

*Bell Canada Act*

of telephones and telecommunications, we are permitting a major corporation to set the policy in reality rather than the Government. When the Government does bring down its telecommunications policy, it will find that the horse has been stolen before the Government has shut the barn door.

This Bill will legalize for Bell Canada what Bell Canada has done in recent years, and it will continue to permit Bell Canada to do even more of what it has done. We will see a repeat of what has happened in the last more than 100 years with the CPR.

I remind Members of Parliament that the CPR began as a proposal to build a railway from the Atlantic to the Pacific, to bind this country and the various regions, the then separate provinces and territories, into one country. Because there was not enough private capital to do that—it was too risky for private investors to put their money into building the railway because they were not certain that we would survive as a country or that they would make profits—they were induced, persuaded and cajoled into building the railway by grants by the then Canadian governments and subsequent Canadian governments of hundreds of millions of dollars and millions of acres of land. The railway operation controlled by the CP has been and is regulated.

● (1740)

Members of Parliament, especially those from slow growth areas, know how frequently the CPR has come to the Government of Canada or its regulatory agencies and made the case that it was losing money in the railway business by serving these areas. It received hundreds of millions of dollars in subsidies in this way. What the CPR does not say, what it does not want the Canadian people to think about, and what it does not want the regulatory agencies to look at, is that over the years it has expanded. It is no longer simply a railway company. It is now in the real estate business, the forest industry—

**Mr. McDermid:** So what? What is wrong with that? Don't you like successful Canadian companies?

**Mr. Orlikow:** I wish the Hon. Member would wait until I am finished. I would be very happy to answer any questions he may care to put. If he will listen for a couple of more minutes he will understand the point I am making.

CPR is in the forest industry, the real estate business and the mining business. How did that come about? It came about because of the land grants it got as a sweetener for building the railway. Those companies which the CPR controls, and there are dozens of them, are not regulated. The profits from those companies belong to CPR shareholders. The company does not want the people of Canada or our regulatory agencies to look at those profits which were based on the original land grants given to it by the Government of Canada. The company wants the people of Canada to look only at the railway operation which it says is losing money at this time. That is how it gets the subsidies.

That is precisely what Bell Canada proposes to do, will do and has already done to a certain extent, if we pass this Bill. Bell Canada was established to provide telephone service, as it does for almost all of the people and businesses in Quebec, Ontario and the Northwest Territories. Because it is a monopoly the rates are set after careful consideration by the regulatory agency, the CRTC. The profits Bell has made over the years have allowed it to grow to be one of the largest corporations in this country. Those profits accumulated from the monthly charges paid by subscribers, residential and business.

Bell used those profits to develop Northern Telecom, which has been an extremely aggressive company. It is one of the few companies in Canada to do a substantial amount of research. Yet Bell Canada has not been satisfied simply to control Northern Telecom. There is some rationale to this because Northern Telecom has developed products associated with the telecommunications industry. However, what Bell has done recently, and what it will be able to do even more successfully if and when we pass this Bill, is to spin off a whole series of companies which have no relationship to the telecommunications industry.

Let me just mention a few of the companies Bell now controls. It controls TransCanada PipeLines, Daon Development, one of the largest real estate developers in western Canada, and British American Bank Note Company. It purchased a year or so ago a large printing company in the U.S., Case-Hoyt. It purchased Comac Communications, Alphatex, and controls Ronalds Federated Ltd. Bell International is operating in Great Britain where it has made it very clear that it wants to do so without a union. We have to ask ourselves who benefits from this rapid growth of this giant conglomerate? It may be the shareholders who benefit, but what benefit is there to ordinary Canadians, particularly those who live in Ontario, Quebec and the Northwest Territories? It is their monthly payment for telephone services which enabled Bell to amass large profits and take control of these companies I have mentioned, and many more.

We have a right to ask Bell, and possibly other conglomerates if we have the opportunity, to answer some questions. Let me list some of the questions I think Bell should be asked to answer when it appears before the committee dealing with this Bill. We should get a list of the companies in which Bell has an equity position that gives it effective control of the company. When were those companies acquired? What was the price paid? What were the benefits to the company which led it to make these acquisitions? In other words, what were the tax benefits? We know, for example, that when Olympia & York took over Gulf Canada it used what has been described as the little Egypt bump and was able to avoid paying taxes of \$500 million. What benefit does Bell get when it makes these acquisitions? What benefits were paid to senior officers of the acquired companies?