

*Imperial Cable Merger*

Mr. LAPOINTE: There was no private company operating between England and Australia, at least not with regard to the beam wireless.

Mr. HEAPS: There was a private company operating the cables, although a large amount of the stock was owned by the Australian government. The beam system, of course, was operated by the British Post Office Department; they were getting the profits and the private companies were losing money, so the companies said that unless some arrangement was made, they would be forced out of business, and they threatened the British government that they might have to sell out to American interests. That threat worked with the British government and apparently it has worked with the government here as well.

My friend the Minister of Justice says the system is entirely under British control, but I would venture to assert that this cable merger is at least one-third under foreign control at present. I do not think there can be any dispute as to that in view of the interlocking directorates which I discussed this afternoon. There are people of foreign extraction—whether or not they are British subjects I do not know—connected with this cable merger; American interests are interlocked with it and consequently I do not believe the idea that it is entirely under British control is entirely in accordance with the facts.

Mr. LAPOINTE: That is one of the conditions of the whole transaction, that British control shall be guaranteed.

Mr. HEAPS: Control may only mean 51 per cent of the total stock, a majority control rather than an absolute control.

Mr. LAPOINTE: More than that, there is a provision that in a time of emergency the government will be able to take over the whole system.

Mr. HEAPS: Does not the minister think that in view of what is involved in this question and in view of the importance of these communications in time of emergency, we should have had all this information before us in order at least to form an intelligent opinion? I may be wrong in some of the facts I stated but surely we can expect nothing else when no information is presented to the house.

Mr. NEILL: I have studied this question to quite an extent, and as far as I know the statement made by the Minister of Justice is substantially correct. We may be assured that the British government will take care to ensure British control of this system; we may

[Mr. Heaps.]

leave that to the British government, and I certainly understood that to be the arrangement. The fatal mistake was made when this Pacific cable board, under the direction of some gentleman in England quite unadapted to the position, to put it mildly, embarked on the project of duplicating the cable against the firm opposition of the Canadian government and of the then Postmaster General, Hon. Charles Murphy. Had his views prevailed at that time there is no doubt that we would not be in this position at present. At the very time when money was becoming available for distribution to the shareholders, so to speak, or the different portions of the British Empire, the board embarked upon this duplication of the cable in spite of the fact impressed upon them by the Canadian government that the beam system was just coming into operation, and certainly should have been tried out first. The result is that we have this white elephant on our hands, and I think the arrangement made by the different governments concerned is a good arrangement. The hon. member for North Winnipeg says there was a profit last year. That is so, but it was a diminishing profit; the full effect of the competition of beam wireless has not been felt as yet.

Then there is another element which would affect the situation further in future with regard to the competition of beam wireless. At present in the transmission of messages by beam wireless there is a condition called fading; at certain periods of the day which cannot be foreseen reception fades out entirely. The beam wireless people accept messages for Australia at the rate which would prevail if all the traffic were handled by the beam system; when this fading commences, in order to keep up their record for rapid delivery they turn over their business to the cable board at the full cable rate for the period of the fading. As a result the cable board makes a profit and the beam wireless company loses heavily on that particular business, because they must pay the full cable rate although they only receive the reduced wireless rate on the whole business. There is no question but that with the advance of science it will be only a short time before this fading will be overcome, and when that is accomplished the position of the cable board financially would be very poor indeed. So, if the Canadian government comes out of the business financially as well as the Minister of Justice says will be the case, with the protection of rates guaranteed by the British government, I think the best we can do is to accept the situation and the bill as it is presented here.