

Bell Canada Act

that the arrangement is just and reasonable for the shareholders of Bell since it was approved by an overwhelming majority. The federal Government appealed this decision. Bell won the appeal in the Quebec Court of Appeal on March 25, 1983.

On April 18, 1983, CRTC investigations and hearings produced a 105-page report with recommendations, some of which appear in this Bill. Significantly, however, the regulation most necessary as a check against Bell Canada Enterprises was a minority shareholding in Bell Canada which is now 100 per cent owned by Bell Canada Enterprises. To the CRTC, this would be a "significant incentive" to conduct company affairs in the best interests of both subscribers and shareholders.

Hon. Members will understand that the creation of minority shareholders is a very commonly used device to ensure that certain interests are protected and are not ignored by a single shareholder. That recommendation was not included in the old Bill C-19 nor is it included in Bill C-13 which is before us now. In fact, the CRTC said that it should not be included in the immediate future.

Also omitted from the legislation were the arguments put forward at the CRTC hearings by consumers' organizations and particularly the Consumers' Association of Canada for some disposition of the capital gains which Bell had acquired as a federally chartered telephone monopoly. This is an extremely important matter when considering the amount of money that is at stake here. The CRTC had calculated the capital gains from the sale of Bell owned provincial telephone companies and Northern Telecom to Bell Canada Enterprises at \$560 million. The Consumers' Association of Canada felt that \$200 million should be returned to telephone subscribers. The value of these investments had quadrupled from an historical cost of \$440 million. However, the CRTC saw no reason for subscribers to share in the capital gains realized by Bell, although obviously it was the fees paid by subscribers that made it possible for these capital gains to be realized.

Should this not be a consideration for us when looking at this Bill? Should the House not look at the public interest and the interest of subscribers? After all, the subscribers paid for the gains that were ultimately realized by the company. Should the Government not have a duty to protect the larger public interest when creating monopolies apparently in the public interest? Unfortunately, Government just turned aside and did not take its responsibilities here.

• (1710)

On April 21, 1983, having been defeated in the courts and having seen its own regulatory agency, the CRTC, accept the reorganization, the Liberal Government capitulated. It decided that it would not take any further court cases, and the restructuring would go ahead as Bell Canada wanted it. I cite the then Minister of Communications, Francis Fox, who said that because it has a favourable impact on the economy generally. In other words, what is good for Bell Canada is good for the country. However, he did not produce any evidence to

explain why this would be so, and why Bell Canada's profits should be considered apart from the interests of subscribers and the people who have been paying their bills and making their profits for them over the years.

The federal Government threw in the towel on the issue of whether a publicly fostered monopoly had an obligation to consumers. This again is very similar to the kinds of deals that the CPR got away with over the years. Now technology has changed, and it is not the railways which make these big profits. We are now in the telecommunications era and that is how it is being done. The principle is the same and it is a very bad principle.

On April 28, 1983 the Bell reorganization went into effect at the Bell annual meeting. The chairman of Bell hinted only at future rate increases. He did not want to appear too greedy at this point. He did not announce any specifically. The next announcement on July 27 was even better for Bell. The new company reported an increase in profits of 40 per cent for its first quarter as an unregulated holding company.

On the telephone subscribers side it has been very different. There has been a campaign for user-pay charges on local calls, and much higher basic telephone service rates combined with deregulation of long distance service. We cannot be at all complacent about what is going to happen to consumers. What has this Bell reorganization accomplished? Has it created more jobs? No. We know that takeovers do not create jobs. Sometimes they result in the elimination of jobs. Certainly in this case, Bell has actually cut jobs since 1980. Has it resulted in lower rates for telephone subscribers? Has it resulted in better service? Well, telephone rates have continued rise. There has not been any benefit to consumers as a result of the reorganization. Phone centres and increased service charges mean that a visit from the telephone repair or service man is a very expensive rarity. Bell is eliminating those jobs and eliminating services that it previously provided.

Has it created more research and development in Canada? That, at least, would be a significant improvement. We cannot say that that has happened. Telecommunications is an area in which Canada has shown a great deal of expertise. Yet, we have to be worried about losing an industry that we have made some contribution toward developing in earlier years. Northern Telecom's record in Canada in recent years is not good. Between 1976 and 1980 Northern Telecom's Canadian workforce declined, although company sales doubled. At the same time, Northern Telecom's U.S. workforce grew from about 3,000 people in 1976 to nearly 19,000 in 1985. Since the Canadian workforce is now about 23,000, there is strong speculation that this joint Bell Canada Enterprises and Bell Canada subsidiary is really headed for the U.S. Certainly we have had comment, speculation, and we have worries to the effect that we are going to be losing research and development in Canada in this area. That is hardly anything that the Government can be pleased about, and it ought to be considerably more worried about it.