

Bell Canada Act

lose money. Lo and behold, the money-losing part will be the part for which Bell was originally created and through which it has made millions and millions of dollars of profit. Throughout its history Bell has charged its consumers sufficiently high rates to make very substantial profits. It invested much of those profits in subsidiary corporations which were developing new technology in telecommunications. It is now investing in companies which have nothing to do with telecommunications at all. For example, Consumers Gas, which supplies a large part of southern Ontario with gas, is now part of a telephone company. Bell has made such investments because it is no longer seriously interested in communications. It is now an investment company first and foremost. If Daon, the real estate conglomerate in western Canada, produces a higher rate of return than telephone services, money is spent on inflating the value of real estate in Vancouver and other parts of western Canada through Daon.

We have always been told that the hard-working entrepreneur labours early and late to make a better mouse trap. People beat a path to his door to buy his mouse traps. He saves a little money from the proceeds and with that makes even better mouse traps. Hence, more people come to his door and he makes more money. That is not the story of Bell Telephone. Now that Bell has captured a large part of the telephone market, it does not really care whether or not many of its customers get service.

Many of us have experienced the result of that change of attitude. Twenty or 30 years ago Bell Telephone was falling over itself to please us, offering better telephones, better repair services, better this, that, and the next thing. Those days are gone. If you want your telephone repaired today you must bring it to the Telephone Centre. They do not bother sending a repairman to see what is wrong with the equipment which they own, operate and which they installed and from which they get the profit. Bell does not want to be bothered to provide the service it used to provide, for which service the customers are still paying.

The service part of the Bell empire will be hived off and called the regulated company. Consumers will still be able to argue with the CRTC about whether Bell is giving the service it is required to give under the law and for which it is paid. The money which Bell has drawn out, and probably will continue to draw out, from the service portion of its empire will continue to be invested in other areas which may or may not be part of the telecommunications industry. We may or may not know about it. The fact is that the unregulated part of Bell will be unregulated. Bell will be able to do whatever it pleases with its profits.

As a matter of fact, this reorganization took place three years ago. If people on the street want to change a law, they must change it before doing whatever they want to do under the changed law. We cannot break the law and have the law changed later to cover us. However, the rules are the opposite for multibillion dollar companies like Bell. They can make the change first and then the Government will consider passing a

law to legalize what they have done. Here in Parliament we are being asked to legalize the change which Bell made about three years ago. It separated the basic service on which it made its millions from the subsidiaries from which it expects to make more billions of dollars.

The reorganization went into effect on April 28, 1983. At that time Bell only hinted at future increases. On July 27, 1983, Bell reported a 40 per cent increase in profits for its first quarter as an unregulated holding company. The new system allowed Bell's profits to jump by 40 per cent in three months. There is nothing the consumer can do to get fairer telephone rates because that part of the Bell enterprise has been unregulated for over three years.

Bell developed a manufacturing company which has gone by several names including Northern Telecom and Bell Northern. Northern Telecom did some research into new systems of telecommunication. Although Bell Canada was very rich, it did not want to pay for the research. Instead, it got grants from the federal Government to subsidize the research. Some very good and popular developments resulted. Northern Telecom and Bell Canada are now reaping the profits of the discoveries paid for by the Canadian people. They are not even keeping the jobs in Canada. For example, in the period from 1976 to 1985, Northern Telecom's workforce in the United States grew from 3,000 people to 19,000 people. In other words, 16,000 new jobs were created in the United States thanks to the taxpayers of Canada who subsidized those new inventions.

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Bell does not want to return to the working people of Canada the benefit of the money that the working people of Canada gave to Bell through their taxes. In other words, we cannot even rely on this new reorganized outfit to do useful research. There is a lot of talk about tax breaks to these companies for research and development. Even if Bell does the research through one of its subsidiaries, it will not necessarily give the benefit of that research to Canada.

There is a further problem. Ma Bell has not been the best of employers over the years and decades.

Mr. Malone: How would you know?

Mr. Heap: An Hon. Member asks how I would know. It happens that my wife and a number of my friends have worked for Bell Telephone and I know the kinds of conditions under which they worked. I suggested that Ma Bell has not been a good employer over the past years and decades. It has improved somewhat recently because a real union, the communication workers union, has organized some of the employees. The communications workers union has been very successful in the last few years in winning the support, the free choice of many of the workers at Bell Canada, and the auto workers union has been successful in winning many of the votes in Northern Telecom. However, with this new deregulation and new reorganization, Bell Telephone will be able to