In Mr. de Grandpré's words:

> Bell Canada will remain the regulated utility, and it will simplify the regulatory process. Under the old structure, Bell controlled about 80 different companies, regulated and non-regulated, leading to distortions.

Others thought differently, including Andrew Roman of the Public Interest Advocacy Centre. He said, "It's an ingenious scheme to avoid regulation", and, "In football terms, it's and end run again, but around the other end". Gordon Hutchison of the *Electronics Communicator* magazine said, "It's a recognition that Bell is really in the investment business not the telephone business". One of the greatest problems in this country is that too many companies are interested in investments, moving paper and making paper profits, rather than concentrating on developing and improving the businesses in which they are involved. In this case it is one of the most important businesses for the people of Canada—that of telecommunications.

Boris Mather, Chairman of the Canadian Federation of Communications Workers, expressed the opposition of the workers at Bell Canada in a letter to me. I know that the unions have made similar representations to the Government. In a letter dated February 6, 1985, he said:

> We are very much opposed to any form of splitting off unregulated subsidiaries of the telephone carriers to carry on competitive activities. We oppose that because "it lets the shark out of the cage".

In the same letter he said:

> —we strongly object to power being given to the Commission—

—The CRTC—

> —to establish separate subsidiaries to carry on activity previously done directly by the telephone company.

The Bell proposal, which essentially has been endorsed by the Government and the CRTC, was opposed by a large number of very important interest groups. But they lost the argument.

Bell Canada simply created Bell Canada Enterprises as its holding company, displacing Bell Canada. The profitable subsidiaries and the revenues for planned acquisitions went to the new company. Bell Canada became a regulated subsidiary with only three subsidiaries, a 30 per cent share of Bell Northern Research, and a 24.6 per cent share of Telesat Canada and Tele-Direct (Publications), a subsidiary to be transferred to Bell Canada Enterprises as soon as practicable.

The intent of Bell Canada was clearly to get the profitable parts away from Government regulation. In order to head off any interference, Bell referred the reorganization to the Quebec Superior Court.

Most Canadians are aware of how slow the court system proceeds when they have a problem, but that did not seem to affect Bell Canada adversely because, in barely two months, the Quebec Superior Court approved the Bell reorganization, rejecting a federal Government challenge that the planned reorganization required the approval of the supposed regulator, the CRTC. Judge Charles Gonthier, Justice of the Quebec Superior Court, said, "The arrangement is just and reasonable for the shareholders of Bell, since it was approved by an overwhelming majority".

The federal Government appealed, but Bell won the appeal in the Quebec Court of Appeal on March 25, 1983. Later I will show what that decision meant for Bell and the people of Canada.

On April 18, 1983, a CRTC investigation and hearing produced a 105-page report. Some of its recommendations, have been included in this Bill. Significantly, though, the recommendation most sought as a check against Bell Canada Enterprises was for a minority shareholding in Bell Canada which is now 100 per cent owned by Bell Canada Enterprises. According to the CRTC, this would be a significant incentive to conduct company affairs in the interest of both subscribers and shareholders. Creating minority shareholders is a well established device but one unacceptable to Bell. Therefore, that recommendation is not included in Bill C-19. In fact, the CRTC itself said that it should not be created in the immediate future.

Also omitted from this legislation were the very real arguments put forward at the CRTC hearings by the Consumers Association of Canada and others for some disposition of the capital gain which Bell had acquired as a federally chartered telephone monopoly. The CRTC had calculated the capital gain on the sale of Bell-owned provincial telephone companies and Northern Telecom to Bell Canada Enterprises as worth $560 million.

The Consumers Association of Canada proposed 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 gain realized by Bell. Should not the Government of Canada be ready to consider this issue now in Bill C-19? Do not all levels of Government have a duty to protect the larger public interest when they create monopolies in the public interest? It does not seem so in Bell's case and certainly not in the way the Government had dealt with Bell in this Bill.

On April 21, 1983, having been defeated in the courts and having seen its own regulatory agency accept the reorganization, the Liberal Government sued for peace. There would be no further court appeals and the restructuring should occur, according to the then Minister of Communications, Francis Fox, "because it has a favourable impact on the economy generally" Another way of saying this is, "What's good for Bell Canada is good for us", or in simpler terms, Francis Fox was saying in effect, "The public be damned".

The federal Conservative Government, through this Bill, has thrown in the towel on the issue of whether a publicly fostered monopoly had an obligation to protect consumers. We believe it does. It was similar in a very real way to letting the CPR go back on its statutory requirement for the Crow's Nest Pass freight rates in return for the huge land and mineral grants which it had received in western Canada. But at least CP had lived with the Crow rate until 1983. Bell got away with everything. Perhaps even worse was the absence of any gen-