

*Bell Canada Act*

capitulated to a large corporation which simply wants to bully its way through the courts and through Parliament in order to get what it wants.

The Bill before us would legalize the reorganization of Bell Canada. It is an example of how a corporation with a monopoly and guaranteed profits is allowed to spin off profits made in a regulated field into other areas and into other parts of its corporation. The Bill will permit Bell Canada to do in the 1980s what the CPR did earlier. The CPR became an enormously wealthy corporation and yet train service deteriorated. The public was not well served by it, yet corporate profits remained at an enormous level thanks to a privilege which it had as a monopoly.

● (1700)

I would like to review a bit of the history of this Bill. When the Bill first appeared as a Conservative Bill, it was tabled in the House by the former Minister on December 20, 1984. It was very similar to the Bill previously introduced by the Liberal Minister earlier that year.

It is worth noting that on May 10, 1984, the then Opposition House Leader wrote the Liberal House Leader urging him to split the old Bill C-20 into two Bills, one being called the Bell Canada Reorganization Act, an Act which could receive a quick second reading and referral to committee, according to the letter. When in Government, the Conservatives did exactly that. They split it into two Bills so they could sneak it through very quickly. However, they found a lot more opposition to it than they had anticipated but now the Bill is before us again.

At the beginning of a study of this Bill, a couple of points must be made. It is a short Bill. It does not deal with very much. Effectively, it outlines what already exists in regard to the regulation of Bell Canada. It is not what the CRTC, consumer groups and the former Government wanted. It is what Bell Canada wanted. It pushed and finally twisted enough arms to receive acceptance from Liberals and Conservatives. This shows what corporate power in Canada can do.

Bell Canada took on the CRTC, the Restrictive Trade Practices Commission, the Bureau of Competition Policy and any number of intervenors from consumer and public interest organizations. It fought them all. In the end, the Government backed off and the result is a Bill which only legislates what is already in place and allows Bell to join Canadian Pacific in being a major company which has prospered in a heavily protected government-created monopoly. Now it will be permitted to take the assets it gained thanks to that protection and use them as a basis for a diverse acquisition seeking conglomerate now known as Bell Canada Enterprises.

As much as anything else, this Bill suggests the Conservative trend to deregulation: let the public interest be damned and let companies get away with what they want. In this case, it is to take the money and run. Bell Canada will be free to do as it pleases in the market-place with assets that it acquired thanks to its monopoly status. The existing Bell telephone

service will remain under CRTC regulation but, and I stress this, without the important financial support which had provided cross-subsidization and had held down telephone rate increases. With increasing costs looming, we can expect increasing costs for basic telephone services.

I think we have to look at this Bill as being a failure in the development of public policy. It does not put the public, consumers and ordinary Canadians first. It would not have happened if we had a federal Government with a decent telecommunications policy and enough guts to take on Bell Canada and fight it in the public interest. That, I am afraid, we do not have. The Liberals did not want the Bill in the first place but capitulated. The Conservatives never put up a fight at all. Bell has managed to impose its corporate will on the country. It has got what it wants.

Let us look at how Bell has managed to do this. On June 24, 1982, Bell Canada announced a planned reorganization to create "a new, non-regulated parent company called Bell Canada Enterprises, Inc.". The Chairman, Mr. de Grandpré, described this as being a purification of Bell Canada's regulated activities. In his words, it would make the task of the CRTC easier by separating off Bell's regulated activity so the CRTC would not have to be bothered with all its other activities. He said that Bell Canada would remain the regulated utility but this reorganization would simplify the regulatory process. He said that under the old structure, Bell controlled about 80 different companies, regulated and non-regulated, leading to distortions. Of course, many Canadians did not agree with this and were concerned about the interests of consumers.

The spokesperson for the Public Interest Advocacy Centre said that this was an ingenious scheme to avoid regulation and that in football terms, it is an end-run again but around the other end. Other opponents of the legislation said that it was a recognition that Bell is really in the investment business, not the telephone business. Unfortunately, this has proven to be correct.

Bell Canada simply created Bell Canada Enterprises as its holding company, displacing Bell Canada. The profitable subsidiaries and the revenue for planned acquisitions went to Bell Canada Enterprises. Bell Canada became a regulated subsidiary with only three subsidiaries: a 30 per cent share in Bell Northern Research, a 24.6 per cent share in Telesat Canada and Tele-Direct (Publications), a subsidiary to be transferred to Bell Canada Enterprises as soon as practicable. The intent of all this is very clear. The intent is to get the profitable parts away from Government and from regulation.

To head off any interference, Bell referred the reorganization to the Quebec Superior Court. Courts can move very quickly. The law does not have to be slow. In barely two months after the referral, on September 24, 1982, the Quebec Superior Court approved the Bell Canada reorganization rejecting a federal Government challenge that the plan required the approval of the supposed regulator, the CRTC. Charles Gonthier, Justice of the Quebec Superior Court said