

With regard to the point raised by the Minister of Munitions and Supply, Mr. Howe, that we try to differentiate between capital subscribed at two different times, may I say that obviously that would be impossible. There can be no such differentiation, and really it is a matter of time. When Major Hamilton gave this undertaking, he could not give an undertaking over a long period of years, for the next 25 years or so, but he did give an undertaking for a certain time—I would take it to be for possibly a year, although it might not be that. In any case reasonable people will have to deal with things as they develop and if there are unforeseen circumstances that would unduly increase the cost, then we will be compelled to take those factors into consideration. I should like to know exactly what is meant by this letter. If it does not mean that the authorized capital would not be used as a basis for asking for an increase in rates, it does not mean a thing, it does not mean anything; and Major Hamilton knew that when he wrote the letter. If it means something, then it means that when that capital is issued in whole or in part, it will not be used as a basis for asking for increased rates.

The ACTING CHAIRMAN: Major Hamilton has answered that question. He may not have answered it to your satisfaction, but I think you asked it in two different ways and he has answered it.

Mr. CRUICKSHANK: Mr. Chairman, might I have an answer to my question?

The ACTING CHAIRMAN: The minister has answered your question.

Mr. CRUICKSHANK: I beg your pardon, Mr. Chairman, I asked Major Hamilton the question.

Mr. MACINNIS: Would Major Hamilton give this answer again?

Mr. HAMILTON: I think that Mr. MacInnis in his statement now said that three or four, five or ten years from now, if there is such a drastic change in conditions, reasonable consideration should be given to the company to carry on its operations, and that any plant and equipment used and useful in the service of the public should be given reasonable consideration in a return to the company as at that time. Did you make that statement?

Mr. MACINNIS: Yes. I am opposed in principle to private ownership of such businesses as the B. C. telephone, but as long as we allow such ownership, reasonable means of operation must be allowed.

Mr. HAMILTON: If that is your understanding of what the undertaking was that was given by the sponsor of the bill, then that is also my understanding.

Mr. MACINNIS: Yes, but what was the meaning of this letter? What did it mean in the matter of rates? What assurance does it give in the matter of rates? Did it give any?

Mr. HAMILTON: When I discussed that with the city authorities I asked them, "What type of letter do you want?" I drafted up the letter and sent the letter up to the city for them to alter it in any way in so far as their understanding of this question was. That is the letter that was approved by the council or by the city, and also the other party who is raising the question, the *Vancouver Daily Province*. Now, I did ask them this question: Do you interpret that to mean that any additional moneys put into this company to meet public demand—properly put in under existing tariffs, and so forth, and after permission and approval of the city and other authorities who have full knowledge of what has been done—that such additional capital should not be given fair consideration when conditions over which the company has no control arise, such as the devaluation of your dollar, as the minister put it, from a dollar to fifty cents; that any consideration to be given by the regulatory authorities should not be taken into consideration? And they said, "Not by any means, no; that is not the understanding". And that is exactly in line with the statement that was made by Mr. MacInnis.