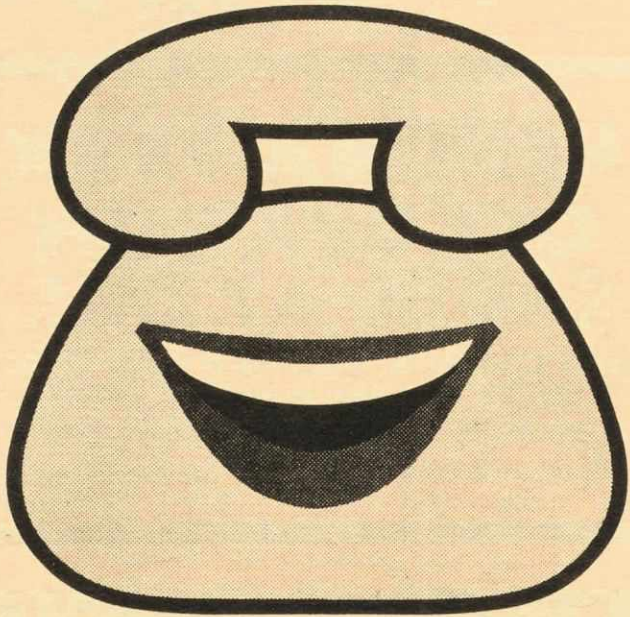


# Bell Raises Rates Again



The federal cabinet has agreed that consumers should pay more to use Bell Telephones and some groups aren't happy about it.

Communications Minister Gerard Pelletier announced September sixth, that the price increases granted to Bell Canada by the Canadian Transport Commission (CTC) would be allowed by the government. The increased rates on a wide range of services will supply the company with approximately \$50 million in additional revenue in 1974.

Bell Canada applied to the CTC for rate increases in August of 1973, but it was not until August 16, 1974 that the commission granted most of Bell's requests. At the same time the commission granted Bell the right to raise its rates in the future without going through public hearings or any regulatory agency. These rate increases were to be as responses to "inflationary cost increases."

Communications Minister Pelletier said that the cabinet had "noted with interest" the proposal that Bell should be

able to raise their prices based on cost increases, but that they would not allow the implementation of a rate adjustment formula at this time.

Under the new rates the cost of basic residential service will be increased 10 cents a month, while the use of directory assistance will now cost 25 cents for numbers listed in the phone book. The cost of pay phones will also be increased to 20 cents effective September 15.

Bell asked for the increases because they said the money was needed to make their stock more attractive to investors. This, they said, would give them the new investment needed for capital expansion.

In their report the CTC said "We believe it is in the interests of Bell's subscribers and the public, that every effort should be made to make the common stock more attractive."

The federal government also agreed that more money was needed for this purpose. Because of the need for new construction, Pelletier said "during periods of rapid inflation in which costs, including costs of capital are rising, the possibility of the need for periodic rate adjustments is understandable."

Bell Canada President Jean de Grandpre called the government's stand on the increases "an enlightened view of the total situation."

Quebec Communications Minister Jean-Paul L'Allier, however, said that the federal government's decision to uphold the rate increases was "just as deceiving, unjustified and contradictory as the Canadian Transport Commission's own decision was."

In a statement L'Allier said the federal government should have taken into consideration the real earnings of the telephone company, which he said did not correspond to the rate increase granted.

He said Bell had under? estimated its earnings by \$12 million in the first five months of 1974, and if the trend continued the company would have earned \$28.8 million more than forecast by the end of the year.

In defence of the rate increase, Pelletier said that Bell's rate of return on invested capital is acceptable despite extraordinary profit increases over the last year. He also described the increases granted as being "rather modest".

Several presentations opposing the increases were made to the CTC. While the province of Quebec called no expert witnesses before the Commission, the province of Ontario and the Association of Municipalities of Ontario each called one. The Consumers Association of Canada called four expert witnesses including economists and an expert in the field of capital cost.

Since the need for increases was based on the need for the company to sell more shares to raise capital, the need to raise capital by selling shares was questioned. Consolidated profit of Bell Canada increased by 72 per cent in the second quarter of 1974 to \$63.4 million, up from \$36.9 million for the same period last year.

Bell's figures for second quarter profits were a week late, but a Bell spokesman denied that the delay was related to the announcement a week before that the CTC had agreed to rate hikes.

The Consumers Association also questioned whether individual telephone users were subsidizing business communication. While Bell has a monopoly of basic telephone use in many areas, it competes for business communication with such companies as CN-CP Telex, etc., and as such might try to use profits from its telephone monopoly

to keep its business rates down.

While granting rate increases immediately, the CTC deferred this question until a cost study the commission is working on is completed.

Within hours of the announcement of the increases, many Canadian groups were protesting the move. The Canadian Labour Congress, representing 1.9 million organized workers in Canada, issued a statement calling for the immediate nationalization of Bell Canada. The CLC statement also called for a boycott of 20 cent pay phones which it called the most expensive in North America.

Julien Major, the Canadian Labour Congress Executive Vice-President, said, "The latest increase only confirms our previous contention that there is no place in the Canadian economy for a private telephone company, for it leads to the accumulation of economic power in private hands which in the end is only responsible to itself."

National Farmers Union President Roy Atkinson, termed the rate increases "irresponsible" in a prepared statement on August 23, and also called for the nationalization of Bell Canada.

Mr. Atkinson expressed concern that the CTC, which he said is charged with protecting the public interest, had capitulated to Bell's massive propaganda campaign.

Bell, he said, in 1974 ranked fifth in revenue among Canada's top 100 corporations, third in net income and first in total assets which are now over \$5.1 billion.

Andrew Roman, counsel for the Consumers Association of Canada, said that the decision amounts to a "guaranteed annual income" for Bell Canada while it is denied to "most Canadians in these inflationary times."

Most groups, including the federal NDP, called the increases inflationary and urged the federal government to disallow them. This was done in 1973 because of a loud and sustained outcry over proposed increases. The minority liberal government at the time felt compelled to review the decision to prevent a parliamentary upset.

Bell Canada -services Ontario, Quebec and part of Newfoundland, comprising half the population of Canada. The policies set now will affect future applications by Maritime and British Columbia telephone companies.

## ATTENTION

### ALL SOCIETIES , CLUBS AND ORGANIZATIONS

who wish to be under the auspices  
of the Student Union

must register a Constitution (for the organization) ,

a list of officers and their addresses

by October 4 1974

This is needed for Grants, Ratings and Bookings.

**For Further Information**

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