given second reading, and referred to the committee of the whole house.

Mr. CHURCH: In attempting to clarify the present jurisdiction of the Board of Railway Commissioners for Canada, does not the present bill in effect overrule the decision of the board in the case of Quebec-Montmorency Chamber of Commerce v. Bell Telephone Company? In attempting to clarify the jurisdiction of the board, does not the proposed bill, ipso facto, overrule the board?

Mr. HOWE: I would hardly think that is so. I am not very familiar with the Loretteville case, but my understanding is that the board were asked to give a ruling on a matter having to do with rate charges in a zone outside the city of Quebec. I believe the board stated that its jurisdiction under the act did not extend to the type of decision it was then asked to make. The bill purports simply to enlarge the act under which the board operates, and to make it clear that the board has jurisdiction as set out in the act. The position will be that if the board goes back to Loretteville it may consider the case, as it will have ample authority to consider the case to which it felt formerly that its jurisdiction did not extend.

Mr. MacNICOL: Before the minister takes his seat, may I ask him if, before the Bell Telephone Company was committed to issue the new tolls for services between Toronto and Weston, those new tolls and service charges were reviewed by the government, through the board which has control over the Bell Telephone Company?

Mr. HOWE: In a discussion of the matter with Mr. Campbell, the rate authority of the railway board, he mentioned that the proposal had been brought before him, and that he was now studying it. I believe I can tell the hon. member for Davenport (Mr. MacNicol) that before those tolls are put into force they will be reviewed by the board of railway commissioners. I think it is quite possible that a public hearing will be held at which representations can be made.

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, may I call the minister's attention to what I have always considered an injustice in connection with rural telephone lines connected with the Bell Telephone Company. The Bell Telephone Company charge to the rural company the long distance calls originating from rural lines. They send their bills in