

Mr. HATFIELD: I have no objection to an increase in the capital or getting more money, but I do object to the way they are doing it. I think if they sell \$175,000,000 worth of stock then they should be able to sell \$175,000,000 worth of bonds at 3 per cent and not tax the users of the telephones. I should like to ask on what basis did you intend to sell this stock when you made this application? Did you intend to sell it at par, \$100 a share, or at the market price, \$162?

Mr. MUNNOCH: We expect to sell it at the best price we can get that the Board of Transport Commissioners will approve.

Mr. HATFIELD: But how much money? You must have some idea what you are going to sell it for.

Mr. MUNNOCH: We do not know what the market is going to be, sir.

Mr. HATFIELD: You know what the market is today.

Mr. MUNNOCH: We know what it is today, but we do not know what it will be when we go to sell this stock. We are not going to sell it all at once.

Mr. HATFIELD: I should like to ask you what guarantee this parliament has that you will not go down into some province and try to get control of some other telephone company the way you did in the 30's in New Brunswick. You sent a man down to New Brunswick to try to get control of the New Brunswick Telephone Company. You got 48 per cent of the stock. You raised the stock from \$12 a share to \$20 a share, and then you stopped. What guarantee have we got that this money is not going to be used for that purpose?

Mr. MUNNOCH: In the first place, the construction program that we foresee and for which we hope to get this amount of money is for our own system as now extending in the provinces of Quebec and Ontario. Now, the other question as to the price of stock in New Brunswick—we did not fix that price; it is the investors who bid for the stock who fixed the price.

Mr. HATFIELD: You paid for the stock. You had a man down there to buy the majority of the stock. You said before the adjournment that you did not want a monopoly. When you were authorized—the last authorization you got from the Board of Transport Commissioners in the thirties—you used the money for that purpose, to buy a monopoly and monopolize the New Brunswick Telephone Company. You got a monopoly in that stock.

Mr. JAENICKE: He should know that. How did you buy that interest in this company?

Mr. HATFIELD: I am quite aware of how you did it. I know the man who purchased the stock—his authority.

Mr. MUNNOCH: Well, at page 2 of our brief, sometime back in the early 1900's, about 1890, I think it was, we had a pretty full control in the province of New Brunswick and we sold out our interest to the New Brunswick Telephone Company. It is true we retained some stock.

Mr. HATFIELD: You bought it back in 1930?

Mr. JOHNSTON: It was 1929 or 1930; there was some stock bought. We were always stockholders of the New Brunswick Telephone Company as the result of our sale of the property in 1889 or 1896 when the New Brunswick Telephone Company Stock was bought at various times, and I think some was bought in 1930, which increased the amount of stock we already had.

Mr. HATFIELD: You authorized a man to buy it in to get control of the New Brunswick Telephone Company. I know the man. He has now passed away and I cannot bring him here to give evidence. He told me all about it. I sold my stock after it got up to \$20. Why did you do that? You said you did not want to have a monopoly.