

that one cent more on the liability side would mean the company would have a deficit.

The president of the company, with his sense of humour, realizes that, sometimes, people will say the company is insolvent without having one cent more liability over its assets. If I understand what has been said by the president and by Mr. Munnoch to Mr. Hartt, the amount of approximately \$70,000,000 which may be spent in the coming years each year will be spent on capital expenditures and those capital expenditures will be a guarantee for the bondholders or those who buy stock. The same is true of the \$350,000,000 which the company wants to be authorized to acquire. Therefore, when the company has received authorization to borrow \$350,000,000 more, then the assets of the company will be \$350,000,000 larger. This has to be made clear so everybody understands the whole matter. The company may buy stock, too, although I do not know what the banks will think of it. However, that is the way it will go if parliament is willing to pass this bill.

Mr. MARIER: It will add to the protection of the bondholders.

Mr. POULIOT: Surely, the capital expenditure, provided it is made wisely, affords security and a guarantee to the bondholder. That being made clear, I want to know a little more about the future expenditures of the company to serve future needs. There have been many requests for new telephones and the company envisages the possibility of granting the requests of new subscribers; that is that.

Now, there is something else I wish to say and that is that the telephone system is not in the same condition everywhere. I wonder if the company has secured accurate reports about the deficiency of the system in certain parts of the country?

Mr. JOHNSON: Do you mean of our own service, sir?

Mr. POULIOT: Yes, sir, within your system.

Mr. JOHNSON: Well, we do not profess to be perfect. We do know, in certain spots of our territory, perhaps, the service may not be as good as in others. Wherever those cases come to our notice we take, I think and I hope, prompt steps to see that the service is brought up to the grade we consider acceptable and desirable. I do not know what particular part of the country you have in mind.

Mr. POULIOT: I will tell you in due course. You see, we are here to settle our business and it is easy to do so. I will tell you that there is discrimination against the rural centres and I will give you an example which dates back to the Christmas before last. I have a brother in Mexico whom I have not seen for many years. On Christmas eve I called the long distance telephone operator in Quebec and asked to speak to my brother in Mexico and I asked to speak to him at 12 o'clock noon. I was informed that the call was placed for 12 o'clock noon and I stayed in the house until 12 o'clock midnight as did my brother in Mexico, both of us waiting for the call. We could not speak to each other and we were told that there was a large number of calls in the city of New York and that Canada came afterwards. That is one example I give because I happened to witness it. A friend of mine who lives in Ottawa, and whom Mr. MacTavish knows very well, one day was in Matane and he called his daughter somewhere in New England and he could not get her that day. Those are just a few instances of the troubles we have in the rural parts. I have not had the privilege of meeting you before, sir, and I want to bring this to your attention. I know there are some other members of parliament that will come to my rescue and support what I say.

I give you that information before asking a few questions about matters which I desire information. I want to tell you that in Riviere du Loup the system is so old-fashioned that we hear the operator repeat the number—for