

Supply—Secretary of State

throughout Canada, but lost the contract to the Bell Telephone Company of Canada in the summer of 1961? It will interest hon. members to know that in Newfoundland the Canadian National Railways is the only medium by which sound can be provided to radio stations. In the Yukon and in the area from Grande Prairie to Whitehorse and the north the C.N.R. have the only lines available for the carriage of radio sound to the station connections up there.

Hon. members will be interested to learn I am certain that this is the first time this matter has been dragged out into the open, because you simply must not talk about the C.B.C. as it involves freedom of the press. In 1962 the contract ran out and bids were called for from the combined railways who had been providing this service, as I say, for 30 years. They were advised on August 18, 1961 that the railway contract would not be renewed. It had been picked up by the Bell Telephone Company of Canada. The two railway companies were somewhat surprised at this, and who can blame them? Here was the C.B.C., a government crown corporation, giving a contract to a private organization, although the Canadian National Railways is supposed to be government-owned. The Canadian Pacific Railway and Canadian National inquired into the matter and found that the bid of the Bell Telephone Company was approximately 25 per cent lower than they had been able to bid. All they had was their 30 years experience. Is the management of the Canadian National Railways and the management of the Canadian Pacific Railway so inefficient that they do not know their costs after 30 years experience? The Bell Telephone put in a tender which was 25 per cent lower than the tender of the railway companies.

I have a letter here under date August 30, 1961. You know, Mr. Chairman, how long it took me to get this letter from the government files. I tried to get it a year ago, but I was, shall I say, smiled upon and snickered at. I remember Mr. Halpenny, the secretary of state at the time, thinking it a great joke. The week before Christmas he asked me whether I would mind waiting a week so he could produce the letter, and I was so dumb he thought, I did not realize Christmas was the next week and I said that I had no objection. There was loud laughter in the house. This fall I tried to get the paper, and I got it last week. I knew what was in it before I got it, but I want to read the official government record. The letter was addressed to the Hon. Leon Balcer, Q.C., M.P., who was minister of transport, and it was signed by Mr. R. A. Emerson, for the chairman and president of the Canadian Pacific Railway Company and by Donald Gordon, chairman and

[Mr. Cowan.]

president of Canadian National Railways. I want to read two paragraphs. The writers of the letters were, of course, upset at losing this contract to the Bell, and they write:

Assuming that it is in the national interest to maintain competition in the communications industry, we think you will agree that such competition cannot be preserved if one group is permitted to quote depressed rates in the competitive situation and to obtain recompense through higher rates for other services.

Public long distance telephone rates in Canada are 50 per cent or more above comparable rates in the United States which are regulated by the federal communications commission.

Hon. members will be interested to note that this was the answer which was received from Mr. Balcer:

I have read the letter dated August 30 which you sent me jointly with the president of the Canadian National Railway dealing with the subject of transcontinental communications.

I will be glad to see that the communication is brought to the attention of the appropriate officials in the department.

I am sending a similar letter to the president of the C.N.R.

Yours very truly,
Leon Balcer.

This is a carbon copy of the letter to Mr. Crump.

That was on September 8, 1961, and this is December 21, 1963. That is the last that the presidents of the C.N.R. and the C.P.R. heard about the situation where an organization comes in and, in a competitive situation, quotes a rate knowing it can recoup its losses on long distance or local calls. But the contract had been awarded to the Bell company. When they tendered on the prime contract they had to service Newfoundland and the Yukon—and there was only one organization which could do both, or either, and that was the C.N.R. Only after it was announced that the C.N.R. and C.P.R. would not have the contracts for the radio stations did the Bell Telephone Company go to the C.N.R. and ask them how much they would want for those territorial services. What kind of a situation is that, when the tenderer puts in a figure and has not even spoken to the subcontractors? Another thing: the Bell Telephone Company did not pay the C.N.R. for three months, but after I put my question on the order paper for the production of this letter last fall the Bell Telephone Company paid the C.N.R. within 72 hours. I think it was only a coincidence; I would not like to think I could influence a big organization like that. But the C.N.R. had been waiting for payment for three months and I put a question on the order paper and they got paid in three days. I would point out that the charges of the Bell Telephone Company are considered right now in our cost of living index month