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**THE CONTINENTALIZATION OF CANADIAN TELECOMMUNICATION POLICY:
REORGANIZING CONSENT AND INCREASING RESISTANCE**

by

VANDA RIDEOUT, B.A. Hons., M.A.

**A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of**

Doctor of Philosophy

Department of Sociology and Anthropology

Carleton University

Ottawa, Ontario

September 8, 1997

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and Research acceptance of the thesis

**The Continentalization of Canadian Telecommunication Policy:
Reorganizing Consent and Increasing Resistance**

submitted by Vanda Rideout, B.A., M.A.

in partial fulfilment of the requirements
for the degree of Doctor of Philosophy

Chair, Department of Sociology and Anthropology

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ABSTRACT

Canadian telecommunication policy changes that have occurred over the last twenty years are part of a broader shift to a neo-liberal policy regime. The regime is characterized by policy liberalization, neo-regulation, privatization, and continentalization. Using a critical political economy approach the thesis focuses its attention on the social agents that worked to produce consent for the regime - the federal government, capital fractions, and business lobby organizations. Although the state, in particular, went to great lengths to garner support and acceptance for the neo-liberal initiative other social agents strongly resisted these policy changes. Opposing forces from labour, consumer and public interest organizations fought to prevent the erosion of the public service aspect of telecommunication policy.

The neo-liberal telecommunication policy regime revives past liberal practices of fewer economic controls and far less, or in some cases no, state regulation of telecommunication activity. Concurrently, the regime advances new continental practices that institutionalizes another continental policy layer, in addition to national and provincial policies, through bilateral and trilateral trade agreements. The affect that these continental agreements have on telecommunications include tempering restrictions on continental foreign investment as well as the addition of telecommunication service trade. In its attempt at silencing opposition to continental free trade the Canadian federal government excluded or marginalized those forces opposed to continental neo-liberalism.

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TABLE OF CONTENTS

1. REORGANIZING CONSENT AND INCREASING RESISTANCE . . .	1
2. CLASS AND NON-CLASS STATE THEORIES	16
I. Non-Class State Theory	17
A. Pluralism	17
B. Managerialism	23
II. Class State Theory	31
C. Instrumentalism the State and Continentalization	33
D. Instrumentalism and Internationalization of the State	38
E. Structuralism	43
Summary	53
3. TOWARD A CONTINENTAL THEORY OF THE STATE AND TELECOMMUNICATION POLICY	56
A. Toward a Continental Theory of the State	58
B. Research Questions and Periodization	65
C. The Continental Bloc	68
D. Political Continentalization	73
E. Class Structuration and Political Agency	76
Summary	86
4. CANADIAN TELECOMMUNICATIONS, 1879-1979: ONE HEGEMONIC PROJECT AND TWO NATIONAL POLICIES	88
I. The Hegemonic Project of the First National Policy and Telecommunication Social Relations	90
A. The Private Telephone Companies	93
i) Bell (Canada) Telephone Company	93
ii) British Columbia Telephone	95
B. The Public Telephone Companies	97
C. Building Telecom Power - the Telephone Consortium	100
D. Mixed Federal and Provincial Telephone Legislation and Regulation	102
II. Telecommunication Social Relations within the Hegemonic Project of the Second National Policy and the Fordist Regime	109
E. Canada's Permeable Fordist Telecommunication Regime	112
F. The Emergence of Dissent from the National Telecommunication Unions	116
i) The Pre-Fordist Telephone Union Era	117
ii) Fordist Labour Policy's Contribution to Canadian Telephone Union Formation	119

G.	The Federal Government and Telecommunication Policy from 1930s to 1979	128
i)	The Department of Communication	130
ii)	New Telecommunication Regulation and the Canadian Radio-television Telecommunications Commission	136
Summary		138
5.	REORGANIZING THE HEGEMONIC PROJECT FOR THE NORTH AMERICAN CONTINENTAL BLOC: TELECOMMUNICATION POLICY LIBERALIZATION	141
I.	The Canadian Class Structuration Process and the Hegemonic Project of Neo-liberalism and Free Trade	146
A.	Multinational Political Agents	148
B.	State Political Agents	156
C.	Alternative Political Agents	161
II.	The Class Structuration Process of Changing Telecommunication Policy to the Neo-liberal Model	164
D.	External Continental Forces	164
i)	A New Hegemonic Project for the United States - Liberalization and Neo-regulation	172
ii)	Exporting the United States Neo-liberal Telecommunication Policy Model	186
E.	Internal Canadian Forces	189
i)	Interconnection Liberalization and Neo-regulation	191
ii)	Business Service Liberalization and Neo-regulation: Terminal Attachment, Cellular Radio Communications, Enhanced Services, Resale and Sharing	197
iii)	Bell Canada Enterprises: The Structural Reorganization of Bell Canada	205
Summary		210
6.	THE CLASS STRUCTURATION PROCESS AND CANADIAN TELECOMMUNICATION POLICY LIBERALIZATION	214
A.	The First Attempt at Competition in Public Long Distance Telephone Service - Entry Liberalization	215
B.	Federal State Agency and Policy Liberalization	229
C.	The Political Activism of Public and Private Research Institutes	236
D.	Political Activism of the Telecommunication User Organizations	240

E. A Telecommunication Conference for All Canadians	249
Summary	251
7. TELECOMMUNICATION POLICY: CENTRALIZATION, COMPETITION, AND NEO-REGULATION: REORGANIZING CONSENT INCREASING RESISTANCE	253
A. Federal State Agency and the Centralization of Telecommunication Regulation	256
B. Long Distance Telephone Policy Liberalization and Competition	259
C. Intended and Unintended Policy Liberalization Consequences	273
D. Consumer and Public Interest Activism	279
E. The for and Telephone Affordability, Access, and Universality	287
Summary	299
8. THE CONTINENTALIZATION OF CANADIAN TELECOMMUNICATION POLICY: POLITICAL INTEGRATION INTO THE NORTH AMERICAN BLOC	303
I. Federal State Restructuring and Reorganization	305
A. The Canadian Telecommunications Act, 1993	305
B. The Competition Act and the Director of Investigation and Research	316
C. Federal Government Reorganization and the Elimination of the Department of Communication	320
II. Continentalizing Canadian Telecommunication Policy - Trade Agreements	322
D. Free Trade Support and Resistance	322
E. The Federal Department of International Trade	325
F. Free Trade Agreements and Telecommunication Policy	328
G. Labour's Response to Telecommunication Continentalization	338
Summary	342
9. THE CONTINENTALIZATION OF CANADIAN TELECOMMUNICATION POLICY	344
GLOSSARY OF ACRONYMS	362
APPENDICES	364
BIBLIOGRAPHY	404

LIST OF TABLES

Table 4.1 Canadian Telephone Penetration Rates 1947-1980	113
Table 4.2 Selected Canadian Telephone Statistics Trends in the Telephone Industry 1946 to 1975	114
Table 4.3 Bell Canada and B.C. Telephone Revenues and Assets Selected years from 1950 to 1980	115
Table 4.4 Canadian Affiliation with National and International Unions Selected Years	126
Table 5.1 BCNI Sectoral Membership	151
Table 5.2 BCNI Executive and Policy Committee Cross Affiliations	152
Table 5.3 Business Council on National Issues Communication Membership	154
Table 5.4 U.S. Telephone Statistics from 1950 to 1980	166
Table 5.5 Composition of U.S. Telephone Industry Employment from 1950 to 1980	167
Table 5.6 Distribution of CNCP, Bell Canada and Other Teleco Revenues by Market Share and Segment as of 1976	193
Table 6.1 CBTA Telecommunications Public Policy Committee Members as of 1994/95	241
Table 6.2 ITAC Board of Directors as of 1993/9	245
Table 7.1 Summary of Lifeline Programs in Australia, New Zealand and the United States as of 1994	288
Table 7.2 Selected Basic Residential Service Rate Increases For Years 1992 and 1997	294
Table 8.1 Canadian Telecommunication Employment Figures from 1990 to 1995	313

LIST OF FIGURES

Figure 7.1 Stentor Structure and Decision Making as of
1996 263

Figure 7.2 Long Distance Market Shares as of 1996 . . 276

Figure 7.3 AT&T Canada Share Ownership as of 1996 . . 277

Figure 7.4 Sprint Canada Share Ownership as of 1995 . 278

1. REORGANIZING CONSENT AND INCREASING RESISTANCE

If the history of social relations is the history of social change and thereby conflict, it begs the question, where does change come from? Perhaps rather than coming from somewhere, instead it is always present, though not necessarily fully accounted for! Canada has joined other countries, including the United States, Japan and those in the European Community, to introduce major telecommunication policy and regulatory changes. Yet just as these countries are not alone in changing telecommunication policies, other sectors such as transportation - airlines, railroads, trucking, and finance - banking, insurance, have undergone a similar shift in policies. These policy changes include liberalization, deregulation, privatization, continentalization, and internationalization. The telecommunication policy changes have something very important in common with the policy changes in these other sectors, they are part of the key service infrastructure which underlines contemporary capital activity. These policy changes have been central to the continental and international expansion of market forces.

One argument in the telecommunication policy literature explains that policy changes that include liberalization, deregulation, and privatization are the result of a shift in values. These new values support specific capital interests, the restoration of free enterprise, reliance on private markets, and a reduction of big government. Technological advances have also occurred as new telecommunication delivery

systems, products and service proliferate. In this view telecommunication policies have changed because of the technological revolution and a major shift in values. Changing telecommunication policy then, will lead to a reduction in telecommunication costs, and more product and service choice for consumers and businesses. Throughout this process the state only acts as a neutral arbitrator, balancing the policy demands of equal competing groups, organizations, and corporations.

Another explanation for telecommunication policy changes sees the state, along with other corporate users, new telecommunication competitors, and the dominant telecommunication providers, taking an active role in pursuing specific policy strategies and initiatives, including liberalization and continentalization. Beliefs in the merits of liberalization allow new competitors to enter the telecommunication market while the old monopoly regime comes to an end. These stakeholders also advocate the liberalization of continental trade. Consequently, pursuit for continental and international telecommunication policies takes precedent over national ones.

More critical explanations of telecommunication policy see change as the result of activities that are situated within a social, political, and economic context. In this view a new order of global capitalism has resulted in the transformation of the state. The state changes its structures,

as well as its domestic and international policies, to help integrate its economy into the global system of production and trade. Multinational capital, and its powerful international lobby organizations, apply political pressure on national governments to change key policy areas such as telecommunications because it plays such a decisive role in the internationalization project. This view sees the Canadian government acting as an agent for the international capital class. The theoretical treatment of the state and the dynamic interplay involved in changing telecommunication policy are decidedly incomplete in the first two views. And all three approaches do not provide an adequate account of the conflict that developed in Canada as a result of the changes to federal telecommunication policy.

The major Canadian telecommunication policy changes that have taken place over the last twenty years are part of a broader policy shift to a neo-liberal regime. This regime is characterized by policies that liberalize the telecommunication market - though neo-regulation oversees very little market activity - privatizes federal and provincial publicly owned telecommunications utilities, satellite operations, and international networks, and introduces telecommunication continental policies through bilateral and trilateral trade agreements. These policies help return to an earlier form of liberalism that requires few, if any, controls on business, and eliminates tariffs on goods all together. Concurrently, by

broadening trade into a continental North American bloc, trade is expanded to services and intellectual property. Previous capital investment restrictions have also been relaxed to accommodate capital investment from the trade member countries within the continental bloc.

Using neo-Gramscian structural state theory and contemporary sociological theory on class agency, the thesis analyses telecommunication policies by focusing on the process of social change. The thesis shows why and how social agents, including the state as an agent, interact with federal state structures to introduce a new hegemonic project – neo-liberal policies in the telecommunication sector. The thesis also concentrates on why other social agents opposed these changes. In the process of assisting this neo-liberal policy shift the national state has not 'withered away'. Rather, the federal Canadian state has been a fundamental and constitutive agent in organizing the regime to extend contemporary capitalism. To accommodate the regime the federal Canadian state has reorganized and downsized its structures, particularly those communication areas that deal with social and cultural issues. This is evidenced in the elimination of the Departments of Communication and Consumer and Corporate Affairs. On the other hand, departments dealing with economic issues such as Industry Canada and Foreign Affairs and International Trade have been strengthened. Public regulation and accountability of corporate activity has been dramatically reduced. And

telecommunication policy decision-making by just one federal institution, the communication regulator – the Canadian Radio-television Telecommunication Commission (CRTC), is now actively shared with the federal cabinet, the Federal and Supreme courts, the Minister of Industry, the Department of Foreign Affairs and International Trade, and the Competition Bureau. Essentially the state has reorganized itself and implemented the required neo-liberal policy changes to accommodate the latest feature of capital accumulation. This neo-liberal telecommunication policy regime is also sustained by a neo-conservative policy approach which centralizes telecommunication power and control with the federal government.

The regime continues with past liberal practices by advancing the post-war strategy of extending market forces. It does this by deepening and extending capitalism continentally and internationally. Consequently, it is only somewhat concerned with the national economy, less concerned with social issues, and primarily concerned with economic issues and rights that benefit multinational capital. At the same time the regime introduces new practices through two continental trade agreements, the Canada-U.S. Free Trade Agreement (CUSFTA) and the North American Free Trade Agreement (NAFTA). Essentially these agreements add another policy layer, a continental one that supersedes national, provincial, or local policies.

Neo-liberal policies provide the way to retreat from the previous regime characterized by Fordist regulation and modern liberal Keynesian policies. It returns to a previous form of liberalism that is generous to capitalism with fewer controls and regulations of capital activity, is less protective of national capital by eliminating tariffs and opening up capital investment, and is harsh with the people living in the societies under the new regime.

What this research does is concentrate on the important role the federal state played in implementing neo-liberal telecommunication policy, and on its instability. It shows that the state was not a neutral player and that it did not just manage the conflicts of competing telecommunication capitalists. It also argues that the policy regime was not introduced for the international capitalist class by a Canadian state acting as an agent for this class. The following chapters provide evidence that the Canadian state was an important actor, as were capital fractions and their political lobby organizations, in producing hegemonic consent for the continental telecommunication neo-liberal policy regime. But the regime was also strongly opposed by labour, consumer organizations and public interest advocates representing the majority of the Canadian people. The lengths the federal government went to exclude these opposing forces reveals that the regime is incomplete and unstable. As such the regime provides only limited hegemonic consent because the

cost of the project has been passed on to the non-strategic sectors', as well as all the members of Canadian society.

The federal government has attempted to silence resistance from these opposing forces, both continentally and domestically. Silencing resistance at the domestic level is subtle and less detectable. It entailed setting a competitive telecommunications policy agenda and rapidly advancing the number of hearings dealing with competitive and regulatory reform issues. Many of the major public telecommunication decisions made in the 1990s by the CRTC, particularly long distance and local telephone competition, and regulatory review were written, as we shall see, as if there was no opposition from the trade unions, the anti-poverty organizations, the seniors, and the consumer organizations. Moreover, even internal government bureaucratic opposition voiced by one of the CRTC commissioners was promptly ignored. It will be shown that a specific federal government strategy was devised to confuse and silence opposition to the neo-liberal telecommunication project which was aimed at keeping the opposing groups divided or from forming broader alliances with small businesses and the provincial governments. This met with some success as the state co-opted and exploited the Consumers' Association of Canada when it supported long distance and local telephone service competition.

¹ The strategic sectors include finance, transportation, communications, information and telecommunications.

Subsequent chapters further explain that contradictions to the regime continued to persist in the imagined competitive telecommunication environment. Examples abound including the new forms of market regulation, quality of service problems, further basic local rate increases, price increases for customers in rural and remote areas, and increases in the number of people dropping off the system. Other uncertainties persist about whether consent for the regime will continue from communication capital fractions if the major competitors in the cable television or telephone industries experience market failure.

In the short term it appears that the federal government has succeeded in silencing the opposing forces such as telecommunication labour, public interest advocates, and consumer organizations from participating in the formation of the continental trade agreements. It also included the federal government's creation of a sub-department, the International Trade Advisory Committee, within the Department of Foreign Affairs and International Trade, which excluded consumer and public interest organizations and marginalized the token labour representatives. Within the telecommunication sectoral group, business and state officials were privy to, and provided input to, the continental trade negotiations. Despite this deliberate silencing of resistance, the telecommunication unions continued to fight continentalization. On-going resistance has included forging domestic and intercontinental

class and non-class alliances. It has also included fighting the downsizing of the telecommunication sector, wage and benefit losses, continental wage parity, as well as aggressive organizing campaigns for part-time and non-union communication workers, at a number of levels, domestic, continental and international.

The thesis is guided by three general research questions and a number of sub-questions:

Why and how has the Canadian federal state² been involved in the production of consent for a continental neo-liberal policy regime?

i) Who are the political actors and what changes have occurred as the Canadian state reorganizes the political interests of capital fractions of the national bloc into a continental bloc?

ii) How important an actor has the Canadian state been in forming this continental bloc? And whose interests is the state representing?

Has the federal government succeeded in silencing resistance to the continental project?

i) Who are the alternative hegemonic forces? How organized (disorganized) are these actors and are there any internal differences and tensions?

ii) How and why does the state take advantage of any divisions within these opposing forces?

iii) Will the state be able to successfully contain or will it exacerbate social contradictions?

² My use of 'the state' refers to the Canadian federal state and how it deals with federal telecommunications, rather than provincial telecommunication state relations. Nonetheless, particular policy analysis may reveal that provincial state actors participate in the federal policy process.

What are the major characteristics of the Canadian neo-liberal telecommunication policy shift and are they indicative of a policy paradigm shift?

i) Does this telecommunication paradigm shift fulfil the political-economic goals of the continental bloc?

ii) What socio-political actors are included or excluded from implementing these policy changes?

iii) Which policy activists embraced or resisted these telecom policy changes?

iv) Why has the shift to neo-liberal policy intensified telecommunication conflicts and resistance? What is the prospect that this resistance will develop into an alternative hegemony?

v) How stable is the neo-liberal telecommunication continental regime? Where are the tensions?

The thesis answers these questions by examining and analyzing primary documents and secondary sources. Where more clarification or information was needed, in-depth interviews with many of the socio-political actors were conducted.

The argument that the thesis makes is that the Canadian federal state was an important actor, as were capital fractions and their lobby organizations, in producing hegemonic consent for a continental telecommunication neo-liberal policy regime. The regime was, however, strongly opposed by the majority of Canadians. These opposing forces were represented by telecommunication labour, public interest and consumer organizations. And the federal government went to great lengths to try to silence this resistance. What the thesis reveals is that the regime is incomplete and unstable because it excludes these opposing voices. It also shows that

the cost of the project has been passed on to most of the people in Canadian society. These costs include massive telecommunication job losses, particularly union jobs, increases of 62 percent in local basic telephone rates and increases of over 100 percent for those who live in small towns, cities and rural and remote areas, and no telecommunication safety net (lifeline) for low income telephone subscribers.

Chapter Two examines the telecommunication policy literature. Particular attention is paid to class and non-class theories of the state to see if they offer satisfactory ways of explaining the major social changes that have occurred in contemporary telecommunication policy.

Chapter Three works toward developing a continental theory of the state. Using neo-Gransian structural state theory and contemporary sociological theory on class agency, the social relations of specific actors are examined to see which agents interact with federal state structures in an attempt to change telecommunication polices, and which ones resist, and why. Supporters of the neo-liberal policy project such as the federal state and capital fractions and their lobby organizations built support for the project by producing hegemonic consent for it. But implementing these policies only intensified social resistance, particularly from class and non-class agents including labour, public interest advocates, and consumer organizations.

Chapter Four traces the historical development of the previous modern liberal telecommunication regime. Throughout this regime a mixed private and public national telephone monopoly system was developed and regulated by federal and provincial governments. The capital crisis of the 1970s put pressure on the existing regime. It began to unravel when the monopoly telephone companies were challenged by new telecommunication competitors, new delivery systems, and the end of almost eighty years of labour peace.

Chapter Five focuses on the internal and external forces that influenced the neo-liberal telecommunication policy changes. At a macro-policy level, internal forces included broad based capital political alliances such as the Business Council on National Issues, private research institutes including the C.D. Howe and Fraser Institutes, public research institutes including the Economic Council of Canada and the Institute for Research on Public Policy. All supported the virtues of neo-liberal policies. External forces that helped propel the neo-liberal telecommunication project came as a result of major policy changes in the United States that included liberalization, deregulation, and the divestiture of its largest telecommunication monopoly, AT&T. These policy changes south of the border were cited by the large telecommunication user organizations and new telecom competitors as they intensified their pressure on the Canadian government to create a telecommunication market and relax the

state's regulation of the market. From the mid 1970s to the 1980s the federal government responded by liberalizing business services, on premises telephone equipment, and it gave permission to the first major challenger, CNCP Telecommunication, to interconnect its private network to those of Bell Canada and BC Telephone.

Chapter Six shows, how at first, the major telephone unions, and an alliance of the consumer and public interest organizations (anti-poverty, seniors, women's groups, churches), and the provincial governments of Quebec and the Atlantic and Prairie regions, succeeded in influencing the CRTC to not permit competition in long distance telephone service. It will be shown why this decision intensified the advocacy of the telecommunication user lobby organizations and spurred CNCP to try again. It will also be shown how the federal cabinet, on the recommendation of the Department of Communications, devised a neo-liberal telecommunication strategy to keep opposing forces such as provincial governments, labour, consumer organizations, public interest advocates and small businesses disorganized and divided.

Chapter Seven explains how a neo-conservative policy approach was initiated by the Supreme Court of Canada. The court ruling centralized telecommunication power and control with the federal government by transferring telecom jurisdiction and regulation from the provincial governments to the federal government. Although the second long distance

competition hearing and other public hearings on regulatory reform, local competition, and local measured service (targeted subsidies) were opposed by labour, provincial consumer organizations and national and provincial public interest organizations, internal divisions surfaced. In contradiction to the other opposing forces, the national Consumers' Association of Canada accepted the neo-liberal promise and came out in support of competition so that their middle-class constituency could also take advantage of cheaper long distance rate offerings and have access to the array of new telecommunication services. The CRTC was quick to take advantage of this division. The CRTC was fortunate in that it could identify some consumer representation (i.e., the CAC) who concurred with its neo-liberal agenda, instead of having all consumer groups opposing.

Chapter Eight concentrates on the continentalization of Canadian telecommunication policy. Telecommunication policies that helped to integrate the country into the continental bloc included the new telecommunication legislation and the Canada-U.S Free Trade Agreement and the North American Free Trade Agreement. The legislation emphasizes that Canada must rely on market forces for the provision of telecom service, and that the market must be less regulated. Both trade agreements, which supersede any national or local policies, give exclusive rights to the multinational corporations operating in the continental bloc. Although the Department of Foreign Affairs

and International Trade's advisory committees marginalized the telecommunication labour participants and excluded the consumer and public interest organizations all together, this deliberate silencing of resistance has only worked regarding the implementation of the continental trade agreements. Labour alliances and coalitions including labour, consumer and public interest organizations, and community groups are exploring other avenues to continue their resistance.

In the next chapter an examination is provided of the telecommunication policy literature. Class and non-class theoretical approaches are scrutinized to see if they provide satisfactory ways to analyze the major social and political changes that have occurred in contemporary telecommunication policy.

2. CLASS AND NON-CLASS STATE THEORIES

[C]apitalism has not escaped the state but rather....the state has, as always, been a fundamental and constitutive element in the very process of extension of capitalism in our time. Leo Panitch, "Globalization and the State", 1994:87.

Claims have been made that the current globalization of capitalism limits, circumvents, or by-passes the nation state. Support for these claims come from neoclassical political economists who emphatically declare that 'the state is withering away.' The globalization thesis is even espoused by radical international political economists who maintain that state autonomy is being eroded, and that national policies and practices have been adjusted to meet the demands of international capital forces operating in the world economy. This thesis argues that capitalism has not escaped the state, and that the state continues to be a fundamental and constitutive element in the extension of contemporary capitalism. In the introduction questions were raised regarding the state's role in extending capitalism. Why and how has the Canadian federal state been involved in the production of consent for a continental telecommunication neo-liberal policy regime? Has the regime intensified class and non-class resistance? And, how successful has the state been in silencing this resistance?

Bearing these questions in mind this chapter examines the literature on class and non-class state theories. It does this

to see how non-class pluralist and managerial theories plus the class instrumental and structural theories provide explanations for the role that the state, and capital fractions, play in forging a neo-liberal telecommunication policy regime. And, are they successful in accounting for the conflict and resistance to this regime?

I. Non-Class State Theory

A. Pluralism

In the pluralist view the state, held together by a legal structure and organizational culture, reflects society's widely held values. Acting on these values, the state impartially structures the preferences of competing interests, soothing conflicts and acting as a consensus builder to provide stability and social order (Dahl, 1956). The state's main function is to serve as a neutral arbitrator over competing interests which include business, their lobbyists, consumers, unions, and other civil society groups. As a neutral player in telecommunication policy making, the state develops institutions and policies which serve the public interest. Competing equal participants organize their resources to support claims they feel the state should meet. Seemingly in this view, no particular interest is capable of influencing the state or policy decisions. An interest only succeeds to the extent that it can convince the state that its values represents society's values better than those of competing groups. But as this thesis demonstrates the state is

not neutral. The federal Canadian state, responding to pressure from capital fractions, telecommunication user lobby organizations, academics and experts reorganized telecommunication policies, introduced new legislation, and implemented two continental trade agreements to support a neo-liberal policy regime.

Pluralist explanations for the shift to a neo-liberal telecommunication policy regime, according to Derthick and Quirk, grew from value shifts that favoured the restoration of free enterprise, reliance on private markets for settling claims, and the need to reduce big government (1985:35). This value change was apparently achieved through a fusion of diffuse political actors such as academics, particular government departments, business, lobbyists and the public who all supported market place solutions over government intervention. These groups believed that neo-liberal policies would lower telecommunication costs and provide more product and service choices for consumers and businesses. Liberalization policies allow new telecommunication providers to enter the market and compete with the established monopolies like AT&T, Bell Canada, and BC Telephone (Woodrow and Woodside, 1986:103; Crandall, 1991:12)). Deregulation, on the other hand, reduces unnecessary government regulation. From the early 1900s until the mid 1980s societal values and public support for telecommunication policies facilitated the operation of the market by telecom monopoly providers.

Pluralist such as Cohen maintain that the established telephone providers were regulated by different levels of government because of mounting pressure from consumers and businesses interests (1992:30-49). The regulatory philosophy and policies that developed in both Canada and the United States during this period were linked to the democratically based principles of universal service and equity. Universality meant that telephone service would be offered to anyone who wanted the service because the telephone was promoted and considered a necessity of modern life.³ Equity for all telephone subscribers came about because federal regulators permitted cross-subsidization⁴ to make telephone rates fair and reasonable.

Disillusion over the regulatory protectionism of telephone monopoly provider, AT&T, unleashed forces that undercut the connections between telecommunication and the notion of the public interest. When pressed to identify the source of these changing values pluralist policy analysis tends to focus on technological developments. This is because

³ In 1949, in its drive to modernize rural and remote areas, the United States revised the Rural Electrification Act. This revision enabled the Rural Electrification Administration to provide low interest loans to telephone companies, as well as electric companies, to expand their systems to rural areas (Calabrese and Jung (1992:225).

⁴ Cross-subsidization of the lucrative long-distance revenues to local telephone services helped to keep telephone services affordable for all subscribers. Rate rebalancing provided another form of equity and universalism by ensuring that subscriber rates in rural and remote areas would be as fair as those in the more populated urban areas.

technology and new players broaden the range of telecommunication delivery systems, services, and equipment (Noam, 1987; Globerman, 1988:13). The advent of digital technology and the convergence of computer and telecommunication technologies also contributed to the pace and diffusion of technologies throughout society. The effects of rapid changing technology has undermined regulatory control causing pluralists such as Woodrow and Woodside to comment that telecommunication advances are slowing down the regulatory system, making regulators such as the Canadian Radio-television and Telecommunications Commission (CRTC) an inappropriate policy instrument (1986:119). The neo-Gramscian structural approach used in this research shows that it was specific federal government departments, the federal regulator, Cabinet, and the federal courts all responding to the policy recommendations and aggressive lobbying from Canadian and United States multinational capital that led to change. And that the federal state ignored opposing forces such as labour, consumer, and public interests, and some provincial governments.

Generalizations are made, in the pluralist approach, that the state now has difficulty in managing the wide set of claims that were previously accepted under the public telecommunication utility model. Increases in the number of claims and participants has led to an 'overloaded government' (Easton, 1965). Management inefficiencies and problems are

also exacerbated when claims are made that telecommunication regulatory agencies, such as the CRTC have been 'captured'⁵ by the telecommunication institutions they regulate (Wilson, 1980:373).

In the pluralist perspective power is situational, operating in specific circumstances and over specific issues. Pluralists such as Derthick and Quirk see power in the constellation of new interests whose pressures brought about key legislative decisions such as the break-up of AT&T (1985:186). A new consensus and agreement was reached by a diffuse and seemingly poorly organized broad-based coalition of business users, new telecommunication providers, manufacturing and retail lobbyists, consumer organizations and the Congress of the United States, who all demanded an end to the anti-competitive monopoly practices of AT&T. Ostensibly, for pluralists, the divestiture of AT&T represents a power shift to accommodate this new coalition.

Because pluralists treat power as a widely dispersed resource, it is more or less accessible to all the parties interested in changing telecommunication policies. In Canada, for example, adjudication of the telecommunication arena rests with the quasi-independent regulator the CRTC. It holds public hearings where all parties and intervenors have the right to

⁵ For Wilson regulatory agencies are often captured by the businesses they are suppose to regulate. The likelihood of capture increases when the regulatory relationship extends over a long period of time and includes personnel exchanges (Wilson, 1980:373).

participate and file evidence. Fairness and flexibility is maintained by following the established rules and procedures. According to pluralists such as Woodrow and Woodside, the CRTC presumably ensures that the difference in power of the various participants is balanced by holding public hearings in different parts of the country and awarding expense costs to qualifying intervenors (1986:173).

But power is not widely disbursed. The large telecommunication user lobby organizations, privately funded research organizations, the federal Competition Bureau, as well as other neo-liberal policy supporters, had access to greater funding and resources to bring their views to the federal government and the public. Pluralist telecommunication policy analysis lacks an adequate account of social agency and action. Social agents such as the federal government, the established telecommunication providers, the new challengers, and the telecommunication users are all informed knowledgeable agents. They are quite aware of what state structures they need to interact with in order to change existing policy, or introduce new ones. Whereas the organizations that opposed liberalization, deregulation and continentalization, labour and the consumer and public interest advocates, operated with shrinking funds, fewer experts, and limited resources.

Because multiple groups, citizens, and businesses participate in public telecommunication hearings, pluralist state theory had prided itself as being truly democratic.

However, this claim overlooks a major flaw in pluralist theory. Pluralist democracy really operates in the same way the competitive market economy does, by creating a parallel market-like political system (Macpherson, 1977:79). Participating groups and citizens in telecommunication regulatory hearings then are simply political consumers with individual wants and demands. But consumers have unequal power and their democracy in a neo-liberal policy regime is limited to a consumer (dollar) democracy based only on the telecommunication services they can afford. Corporations, their lobby organizations, unions, and other civic groups do not have equal economic and/or political power, resources, or even equal access to the policy making process or other government officials. Pluralists such as Janisch recognize that in changing telecommunication policies large corporations emerge as 'winners' whereas residential consumers are the 'losers'. Creating winners and losers, nonetheless, is the high price that must be paid to change telecommunication policy to the neo-liberal format (Janisch, 1986:338).

B. Managerialism

State-centred managerialists such as Skocpol make the argument that the state is not a neutral player but an important actor in forming policies (1985:9). The telecommunication literature that takes this approach makes claims that the state has been very active in pursuing specific strategies and initiatives to introduce neo-liberal

telecommunication policies through liberalization, deregulation, privatization, and trade agreements. Managerialist telecommunication research also identifies the other powerful actors in the policy process such as large corporate users, new communication competitors, and the dominant telecommunication providers. A managerial approach also shows that new alliances have formed among many of the power brokers. These broad alliances and political coalitions reveal that the action of the state and the new power brokers continue to dominate policy outcomes. What it ignores, however, is that the neo-liberal policy arena has been a contested terrain. Telecommunication policy changes are not just imposed on society by the state. Managerialists ignore that there has been strong resistance in Canada to these policy changes from other social forces including labour, public interest and consumer organizations, some provincial governments, and a few federal government officials.

Beliefs, ideologies, and institutional consensus, in the managerial view, replace values and consensus, (Alford and Friedland, 1985:173). Specific political beliefs about neo-liberalism and corresponding policy initiatives then are pursued by key corporate and state actors. Centralization, and the maintenance of order and control of the neo-liberal regime is ensured by following the new rules and procedures (Stanbury, 1986:482). The state as a powerful political organization manages market forces, that is, it resolves the

conflicts that develop between competing elites. Other major objectives include reducing widespread public participation in all levels of policy making. For the neo-liberal state, participation in the policy process can be limited by defining and controlling the issues that gain access to the political arena. Telecommunication policy changes includes centralizing power and control with the federal state, rather than preserving democratic representation.

Managerial theorists focus on the emergence of corporatist and expert based forms of governance as a way of placing limits on the number of participants in policy making (Schmitter, 1979:13). Previous corporatist states confined representation to the dominant interests in business and labour as a means of controlling and managing political claims to achieve economic stability and control. The current form of managerial corporatism practised in Canada and the United States, however, marginalizes labour as evidenced in the sectoral trade meetings leading up to both continental trade agreements.

Managerialists view the capitalist economy as processes of industrialization which has recently progressed to post-industrialization (Bell, 1973). Post-industrial structural reorganization includes rationalizing production by technological means to improve efficiency. But only business and political elites and their experts have the know-how to manage the complex changes required for a technologically

advanced society. Liberalization, deregulation, and privatization policies then provide the jolt to reorganize private and public telecommunication systems. Previously these systems were characterized by single undifferentiated products and regulation stagnation not suited for the post-industrial era of integrated telecommunication and computer technologies (Phillips, 1991:51). According to managerialists the state is now influenced by an economic rational to liberalize telecommunication policies. State policy makers perceive technological and economic pressures as forces of change. New telecommunication and electronic services no longer fit into the old legal and regulatory environment (Bruce, Cunard and Director, 1986:3). Consequently telecom policy liberalization and deregulation reform is about changing the rules for a more complex game.

The managerial perspective argues that economic justification has been used as a means to obtain telecom policy ends which are acceptable to the new power brokers, the large corporate users, and the new telecommunication providers. These powerful actors have used economic arguments to advance telecommunication divestiture and liberalization. Managerialists such as Oettinger (1988:11,31) maintain that the formulas used for telecommunication costing and pricing were really 'fairy tales' to support political forces and the goals of the industry arena. Moreover liberalization, exemplified in the United States 1984 Modified Final Judgement, not only

strengthened the market position of AT&T it also helped the newly created Regional Bell Operating Companies (RBOCs). This decision enabled the industry to increase rates while service quality diminished. Managerialists now view long distance telecom competition as an illusion, dominated by oligopolistic players, AT&T, MCI and U.S.Sprint, and regulated by FCC price-capping. The other mistake that liberalization brought about was the creation and reinforcement of another powerful monopoly in local telephone exchange, the regional Bell operating companies (RBOCs). The impact of these structural changes have led the managerialist Huber, a former supporter of United States telecommunication divestiture, to admit that the original decision was 'a monumental mistake' (1993:35). Other managerialists such as Globerman, Janisch and Stanbury have criticized the CRTC telecom decision that liberalized local telephone service even though there were no applications to compete in this new market (1995:419).

Managerialists maintain that telecom policy liberalization stemmed from the formation of coalitions powerful enough to undermine old powers. Two very different coalitions, conservatives and business free market advocates, and liberals and public interest groups, ironically supported the United States telecommunication divestiture (Horwitz, 1989:6). Liberals and public interest and consumer groups perceived that liberalization would provide a solution to entrenched corporate power and the artificial protection of the

telecommunication industry. This was not the case in Canada. In Canada labour, public interest and consumer organizations strongly opposed liberalization, deregulation, and continental free trade.

Managerialism claims that the new coalitions were successful in changing policy direction because they were able to apply their economic, political, and technological resources more effectively. But as subsequent chapters reveal, most of the cost of the neo-liberal telecommunication policy shift has been passed on to those members of society that are the least able to afford the cheaper long distance rates and the profusion of telecom services, i.e., the poor, seniors, and those Canadians living in rural and remote regions.

Decision making is concentrated in the hands of a few business and political elites, technocrats and their experts (Noam, 1987; Babe, 1990). Consequently, participation was limited to business and state elites in the formation of both continental trade agreements, the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement. Because state managerialists place limits on public access to the policy process the approach has a very narrow view of societal representation in policy making. The state excludes attempts to silence resistance to the new regime by identifying the opposing forces as insignificant, ignoring their views altogether. Democracy, so important in the pluralist perspective, in managerialism is limited to solving the

problems between competing groups of elites. Democratic representation then favours elite accommodation to ensure economic growth and national order. When this is applied to telecommunications policy the end result is corporate and/or state control over the decision making process. Although the substance of democracy proliferates through rules and regulation, the main objective of the state is its functional management of the policy agenda and outcomes.

Increasingly, policies such as the North American Free Trade Agreement (NAFTA) reflect the outcome of internal economic and political elite conflicts to pursue continental and international strategies rather than national ones. Managerialists explain that the telecommunication section of NAFTA is a first step toward integrating three different national telecommunication approaches into one that serves corporate and multinational interests (Shefrin, 1993:15). Managerialist analysis of each state's action in the NAFTA concentrates on the state's role as mediator of the interests of producer organizations (multinational business) to accommodate the forces of global capitalism. Policies are then imposed over whole populations by political and economic elites. Although the state operates as the manager of competing business groups, it aligns with the protection and promotion of capitalism. But a paradox emerges, because managerialism favours group distinction it disregards class distinctions. In practice, however, the state is a capitalist

state; it advances domestic, continental, and international capital class interests. When these interests are politically represented through regional trade agreements the state excludes the vast majority of its citizens from having their views represented, or from participating all together in policy reorganization.

Economic and political justification for this telecommunication policy shift reflects the growing power of the large corporate users, primarily multinational capital, the new telecommunication competitors, and the dominant telecommunication providers. What this means is that as telecommunications takes on greater strategic regional and global significance, domestic and international policies must be changed to meet the needs of these international players. Subsequently, national policy strategies give way to continental or international ones which are aimed at the global market place and meeting the needs of a few powerful players.

Both of the non-class approaches do not consider that the shift to a neo-liberal telecommunication policy regime occurred because of the extension of contemporary capital accumulation expansion and its response to the 1970s capital crisis. Moreover, both perspectives ignore the class and non-class conflicts that are inherent in capitalist societies. Or, that these conflicts are reflected in the major policy changes that have taken place in telecommunications. No analysis is

made of the state's role in changing these policies to make sure that capital accumulation continues, even at the expense of its citizenry. The largest omission of all, in pluralist and managerial telecommunication policy, is the strong resistance that developed in Canada to the implementation of the neo-liberal regime. And that the federal government played a decisive role in trying to silence this opposition.

II. Class State Theory

Class analysis provides a deeper enquiry into state social relations and processes. This perspective sees individuals, organizations, and society as being simultaneously held together and torn apart by the social contradictions arising out of a capitalist mode of production. Social classes are formed as a consequence of their relation to the means of production. The major classes include the capitalist class who accumulate capital, the working class who sell their labour to the capitalist class, and the self employed petite-bourgeoisie. Social actors, such as public interest advocates and consumer organizations, are also affected by capital accumulation. Therefore, it is important to consider class and social actors when one examines the social relations and social contradictions that develop among capital, the state, labour, and public interest groups in civil society (Laclau and Mouffe, 1985).

Dominant economic organizations as well as the state depend upon the capital accumulation process. State policies,

then, are shaped by capital accumulation relations and class and social struggles. Consequently, the state's role, and its primary function in capitalist society, is to serve the interests and maintain the hegemony of the dominant capitalist class, but without appearing to do so. But hegemony is not simply imposed by class power it is constituted organically⁶ and embedded in social relations throughout society. The hegemony required to change a hegemonic project to a neo-liberal policy regime involves the production of consent for the project.

The state plays a very important role in producing consent for the neo-liberal regime and develops specific strategies and policy initiatives in an attempt to silence resistance to it. A hegemonic project that requires consent also implies resistance and the potential for alternative forms of hegemony. Alliances that include labour, consumer and public interest organizations have attacked the major shortcomings of the neo-liberal project showing that it is based on a limited and exclusionary hegemony.

Accordingly, class analysis begins with questions of inequality, power, and the undemocratic processes imbedded in the social, political, and economic relations of a capitalist society. The class literature on the state and

⁶ See V. Mosco *The Political Economy of Communication* for a discussion on how hegemony is organically constituted (1996:242).

telecommunications policy sees the policy field as having class and social divisions. Inequalities can only be rectified by overcoming these divisions. Analysis begins with a more comprehensive understanding of the conflicts, tensions, and contradictions in the telecommunication policy process. Consequently, this perspective goes beyond the non-class view of the state as neutral player or manager of the policy process as policies change.

Two major strands of class theory explain how Canada got its corporate-controlled telecommunication system. Both theories concentrate on *how* the state works with the dominant class to advance capital interests, and *why* the social relations involved in changing telecommunications policies are complex. The strands include instrumental and structural state theory and their use in telecommunication policy analysis.

C. Instrumentalism the State and Continentalization

Instrumental state policy identifies the underlying class character of the state. It reveals that a state's action in changing public policy is the consequence of preserving capital social relations. Decisions to change telecommunication policies then are carried out by capital and state elites. Miliband's instrumental analysis reveals that in a capitalist society it is necessary to distinguish between the ruling class of civil society and the governing class who hold positions in state institutions (1969:51) In this way Miliband mapped the enormous gap between the state and

society, one that is restricted through the direct economic and social links of state personnel to the capitalist class. Instrumentalism maintains that the state is limited by the economic constraints of capital accumulation, private ownership and the ideology of capitalist class rule through popular consent. The main function of the state in the instrumental perspective is to both guarantee individual rights, including corporate individual rights, and maintain the power of the capitalist class as a whole. The capitalist class enjoys major advantages in its relations with the state and its various agencies. Political advantages for the capitalist class stems from their common class backgrounds, close educational ties, and a shared ideological justification of the socio-economic system with top ranking state officials. State policies reflect biases favouring capital accumulation and private property which coincide with capital interests and their "particular view of the world, and of the place of business in it" (Miliband, 1969:55).

Telecommunication instrumental research examines and analyses the way the telecommunication industries use their economic and political power to ensure their interests and the interests of the larger capitalist class are met. It investigates the significance of class power by probing the dense web of connections between communication entrepreneurs and other class elites through their connections on corporate boards, business associations/lobbies, professional

associations, and their connection and interactivity with state elites.

By identifying the major elites in print, broadcasting, cable television and telecommunications Canadian instrumentalism shows that these elites have secured their positions of power through an interlocked network of directorships to other indigenous elites in finance, resources and retail (Clement, 1975). Recent instrumental research has documented the intensification of communication industry concentration. Extensive domestic monopolies in the cable industry occurred with state approval permitting industry build-up through extensive cross-media ownership in radio, television stations, periodicals, newspapers as well as telecommunications and non-media businesses (Hannigan, 1991:266; Winter and Hassanpour, 1994:16). It also includes cross-continental mass-media and telecommunication investment as communication industries located in both Canada and the United States are now able to take advantage of relaxed foreign investment rules permitting them to increase their intercontinental holdings.

Although personal ties and common backgrounds exist between Canadian corporate and state elites, their socio/political relations are fortified through advisory councils, political appointments, and the major political parties (Clement, 1975:349; Olsen, 1980:106). Linkages have developed through advisory councils and associations such as

the Business Advisory Committee, the Canadian Chamber of Commerce, and the Canadian Manufacturing Association, to name just a few. New broader alliances are also evident in the powerful business lobby organization the Business Council on National Interests (BCNI). Formed in 1976, its membership consists of the chief executive officers of 150 dominant domestic and foreign corporations - the big banks, trust companies, Bell Canada Enterprises and its subsidiary and Bell Canada, among others. One of BCNI's major functions has been to integrate its members with the key sectors of the Canadian economy - in resource, manufacturing, transportation, the mass media and telecommunication. Other functions include creating hegemonic consent among its members for the neo-liberal policy project, one that would also include its extension continentally through bilateral and trilateral trade agreements. The BCNI and public and private research institutions such as the Economic Council of Canada, the Fraser Institute and the C.D. Howe Institute lobbied the federal government and made policy recommendations supporting the neo-liberal project and free trade with Mexico and the United States. The project would entail reducing the state's role in the economy, require major cutbacks in social welfare spending, and eliminate state regulation of the private sector.

Canadian instrumentalism reveals that continentalization has increased over the last fifty years, aided by the capital

class and the Canadian federal government. It includes the formation of a continental elite by Canadian and United States capital through extensive cross border corporate interlocks, and the presence of a mature United States branch plant operating in the Canadian manufacturing and resource sectors (Clement, 1977:24-6). Recent instrumental research shows that the financial sector has been central in linking foreign and domestic capital. Dominant non-financial enterprises⁷ holding significant minority shareholdings in each other and/or with other dominant enterprises create a very dense network of inter-enterprise ownership, constituting a tight circulation of power (Richardson, 1992:310-314).

Two National Policies, the first after Confederation covering the period from 1879 to 1920, and the second covering the period from 1940 to 1970, provided the strategies for Canada's economic and political continental integration. The second National Policy in particular, a model for economic growth and development, advanced industrial and foreign investment policies which began to gradually alter the country's institutional and political relations in its 'drift toward continentalism' (Brodie, 1990:85-175). Instrumental analysis of the Canada-US Free Trade Agreement by Richardson reveals that Canadian and United States multinational corporations and the BCNI influenced the Canadian government

⁷ Bell Canada and other communication corporations are significant sectors in this dense network of inter-enterprise ownership. They are also members of the Business Council on National Issues (Richardson, 1992:313).

to establish a continental free trade agreement rather than follow the previous national policy model (1992:310-314).

Although Canadian instrumental research provides a clearer picture of capitalist class relations and its drive to continentalization it provides an inadequate account of the state's role or activity in this process (Smythe, 1981:145). One is left assuming that national policies and the Canada-U.S. Free Trade Agreement were imposed on the federal government by powerful corporations and their lobby organizations. It is useful to turn to recent neo-Gramscian approaches on the internationalization of the state to see if it overcomes the instrumental problem of treating the state as an agent of the capitalist class.

D. Instrumentalism and Internationalization of the State

Cox, a proponent of neo-Gramscian international relations, explains that the new order of global capitalism has resulted in the transformation, not the diminution, of the state - a reorganization of the state's structure and the state's internal and external role. States are now more oriented to integrating their economies into the emerging global system of production and trade, in which finance, information, and telecommunications play a more decisive role (D. Schiller, 1982; H. Schiller 1989). Cox provides a detailed description of how the state is internationalized. He writes:

[f]irst, there is a process of interstate consensus formation regarding the needs or requirements of the world economy that takes place within a common ideological framework (i.e., common criteria of

interpretation of economic events and common goals anchored in the idea of an open world economy). Second, participation in this consensus formation is hierarchically structured. Third, the international structures of states are adjusted so that each can best transform the global consensus into national policy and practice, taking account of the specific kinds of obstacles likely to arise in countries occupying the different hierarchically arranged positions in the world economy (1987:254).

This means that the world economy is responsible for generating a more complex multi-level world political system where the nation state is now only one part of this process. National bloc formations and national policies give way to an exclusive international bloc where consensus between economic and political forces have been reached to promote a neo-liberal policy strategy.

Whereas Poulantzas (1974) proceeded from within the state in his development of the national social formation of the dominant capitalist class, Cox, and Gill and Law (1988) start outside the state beginning with international consensus formation and agreements which then require internal state structural adjustments. Ostensibly as it is internationalized, the state now becomes a 'transmission belt' from the global to the national economy, but with responsibility to both (Cox, 1992:31). Cox provides an important and coherent account of the sea-change in global capitalism as well as the collective action required to create this new world order. A combination of powerful external pressures and the realignment of internal domestic power relations have been responsible for the increase in structural power for international capital in

relation to that of states (Gill, 1993:108). A process of elite interaction and network-building between business and political^a leaders resulted in intensive planning and deliberate public relations among core political leaders, key international institutions, and numerous think tanks. A primary aim was the restructuring of governments by targeting those state policies which affect the operation of international capital. Specific national state structures and policies are then reshaped in accordance with the strategies, goals, and recommendations coming from a complex network of expanding class alliances, core states, coalitions, and historical blocs of social forces across, as well as within, countries (Cox, 1979; van der Pijl, 1984; Gill, 1990). Responding to these demands, states move away from national policies that protect, intervene, and regulate the market such as the Canadian national policies, to neo-liberal policies that open and widen it.

The neo-Gramscian approach offers class state theory a way of identify historically significant actors and concentrates on their interactivity with social structures

^a The extensiveness of this network and its advancements of the free market, free trade, privatization and deregulation was planned, organized and funded by a number of organizations. Included in this network are the G Five, Six or Seven countries, the Trilateral Commission which brought the Japanese, European and North American regions together, the OECD, the World Bank, the Bank of International Settlements, the IMF, the Club of Rome, the Bilderberg Conferences, the Mont Pelerin Society, the Kiel Economic Institute, Club de l' Horlage, the Institute of Economic Affairs, the Adam Smith Institute, the Heritage Foundation, the Thomas Jefferson Center Foundation, the Society for Individual Liberty, and in Canada the Fraser Institute, among others (Gill, 1993; Marchak, 1993).

such as the national state in order to transform it. Powerful corporate actors, classes, and states are all central in this perspective as is, communications, and the powerful relations that develop between and within nations. This approach insists that the structures of the world order and forms of the state are not given. Rather, structures and forms are more open and dialectical in that they are constructed and transformed by collective human action. As such this neo-Gramscian international relations approach offers a possible way of examining the social relations of the state policy by incorporating agency and action into state analysis

But the neo-Gramscian international relations persistent ambiguity and reductionism about the internationalization of the state; the state's role as an important actor in this process; and the political activity required to change important policies that affect capital accumulation, creates analysis that is very thin and inadequate at best. The approach suggests that dominant international forces determinately restrict political manoeuvrability or prevent serious reaction or alternative hegemonic action when it comes to changing policy. It is important to keep in mind that policy changes are not smooth and effortless as Cox and Gill suggest. Rather policy shifts are complex, filled with social conflict and struggle. Moreover, as the telecommunication policy analysis used in this thesis reveals disputes and conflicts do not shift to a hyperspace beyond the state. The

proliferation over the last twenty years, of Canadian federal state activity reveals an intense interplay of social dynamics as major structural policy transformations took place. Yet in the international relations approach policy changes are not granted an open and dialectical methodological treatment.

Rather, neo-Gramscian international relations tend to resemble instrumental state theory insofar as the state acts as the instrument (or tool)⁹ of the more powerful international capitalist class and other capital global forces. It implies that the state can be manipulated at will. As Panitch explains, the expansion of global capitalism is a process that takes place "in, through, and under the aegis of states " and the extent that capital internationalization has been advanced has in fact been authored by states (1994:64). It involves a shift in power relations within the state to meet the essential conditions of a global and continental market. Our attention needs to be directed to the relations and struggles among social forces that occur within the capitalist state as power relations change. Cox is correct in pointing out that the international economy has an impact on national policies, but it does not act determinately on states or social actors. Subsequently policy reorganization involves a dialectical process of mutual constitution and resistance among class (or class fractions), and social actors as they

⁹ Cox supports this assessment when he writes that "states must become the instruments for adjusting national economic activities to the exigencies of the global economy" (1993:260).

engage with the state to change its structures and policies, or oppose these changes.

Instrumentalism points to the underlying class character of state institutions and the Canadian governments' role in incorporating the country into a continental and world economy through the reorganization of its national and foreign policies. The perspective explains how we got our systems of corporate-controlled telecommunications and how the state works with the dominant class to advance its interests. But the state is not an agent which introduced a neo-liberal telecommunication policy regime for multinational capital. Nor does the state accommodate business demands for policy changes with a kind of effortlessness and stability. Instrumental state theory does not explain why and how class interests get translated into specific state policies or why policies change. On its own, instrumentalism fails to incorporate into its analysis the social relations involved in forming and changing telecommunication policies.

E. Structuralism

Structuralism deepens and advances instrumentalism by emphasizing why the capitalist class rules with the help of the capitalist state. In order to maintain the capital system a structuralist approach considers vital functions that the capitalist state must satisfy to first maintain the system and that it depends for its survival. Consequently, the primary function of the state in a capitalist society is to serve the

interests of the dominant class in a distinctive and complex way. It includes advancing capital accumulation to produce and reproduce material resources, as well as provide some degree of legitimatization or general popular belief in the capitalist system.

Integrating Gramsci's theory of state power, hegemony, and power bloc, with Althusser's structuralism, Poulantzas' concern was with the structural relations that linked the state to class struggle (Poulantzas, 1974). In a structuralist approach, the state is not an isolated set of institutions but one of the terrains of class struggle in which it uses political compromise to help shape the structure of the economy. It is in this way that Poulantzas' structuralism grants a critical role to politics demonstrating that social classes are shaped and influenced, not only by economic relations, but by political, and ideological ones as well.

Capital fractions represent important divisions within the capitalist classes (Poulantzas, 1973:43-45). Their social relations are complex and dynamic based on their particular economic interest such as staples, industry, finance, commercial, or telecommunications communications. In addition to competing with each other, capital classes also forge alliances within these sectors or across fractions. These alliances help in the formation of a power bloc whose main purpose is dealing with political interests of the capital class. In Canada, the power bloc is based upon a triadic

alliance made up of a dominant domestic fraction, a medium-sized domestic manufacturing fraction, and a dominant American fraction.¹⁰ Canada's domestic fraction has prospered despite the deepening of United States capital into certain sectors such as manufacturing and resources. Both Canadian and United States capital fractions maintain central positions in core institutions in the economy and by occupying positions which gives them relative importance regarding the national economy. The tendency for the Canadian and United States fractions, the federal government's second national policy, and the recent trade agreements is towards continental capital integration.

The leadership which unites the power bloc or power alliances under its stewardship is the hegemonic fraction. The hegemonic fraction works to advance the general political interest of the alliance, much like the BCNI and the Chamber of Commerce did in advancing the neo-liberal policy project. The state, then, combines the interests of the various fractions and acts as the political organizer of the power bloc (Poulantzas, 1978:44). But as this research indicates, only the federal state is able to change existing policies, introduce new legislation, and implement continental trade

¹⁰ Clement (1977: 24-6) points out that Canadian domestic fraction is active in finance, transportation, utilities, trade and communications. This fraction is engaged in national, continental and international capitalism. The second fraction is regional, national or continental in scope. Whereas the comprador fraction is national, continental and international in scope and is represented by branch plants and subsidiaries of foreign-controlled multinationals predominantly from the United States.

agreements.

An important contribution structuralist theory makes to policy analysis is that capital fractions and the state work together to construct hegemony. It is reflected in a hegemonic project, or policy regime, like the neo-liberal one (Jessop, 1983:100). In the past, the Canadian government's role in this process included creating favourable conditions for the universal expansion of the project through national policies. Normally hegemony involves a sacrifice, by the capitalist classes, of certain short-term interests for the hegemonic project, with some material concessions going to the other social forces. The telecommunication concessions made during the second Canadian national policy period included increased telecommunication employment and a cross-subsidization scheme to keep local telephone rates low for residential subscribers. These concessions tended to garner support from these forces rather than upset the overall interests of hegemonic project or the capitalist system. The new neo-liberal regime, on the other hand, includes very little, if any, compromises or concessions for labour or residential telecommunication users. Consequently the regime's weakness is its limited hegemony which has subjected it to continuous opposition and resistance. It has also contributed to the development of subordinate social force alliances working toward an alternative or counter hegemonic project.

In order to create and maintain a perceived condition of

social harmony the state produces policies and regulation which legitimize capitalist social relations. But the state is also an important site of class struggle as conflicts are reproduced at all state levels including, the cabinet, the government departments affecting telecommunications, and the federal communication regulator. Mahon explains that regulatory agencies reproduce state biases for capital accumulation "in a complex way - through the unequal structure of representation inside the state" (1980:154). The federal telecommunication regulator, the CRTC, is an unequal structure because it concurrently represents and regulates the communication class fraction. As such, the CRTC is 'hegemonic apparatus' rather than 'captive agent' (Ibid:166). In addition the Canadian federal state acts as dual agent. State agency involves various ways and means of advancing the neo-liberal telecommunication policy regime. Additionally, the state has taken action to reorganize itself by centralizing power and control of telecommunications with the federal government. It also includes the redistribution of power within federal departments that deal with economic issues and international trade. Federal departments and the CRTC, who primarily dealt with the social aspects of telecommunication policy, have either been eliminated, or their power has been greatly reduced. Consequently neo-liberal policy changes have provided a means for the state to reform itself to eliminate the arenas of class and social conflict.

Poulantzas' concept of 'individualization' (1978:66) helps to explain how the CRTC functions as unequal structure. In democratic societies, the state claims to represent the collective will of capitalists, workers and the rest of its citizens. What the state does, however, is redefine all its citizens politically, including the capitalist class, into individuals or political-juridical persons. The state then recreates these individual subjects by stressing their individuality, individual rights, expression, and political power (voting). What structural communication perspectives reveal is that liberalization, deregulation, privatization and continentalization policies perpetuate structural regulatory inequality because these policies promote consumerism and individual communication consumption. Yet, corporate members of the capitalist class, who are also legally defined as individuals, are brought back from their isolated position by the state. The state restores the dominant position of the capitalist class while every one else remains divided, isolated, and fragmented as individual consumers. Most government agencies and federal telecommunication legislation and state regulators are now concerned with economic competitiveness and consumer rights rather than social responsibility to its citizens. The shift to policies that liberalize, privatize and deregulate telecommunications have been responsible for narrowing the notion of 'the public' to

that of 'consumer'¹¹ (Aufderheide, 1987:81,87). Effectively these changes severely restrict telecommunication public policy social issues such as universality and affordability.

Structural communication analysis by Mosco, that focuses on the shift to neo-liberal communication policies, identifies the contradictions within the dominant bloc of capital interests, the pressures from groups and trade unions that oppose these new policies, and the state's responses to those contradictions and conflicts (1982:38). This research shows that the communication sector is not monolithic, there are several types of players and participants each with different conflicting interests. He noted that the federal government of the United States performed various functions to advance the interests of all capitalists in the dominant power bloc. It included advancing the interests of the new telecommunication challengers, the national and international telecommunication user organizations, and global telecommunication manufacturers such as Northern Telecom, Alcatel, Siemens, Ericson, NEC as well as AT&T.

Mosco's structuralism also documents the significance and importance that social class (consumers and public interest) and the working class have had in creating conditions for effective telecommunication policy opposition (1989:107). He

¹¹ Aufderheide points out the public is not the same thing as a phone consumer. In the United States, for example, eight percent of all households and one third of the poor households, who are part of the public, do not have telephones (1987:81).

notes that coalitions began to emerge between the telecommunication labour and the progressive movements (1982:57). Although class factors are an important dimension of the politics of the neo-liberal regime, particularly for employment and the reduction of unionized telecommunication workers, strong opposition in Canada also came from the national and provincial anti-poverty and consumer organizations. As the state implemented the new telecommunication policy regime, it intensified contradictions and it helped increase resistance. As a result the resistance forces have broadened the alliances to include cross-border union coalitions, and labour, consumer, and public interest coalitions.

A growing body of telecommunication empirical research, influenced by Mosco's structural approach, concentrates on the process by which class rule takes place in policy making and regulatory agencies. The struggle for competition, deregulation and privatization in Canadian telecommunications was also led by large business users and new communication providers. These groups, organized into large cross-cutting national and international associations, such as the Canadian Business Telecommunications Alliance (CBTA) and the Information Technology Association of Canada, among others, lobbied for policy liberalization and competition to get cheaper telecom services. Their threat was that, for failing to change the existing telecommunication regime their members

would by-pass the Canadian network to "the more business-minded network south of the border" (Mosco, 1990b:12). These same lobby organizations also made progress promoting the privatization of federal and provincial crown (public) telecommunication companies. Coulter documents the structural changes that occurred when the federal state privatized Teleglobe - Canada's international carrier, and Telesat - a satellite based communication system (1992:180, 440). The Canadian style of mixed telecommunication ownership (public and private has been replaced with almost total private ownership. With the privatization of two provincial telecommunication systems in the provinces of Alberta and Manitoba, only one public telecommunication network now exists in Canada in the province of Saskatchewan. Coulter points out how the large communication players such as Bell Canada Enterprises, Power Corporation, CNCP Telecommunications and Rogers Communications have gained power and control of these strategic systems. Winseck's analysis focuses on the structural changes resulting from the introduction of federal telecommunication legislation (Bill C-62) (1993:237-8). What this body of structural research also provides is the empirical evidence which maps and analyses the social relations involved in neo-liberal policies such as liberalization, deregulation, and privatization. Additionally the long battle for public long distance telephone competition revealed that competition occurred despite strong resistance

from the telecom unions, some provincial governments, the Canadian Labour Congress, as well as the social classes including, anti-poverty and rural dignity associations, provincial consumer organizations, seniors, women's organizations, and native peoples. These groups argued before the CRTC, House of Commons hearings, and Senate hearings that universal telephone service to any area in Canada, and affordable telephone rates particularly local rates, not be sacrificed or lost.

These structural approaches also reveal that just as various capital fractions are not a homogenous class neither are the various members of the subordinate class. The Telecommunication Workers Union (TWU), representing the workers at BC Telephone, by far the most militant, challenged the neo-liberal policies, as well as the CRTC's legitimacy to change these policies, all the way to the federal courts. Whereas the Communication, Energy and Paperworkers Union of Canada (CEP), representing the Bell Canada workers, opposed long distance competition and supported universality. Yet in CEP's submission to the Senate Committee on the proposed telecommunication legislation, it did not deny the role of competition to the telecommunication industry (Winseck, 1993:252). Paradoxically, the organization claiming to represent all Canadian residential subscribers, the Consumers' Association of Canada (CAC), supported long distance telephone competition and local competition, but did not support a

targeted subsidy program for those subscribers who would feel the negative effects of the new policy regime. The significance of new state strategies through formal trade negotiations such as the Canada-US Free Trade Agreement (CUFTA) have also been identified (Mosco, 1995:197). At the core of free trade, among other things, is the increasing politicization of telecommunications.

Summary

The class state theory approach develops a more comprehensive understanding of the conflicts, compromises, tensions, and contradictions that have taken place in the shift to a neo-liberal telecommunication policy regime. Structuralism, in particular, emphasizes that the state is the site of the political struggle between classes and fractions of capital as they try to influence the outcome of telecommunication policy. Structural telecommunication policy analysis is useful because it deepens and expands the instrumental approach. It emphasizes that the capitalist state is interested in advancing capital accumulation rather than a particular capitalist fraction or class. This has resulted in a shift away from telecommunication monopoly providers and policies and regulation that protected the monopolies while at the same time these policies kept basic residential telephone rates low and provided telecommunication employment. The demand for change came from national and international large telecommunication user organizations and the new

telecommunication challengers to end the monopoly era and expose telecommunications to market competition.

The structural perspective emphasizes the growing complexity of communication relations by analyzing how and why there have been major changes to public telecommunication policies. Telecommunication policy analysis focuses on the social relations and political conflicts and compromises that takes place in capitalist society. It reveals that the capitalist state contributes to this process as it attempts to maintain class power by working hegemonically to mobilize control, and reproduce the active consent of the non-dominant classes through moral, political, and ideological means. Simply put telecommunication legislation, policies and regulation produce outcomes that appear to serve the 'public interest'. The public interest has been reinterpreted by the state to create a stratified environment of users, beginning with the largest telecommunication users, the large multinational users, the upper and middle class users, and at the bottom the insignificant users. Structural telecommunication analysis shows that the neo-liberal telecommunication policy shift is just about policy changes. These policy mechanisms and federal state intervention have helped reallocate benefits and costs. Benefits go to the large business consumers and the costs are born by residential telephone subscribers and the telecommunication workers, particularly unionized workers.

My earlier structural research dealt with the telecommunication policy changes that permitted liberalization and deregulation of business services, CNCP Telecommunication's interconnection to Bell Canada and BC Telephone, and CNCP's first attempt to provide long distance telephone service (Rideout, 1991). As a self-criticism, it tended to present state structures and regulatory agencies such as the CRTC as powerful fully formed and inflexible determining entities on telecommunication policies. The next chapter attempts to address this structural determination problem by integrating contemporary sociology theory about social agency into structural telecommunication policy analysis. The integration of these two theoretical approaches provides a more comprehensive and indepth analysis of why and how Canadian telecommunication policy has shifted to the neo-liberal model.

3. TOWARD A CONTINENTAL THEORY OF THE STATE AND TELECOMMUNICATION POLICY

An appropriate political initiative is always necessary to liberate the economic thrust from the dead weight of traditional policies - i.e. to change the political direction of certain forces which have to be absorbed if a new, homogeneous politico-economic historic bloc, without internal contradictions, is to be successfully formed.

Antonio Gramsci, Selections from the Prison Notebooks.

[A] long term shift in hegemony requires not only a new hegemonic project but also the reorganization of the state system as a whole. Bob Jessop, *The Capitalist State*.

At particular historical conjunctures, such as the capital crisis of the 1970s, state policy may undergo a paradigm shift, as the shift to neo-liberalism reveals. The policy shift occurred because particular class actors, primarily multinationals, engaged in extensive political activity and lobbying to influence and change the existing modern liberal policies that were implemented in Canada throughout the post-war period. Multinationals interacted with the Canadian state to bring about sectoral changes to key areas such as finance, transportation and communications. In the telecommunication sector, as in other sectors, these policy changes included liberalization, privatization, neo-regulation, and continentalization. Other changes included the introduction of new telecommunication legislation, the reorganization of federal government departments that dealt with telecommunications, as well as the implementation of two

continental free trade agreements.

The telecommunication policy analysis used in this thesis reveals that a neo-liberal policy shift in telecommunications has occurred in Canada over a twenty year period beginning in the mid 1970s. The policy shift has been supported not only by the capital class and their lobby organizations, but by academics and experts working for privately and publicly funded research institutes, key federal government departments, and the Canadian communication regulatory agency. More importantly, this policy shift has been strongly resisted by other members of Canadian society such as labour, consumer organizations, public interest advocates, some provincial governments, as well as other academics and alternative research institutes.

The thesis concentrates on the processes of social change and the introduction of a new hegemonic project, which is primarily based on a neo-liberal policy model. The project also used a neo-conservative approach to centralize power and control of telecommunications with the federal government. The thesis specifically looks at why and how political social actors, including the state as an actor, brought about federal state structural reorganization and neo-liberal policy changes to the telecommunication sector. It argues that from the beginning these policy changes were, and continue to be, opposed and strongly resisted by class and social actors, from the telecommunication unions to consumer and public

interest organizations.

A. Toward a Continental Theory of the State

The theoretical framework of this dissertation is derived from Gramscian class-analysis of the state's social-political relations with civil society. It focuses on how capitalism and the power of the ruling capital class are helped and maintained by the state, through hegemony. It builds on Gramsci's concepts of hegemony, the national bloc, as well as social agency and praxis or action, to explain why and how Canadian telecommunication policy has changed.

The claim that this thesis makes is that the Canadian federal state has not been by-passed, and it is not an agent or a transmission belt for international capitalist forces. Over the last two decades domestic and international capital restructuring has resulted in a major reorganization of Canadian federal institutions and telecommunication policies. Although the nature of state intervention has changed, the role of the state has not diminished. What we are witnessing is a very active state and highly politicized capitalist fractions actively engaged in transforming the state, and reorganizing telecommunication policy to further the integration of the Canadian economy into the continental and international market. But these policy changes have not been smooth ones, they have been met with strong resistance from telecommunication unions and other progressive social actors such as consumer organizations and public interest advocates,

among others.

The thesis argues that an intermediary bloc, a continental bloc, has materialized in North America. A number of political actors including the Canadian state, large domestic conglomerates, Canadian and foreign multinationals, among others, have played an important role in shaping this continental bloc. This continental bloc is part of a dynamic process of political and social change where specific social capital forces have organised as political actors. These socio-political actors have interacted with the federal state as they struggle to transform, or resist, the federal telecommunication policy shift to the neo-liberal policy format. This research shows that the policy shift has intensified disputes and conflicts among capital fractions, and has been met with opposition from part of the established domestic telecommunication industry. More importantly, beginning in the 1970s this policy shift has been strongly resisted by the telecommunication unions, public advocacy organizations representing residential subscribers, seniors, the poor, and those Canadians that live in rural and remote areas, as well as a coalition of consumer organizations.

In the context of the Gramsci and Jessop quotes, at the beginning of this chapter, the continental historic bloc recognized that a new hegemonic project was necessary to change policy direction, change outdated policies, and reorganize some structural aspects of the state system. A

hegemonic project should account for a balance among all relevant social forces. Consequently, it is concerned with national - popular relations, not simply class relations (Jessop, 1983:100-1). Because of continental economic integration through trade agreements it requires an additional policy layer, as well as domestic policy changes. Essentially, it includes a major reorganization of existing policies, the development of new telecommunication policies and legislation, as well as the restructuring of the federal institutions that deal with the telecommunication sector, such as the Department of Communications, Industry Canada, the Director of Competition, and the Department of Foreign Affairs and International Trade. But at the same time the continental bloc further integrates the Canadian economy and society into the continental and international capitalist market system it has isolated certain classes such as labour and excluded other social classes (Laclau and Mouffe, 1985). Consequently, the Canadian state, capital fractions, business coalitions and their lobby organizations have been active in reorganizing, what Jessop calls, the "hegemonic project," to a neo-liberal policy regime (1983:100).

My particular use of hegemony finds its roots in its Gramscian (1971) derivative, which emphasizes the *consent*, *influence*, and *intellectual leadership* used by the dominant class or capital fractions, experts and academics, as well as particular federal state agents, to implement a neo-liberal

telecommunication policy regime. My focus on hegemony and hegemonic project is important because it concentrates on the social relations that are involved in changing and restructuring telecommunication policy. In a class analysis of the state, it is paramount that our understanding of hegemony is not reduced to one of static consensus as pluralist state theory would have it, the management of change put forward by managerial state theory, or the powerful dominant consensus advocated by the neo-Gramscian international relations school. Rather, changing the hegemonic project requires a dynamic interaction of state and capital class agents with definite strategies to reorganize consent. Consequently, it is important that the Canadian state is identified as a key actor in building a continental hegemony and developing the political-ideological environment of consent, backed by coercion when necessary, among and between capital fractions, the working class and non-class actors, within Canada and for the North American region.

It is also important to keep in mind that the development of a continental hegemony, however, does not mean that there has been universal support for the project. Such a suggestion would be misleading. Rather, this continental hegemony is a limited hegemony¹² because mobilization for support has been

¹² I use Jessop's (1983:103) definition of a limited hegemony. An expansive hegemony garners the support of the entire population and is mobilized through material concessions and symbolic rewards such as Keynesian-welfare projects or a Fordist regulation regime (Aglietta, 1979; Lipietz, 1987; Boyer, 1990). In contrast, a more limited hegemony is only

limited to strategically significant capital sectors and the Canadian federal state. Many of the material concessions and rewards of the Fordist regime have been withdrawn or are under attack. Moreover, the cost of the neo-liberal project has been passed on to all the other sectors and the Canadian people. Basically this continental hegemony is a government-business alliance which excludes all other groups and members of society. The political aspect of this limited hegemony is evident in the formation of the continental bloc and its exclusionary aspect of negotiating and implementing telecommunication policy through trade agreements. Essentially by adding this policy layer it attempts to silence resistance.

Over time, a historic structure, such as the Canadian capitalist state, was formed by collective human activity. As a complex historical structure,¹³ the federal state went through what appears to be a relatively long period of cohesion and stability in the post-war Fordist period. Concurrently, the Canadian Fordist regime was riddled with conflicts and tensions. When these conflicts could not be contained any longer by the state, and they erupted into major

concerned with strategic important sectors of the society, such as telecommunications, finance and transportation, while the cost of the project is passed on to all the other sectors, and members of society.

¹³ My reference to the state as a historical structure is similar to that of Gramsci and Cox. That is, an historical structure is one that is historically changeable. Structures of the past provide the circumstances in which the historical action of the present takes place. Change to historical structures occur when social actors have the power to shape their future, both in relation to their command over material resources, and their understanding of the process of change (Cox, 1987:269, 395).

contradictions, capitalists fractions and their political agents heightened their politically activity to reorganize state structures¹⁴, and change national policies to advance continental and global capitalism. Responding to the capital economic crisis of the 1970s, the capitalist class engaged in a major restructuring program that deepened and extended capitalism globally through the internationalization of production, distribution, and technological renewal. These international forces also impacted on the activity of states particularly their structures, legislation, and policies.

At a socio-political level, the state is made up of social institutions, a set of power relations, and is affected by social action, ideas, and ideologies. Nonetheless, it is important to keep in mind that although social action is constrained by, and is constituted within, the prevailing social structures, state structures and its policies are transformed or resisted by specific social actors as they engage with these structures through a class structuration process of social agency. In order to bring about state structural changes these changes may be understood as the interaction of social human activity with these structures.

¹⁴ Structure, in Gramsci's writings is understood as historical structure which is always capable of structural transformation. This idea of structure is quite different from Althusser's structuralism with its structural determination particularly regarding social agents. Althusserian structuralism treats human agents as the 'supporters' or 'breakers' of structures. Consequently the reduction of agency to structure eliminates the conceptualization of struggle and change (Gramsci, 1971; Althusser, 1968).

Historical change has three components of transformation: historical necessity, transience, and dialectical realism (Gill, 1993:23). The capital crisis of the 1970s provided the impetus for historical change. Transience reveals that state structures are not static and that policy changes are cumulative. Recent state reorganization and policies changes then are responses to capital crisis. Pressure from the capitalist class has been applied to free itself from national state policies that protected and regulated indigenous capital, and prevented or limited foreign capital from competing in the domestic market. These pressures resulted in policy changes and trade agreements that emphasize 'competition' and 'free trade' to help foster the continentalization and internationalization of capital accumulation.

Dialectical realism is the creative and practical process of change that is carried out by organic intellectuals - academics and experts, most notably in economics and law, who have been actively involved in the policy process. Organic intellectuals are important agents because they interpret, translate, and promote the ideas of the dominant class into policy recommendations. Canadian organic intellectuals, both in state and private funded institutions, have been directly and indirectly linked to the political strategies and action necessary to change the country's policy direction. Other organic intellectuals have also engaged in alternative

research organizations and conferences providing different views and positions to counter the neo-liberal policy model.

B. Research Questions and Periodization

The thesis is guided by three general research questions:

1) Why and how is the Canadian federal state¹⁵ involved in the production of consent for a continental neo-liberal policy regime?; 2) Has the federal government succeeded in silencing resistance to the project?; and, 3) What are the major characteristics of the Canadian telecommunication policy regime and is it indicative of a policy paradigm shift?

The thesis argues that a new hegemonic project of neo-liberalism has replaced the previous modern liberal regime, essentially resulting in a policy paradigm shift. This paradigm shift is evident when two distinct periods of Canadian telecommunication policy are compared. The first period of modern liberalism began to mature in the post-war period, the 1940s through 1977. This period is identified as a Fordist regime characterized by telecommunication monopoly and increased federal state policies and regulation. Telephone companies expanded their networks throughout Canada because of regulatory requirements that ensured that all Canadians would have universal access to these services. The telephone companies benefited from regulatory approved rate

¹⁵ My use of 'the state' refers to the Canadian federal state and how it deals with federal telecommunications, rather than provincial telecommunication state relations. Nonetheless particular policy analysis may reveal that provincial state actors participate in the federal policy process.

increases which heightened profits. The major telephone companies benefited from a work force that was represented by weak unions - international and company unions. Although telephone workers were not well represented by their unions they benefited from telephone company capital expansion programs which resulted in increased job opportunities and increases in wages and benefits. Telephone subscribers benefited from services that expanded from the urban centres to small towns, as well as the and rural and remote areas. Local rates for all subscribers were billed at a flat rate and remained affordable.

The thesis focuses on the second period, from 1976 to 1997, and the watershed that occurred with the introduction of neo-liberal telecommunication policy. This period advances market interests, market ideology, and its mantra of competition, choice, and less regulation. It is characterized by policy neo-regulation, liberalization, privatization, and continentalization. The period is divided into four neo-liberal policy phases. Phase one begins in the late 1960s and includes an examination and analysis of the internal and external forces advocating liberalization and deregulation. Canadian telecommunication liberalization began slowly in the late 1970s continuing through the 1980s when new competitors were permitted to compete with the established telephone companies to provide business services and interconnect their networks to the federally regulated telephone companies. Phase

two, from 1985 to 1992, covers the first attempt at liberalizing public long distance telephone service. Although the telecommunication unions, consumer and public interest organizations, and many of the provincial governments were successful in preventing long distance competition, the CRTC decision was instrumental in rallying telecommunication user organizations and the private research organizations into political action. The third phase, which begins in 1992 and continues through 1997, is characterized by the centralization of telecommunication jurisdiction and regulation with the federal government. As liberalization intensifies, competition in this phase is permitted by the CRTC, not only in long distance telephone service, but also local service. Neo-regulation rather than deregulation prevails as different levels of regulation are introduced. It is characterized by no regulation or self-regulation in the competitive markets, only light regulation of the established telephone companies, and when market failure occurs re-regulation may be implemented. In Canada, policy has been introduced to allow the CRTC to forbear from regulation in certain circumstances. Responding to neo-liberal recommendations that the size of the state needs to be reduced, the Department of Communication was eliminated and its telecommunication sector was absorbed into Industry Canada.

The fourth and final overlapping period, that commences in 1989 through 1997, analyses the significant sections of the

new telecommunication legislation. It also examines the new period of political continentalization that commences with the Canada-U.S. Free Trade Agreement (CUSFTA) in 1989 and continues with the North American Free Trade Agreement (NAFTA) in 1994. The continentalization phase reveals increasing exclusive state-business alliances. Whereas labour's interests are marginalized and public and consumer interests are excluded altogether from the telecommunication policy process. Policies that favour continental and international multinationals, less state interference in the economy, state involved in entrenchment of multinational social and economic rights through the first continental trade agreement the CUFTA, and second agreement, the NAFTA extends these rights to Mexican capital fractions and the Mexican state. What is significant in both agreements is the addition of trade in services. A specific chapter deals with trade in telecommunications services, as well as the entrenched rights the agreements give to multinational telecommunication users.

C. The Continental Bloc

I maintain that the state has played a very important role in integrating the national bloc into a continental historic bloc. The major difference between this bloc and the national one is that it is primarily made up of multinational corporations who are head-quartered in Canada and the United States. The continental bloc is strengthened not only through multinational cross directorships by a dense integrated web,

its power has been strengthened through new strategic alliances that engage in political activity through their lobby organizations such as the Business Council on National Issues in Canada, and the Business Round Table in the United States, among others. This political arm of the capital class was responsible for developing strategies, policy positions, and research, all aimed at influencing the Canadian federal government to change its policy direction. The political aspect of continental bloc has developed more active political relationship with the Canada and United States governments. This continental bloc has affinities to, but goes beyond the Canadian and United States "corporate/economic continentalization" thesis advanced by Clement (1977:24-26). It also goes further than economic restructuring and corresponding industrial policy changes that were part of the requirements of Canada's freer trade and economic integration into the North American market (Drache and Gertler, 1991). Political relations within the continental bloc are more complex than the economic trade agreement investigation conducted by Grinspun and Cameron (1993) on the CUSFTA and the NAFTA. These investigations of the economy, and both trade agreements, have a major drawback in that they do not provide an extensive examination of state agency. The reorganization of major Canadian federal government departments, the privatization of federal telecommunication crown corporations, making major telecommunication policy changes, introducing new

telecommunication legislation, and the implementation of two continental trade agreements that can supersede national policies, are much more than a continuation of state 'continental management' and the harmonization of Canadian policies with those of the United States, as Carroll argues (1990:407).

One of the purposes of the continental bloc is to act as an intermediate bloc aimed at advancing capital accumulation for continental and international markets. The hegemonic group that makes up this regional bloc is still based on an alliance among the state and dominant domestic capital in finance, utilities, transportation, real estate, merchant, telecommunications and media communications, a smaller medium sized domestic industrial capital, and a dominant United States capital fraction in manufacturing, resources, finance and telecommunications. Corporate concentration has increased for the largest enterprises in many fractions resulting in a very small group of hegemonic economic actors. The Canadian finance fraction, which is also highly concentrated, plays an important 'go-between' role because it integrates both the different economic sectors and the Canadian and foreign businesses (Richardson, 1992:312). Further, telecommunication and media communication capital fractions are now more significant actors within the continental bloc. Because capital fractions are more concentrated and interconnected, they form a tight knit network of common class interests,

although no one fraction of the dominant class exercises hegemony. Cohesiveness revolves around general multinational class interest rather than narrow sectoral interest. Moreover, the continental bloc is more organized politically because all of the capital fractions are represented by cross sectoral business alliances whose main purpose is to influence federal government policy. Another major difference between this continental bloc and the previous national historic bloc is the expansive move by some domestic fractions into the United States markets, including telecommunications, media communication, real estate, merchant and finance capital. Such expansion by domestic capital into the United States has put additional pressure on the Canadian state to change policy.

The continental bloc also serves another purpose. It has been responsible for providing the resources and research to help to change the existing ideas and practices of the national bloc. The multinational members of the continental bloc are less concerned with the national economy and more interested in the continental and international economy. The Canadian state has also helped to produce hegemonic consent within the continental bloc through - royal commissions, conferences, new legislation, policy changes, and two continental trade agreements. Nonetheless, consent within the continental bloc is tenuous because policy making at this level is inclusionary and exclusionary. Included are Canadian state, domestic conglomerates, and multinational corporations.

Whereas domestic capital fractions who do not see any benefit in these changes, and, most importantly, public interest advocates, consumer organizations, and the trade unions have either been excluded or marginalized from participating in the formation of continental policies such the CUSFTA, the NAFTA.

Essentially, both the CUSFTA and NAFTA have pressured Canada's national practice of allowing the operation of private and public telecommunication monopolies, known as a mixed telecommunication system, to one that is now almost entirely privately owned.¹⁶ Both trade agreements and the aggressive lobbying by the capital class are also responsible for the unravelling of the public interest aspect of telecommunication policy that dealt with universality and affordability. The continental bloc and the Canadian state have also developed new arrangements to tighten control over telecommunication policy while at the same time grant exclusive rights to conglomerates and multinationals so they can interconnect their private networks to public telecommunication infrastructure to electronically move information and services back and forth across borders. The exclusionary aspect of the continental bloc has also intensified hegemonic struggles and resistance from both class and social class actors.

¹⁶ As of 1997 the only public owned telecommunication system is Saskatchewan Telephone (SaskTel), owned and operated by the provincial government in Saskatchewan.

D. Political Continentalization

Through a process referred to as political continentalization, the continental bloc establishes the goals and strategies necessary to institutionalize the Canadian neo-liberal policy agenda. Political advocates include a number of key business associations and lobby organizations, the federal government, and important public and private funded research organizations or think tanks. Many of the business associations and the research institutions had, since the 1960s and 1970s, been producing an array of pro-market policy position papers and recommendations. But the catalyst for these changes, was an extensive federal document, the *Report of the Royal Commission on the Economic Union and Development Prospect for Canada*, known as the Macdonald Commission. Started in the late 1970s and completed in 1985, the Macdonald Commission's recommendations included a move to a more market driven economy combined with a free trade agreement with the United States. The promotion of free trade in Canada, however, was not a new phenomenon. It can be traced back to its rejection in two federal elections in 1891 and 1911, and was considered several times since (Hiller, 1996:81). Always a controversial issue in the past, the ideas of free trade and free enterprise became credible with the Macdonald Commission's endorsement. The Commission recommended that the Canadian state "pursue a 'neutral policy' toward the market and limit its activities to facilitating economic adjustment"

(Brodie, 1990:217). Other policy recommendations included deregulation and privatization.

The political continentalization process also includes policy position papers or reports supporting 'free trade' and the restoration of the 'free market'. This support came from key business organizations and alliances such as: the Business Council on National Issues; the Canadian Bankers Association; the Canadian Chamber of Commerce; the Canadian Manufacturers Association, and the Canadian Alliance for Trade and Job Opportunities. The Canadian Alliance for Trade and Job Opportunities was also supported by the unlikely organization, the Consumers' Association of Canada. Free trade, market liberalization, deregulation and privatization was also endorsed by policy position papers and the published reports of important publicly funded as well as domestic and foreign privately funded research institutions. The public research organizations include the now defunct Economic Council of Canada and the Science Council of Canada. Private research organizations, that supported free trade, trade liberalization, and closer ties with the United States, includes private research organizations such as: the Canadian-American Committee, the C.D. Howe Institute, the Canada West Foundation, the Fraser Institute, the Institute for Research for Public Policy. General support for many of these recommendations helped to create an environment of influence, revealing how the process of intellectual production by

organic intellectuals working in research organizations for business lobby organizations and the state, helps to promote the acceptance of neo-liberal ideas. Subsequent steps include the political action and agency used by these business associations and others specifically interested in telecommunications to radically change Canadian telecommunication policy.

Strong resistance to this political continentalization initiative developed nonetheless. Resistance or alternative hegemony developed over the neo-liberal policy recommendations for both free trade agreements. A politically organized alliance formed between class and progressive social movements. It included an alliance between the working class, from private and public sector trade unions, and the popular sector. The alliance first called the Pro-Canada Network, renamed Action Canada, broadened its mandate from national issues to continental and international concerns. In addition, the alliance built continental and international links with other progressive social groups and trade unions in Mexico and the United States. Membership for Pro-Canada Network/Action Canada included cross denominational church organizations (GATT-FLY, renamed the Ecumenical Coalition for Economic Justice), social agencies, native peoples organizations, women's organizations, OXFAM Canada, the Canadian Federation of Students, InterPares, among others (Bleyer, 1992:104-114).

Individual organizations as well as the alliance

presented counter briefs and lobbied against the Macdonald Commission's recommendations as detailed in *The Other Macdonald Report* (Drache and Cameron, 1985). Through alternative research organizations such as the Canadian Centre for Policy Alternatives, other organic intellectuals provided research and numerous reports on the negative impacts that a shift to neo-liberal policy and free trade would have on Canadian society. For the purposes of the thesis, only the reports, position papers and news letters from Action Canada, the Canadian Labour Congress, the Council of Canadians, Rural Dignity, and the Centre for Policy Alternatives that dealt with policy liberalization and free trade are examined.

E. Class Structuration and Political Agency

A second theoretical challenge is to provide a clearer understanding of the process of social change and its affect on telecommunication policy. By examining the political activity and practices of social actors, as well as the state as a special kind of social actor, the thesis shows that changing telecommunication policies has been part of a larger neo-liberal agenda initiated by capital fractions and their lobby organizations as they interact with the state to realize their objectives. Nevertheless, as the state introduced the neo-liberal policies it intensified conflicts and struggles within the capitalist class, and between the capitalist class and subordinate class and non-class actors. It reveals that the state is an important site of hegemonic contestation as

social agents attempt to influence others to comply with their wants. Shifting telecommunication policy then requires social action, political activity, and the engagement of actors with state structures.

The thesis adapts Giddens'(1984) concept of structuration, to one of class structuration, to show how social agents interact with state structures to make dramatic changes to telecommunication policy, introduce new legislation, and develop a trade agreement that specifically deals with telecommunication service to further integrate Canada into the North American region. Class structuration, rather than structuration, is a dynamic process of continuous interaction by social agents, as they reorganize or recreate structures through a process of mutual constituency. Class structuration is particularly important for telecommunication policy analysis because of the prominence it gives to understanding social relations and change. Further, one of the major activities in structuration is the process of constructing hegemony (Mosco, 1996:242). Class structuration also uncovers the major difference between social and individuating tendencies as telecommunication policy shifts away from the common good and public interest to market interests with its focus on individualism and consumption.

The mutual constituency process creates what Wendt calls

a 'dialectical synthesis'¹⁷ between agency and structure (1987:356). This helps to explain that the action of social agents affects structures, and that social structures condition, constrain, and/or enable the actions of agents (Giddens, 1984:24; Callinicos, 1982:184). For the purposes of this research social or collective agents are differentiated into three categories: capital agents - capitalist fractions and their political agents; state agents - federal departments and the federal regulator; and subordinate agents - class telecommunication trade unions and non-class agents representing public interest groups and consumer organizations.

Social agents or collective agents represent institutions, groups, associations, unions and so on. Through collective action humans, in a particular collective, co-ordinate their action and devise strategies and goals to realize their wants. All social agents have different modes of realization or wants, but their ability to realize these goals and objectives will depend on their shared position to the relations of production (Callinicos, 1982:129). The capacity and power of capital agents then, depends on their relation to capital production (Callinicos, 1982:86; Thrift, 1985:611). Additionally, the capacity and power of capital agents also

¹⁷ Wendt's account of the dialectical synthesis between agents and structures is important for class structuration because it provides a way of overcoming the subordination of structure to agency as individualism implies, or agency to structure as structuration does.

depends on the alliances they form; the presence, limits, or absence of material resources; and their understanding of the process of change required to change telecommunication policy. Yet even within the dominant class, or fractions capital, there are always conflicting interests, tensions and opposition. Although the subordinate groups and organizations gain power by forming broader alliances they must rely on limited resources and any divisions within the organizations are exploited by the state.

Capital agents that participated in the Canadian telecommunication policy changes, argued first against competition and liberalization, but later changed their position, are the established telephone companies such as Bell Canada, the provincial telephone companies, and their political agent Stentor (formally Telecom Canada). Other capital agents include the new telecommunication competitors such as AT&T Canada, formally Unitel - CNCP Telecommunications and Rogers Communications, and Sprint Canada, formally BC Rail Lightel and Call Net, and an array of reselling companies. The most aggressive political agents for these businesses include the Competitive Telecommunication Association and the Canadian Independent Telephone Association. Support for telecommunication competition has also come from the Canadian Cable Television Association, the political agent that represents the cable television industry. The most formidable support for telecommunication competition, liberalization,

privatization as well as federal state telecommunication structural reorganization came from the large business telecommunication users. The large business user organizations were represented by the Canadian Business Telecommunications Alliance, the Canadian Federation of Independent Business, the Communications Competition Coalition, and the Information Technology Association of Canada, among others. Primarily they are the political agents for domestic and foreign corporations and multinationals. What is revealing about the members of these associations is that they also have cross-membership with the other pro-competition and free trade organizations such as the Canadian Manufacturers Association, the Business Council for National Issues, as well as membership in the private research organizations such as the C. D. Howe Institute, and the Fraser Institute. Other political agents such as the Canadian Bankers Association and capital agents such as the Royal Bank, the Canadian Imperial Bank of Commerce, and the Toronto Dominion Bank have been extremely active and directly involved in lobbying the federal government for telecommunication policy liberalization, privatization. They also took part in the long distance and local telephone service competition hearings, and have invested in the second largest long distance telephone company, AT&T Canada.

The state is a particular kind of social actor and social entity. It acts as a dual agent, first as an organizational

agent for the whole capitalist class, and second for the interests of the state. Acting for its own self-interest the Canadian state has centralized and concentrated power in the Prime Minister's Office, and the departments of Finance and Treasury. Centralization of federal telecommunication power has occurred through state action that brought all telecommunications under federal jurisdiction and regulation (Supreme Court decision, 1989), and through the 1993 *Telecommunication Act*. Effectively the Act diminishes the power and autonomy of the regulator, the CRTC, thereby reducing public accountability and representation. Additionally, the Act gives the Cabinet or Ministers political power to overturn CRTC decisions. It also permits the CRTC to forbear from regulating if it finds that a telecommunication service is sufficiently competitive. Nevertheless, the CRTC still continues regulating the Canadian public as an "unequal structure of representation" (Mahon, 1980:157), especially as it impacts on the telecommunication unions, public interest advocates, and consumers. This is where Poulantzas' concept of 'individualization' (1978:66) is useful in helping to explain how the CRTC functions as an unequal structure. In a democratic society such as Canada, the state claims to represent the collective will of capitalists, workers and the rest of its citizens. What the state does is redefine all citizens politically, including the capitalist class, into individuals or political-juridical persons. The state

then recreates these individual subjects by stressing their individuality, individual rights, expression, and political power (voting). Commercialization, deregulation, privatization and internationalization policies perpetuates regulatory inequality because these policy changes promote consumerism and individual telecommunication consumption. Yet, corporate members of the capitalist class, who are also legally defined as individuals, are brought back from their isolated position by the state. The state restores the dominant position of the capitalist class while every one else remains divided, isolated, and fragmented as individual telecommunication consumers and users. The state also exploits any fragmentation and divisions among the unions and the consumer organizations. The CRTC is now concerned with competitiveness and consumer rights rather than social responsibility. Consequently, the Canadian telecommunication regulator has narrowed the notion of 'the public' to that of 'consumer'¹⁸, arguing in its policy decisions that competition brings consumers choices from telecommunication service providers, and an array of telecommunication products. Essentially, however, these changes severely restrict or limit regulation for the public interest as well as telecommunication universality and affordability. As the following chapters reveal, the state intended many of the neo-liberal telecommunication policy and

¹⁸ Aufderheide (1987:81) points out that the public is not the same thing as a phone consumer.

regulatory changes, it did not, however, anticipate the unintended consequences.

Concentration of state power affecting telecommunications occurred when the Prime Minister's Office reorganized government departments. The Department of Communications (DOC) telecommunication sector was folded into a super-ministry, Industry Canada. Political continentalization was orchestrated by state action from the Department of Communications/Industry Canada and the Department of Foreign Affairs and International Trade as both departments managed the political process for the CUSFTA and the NAFTA. The Department of Foreign Affairs and International Trade has also been responsible for establishing the new International Trade Advisory Committee and its Sectoral Advisory Groups on International Trade (SAGIT). The SAGIT is dominated and over-represented by business, but brings state representatives and labour together in an attempt to manage sectoral trade problems, forge consensus, and contain class conflict and tension.

All of these telecommunication policy and structural changes have intensified contradictions and resistance from the subordinate classes and social agents. Political class activism has increased from the largest telecommunication unions, the Telephone Workers Union of British Columbia (TWU) and the Communications, Energy and Paperworkers Union of Canada (CEU). Both unions strongly resisted competition in all three long distance and local service hearings. Additionally,

both unions have produced policy position papers and participated in disseminating information about the negative aspects of telephone competition through various forms of media communications. The major telecommunication unions also participated in the House of Commons and Senate public hearings on the proposed legislation that resulted in the Telecommunication Act. Other unions such as the Atlantic Communications and Technical Workers Union (ACTWU, the International Brotherhood of Electrical Workers (IBEW) participated in the CRTC public local and long distance telephone competition hearings. The CEU has expanded its union base by amalgamating other unions into it. It has also forged continental alliances with the Communications Workers of America (CWA - U.S.) and the Sindicato de Telephonistas de la Republica Mexicana (STRM - Mexico). Despite this continental alliance, their class position was compromised when STRM supported the NAFTA while the CEP and the CWA rejected it. On the other hand, the TWU has maintained its position as a radical union. Its recent strategy has involved participating in continental class alliances with many other unions, as well as developing domestic social class alliances with public interest advocates.

Social class actors' strategies are also not homogeneous. The progressive actors supporting consumer and public interest include the Public Interest Advocacy Centre (PIAC), the Federation National de Associations de Consommoteurs du Quebec

(FINAC), the British Columbia Old Age Pensioners Organization (BCAPO) - representing seniors, environmentalists, women's organizations and native peoples, National Anti-Poverty Organization (NAPO), and Rural Dignity of Canada. In addition to their participation in the various CRTC telecom competition hearings, organizations such as PIAC have also been active in policy research and in developing People for Affordable Telephone Rates (PATS): a coalition of sixty other pro-public interest organizations that include library associations, teachers federations, rural and anti-poverty organizations, women's organizations and cultural groups. Other strategies include forming the Alliance for a Connected Canada which covers a broader set of communication and information highway issues that deal with employment, culture, communication content and access, as well as public and private information networks and resources. Members include telecommunication trade unions (TWU, CEP), library organizations, anti-poverty organizations, public interest advocates (PIAC), consumer organizations, cultural organizations (Council of Canadians), senior organizations and Info-Highway coalitions and associations.

The loose cannon is the Consumers' Association of Canada (CAC). By 1992 the CAC, the organization claiming to represent all Canadian telephone consumers, took a contradictory and ideological position supporting competition in the second long distance and local telephone CRTC hearings. In addition, the

CAC supported free trade with the United States. Subsequent chapters show that the social actors are not a homogeneous group, and the CAC's compliance with the capitalist class can only be ascertained with analysis on a telecom decision by decision basis. It also will be revealed that when the opportunities arose, such as the second long distance telephone competition hearing, local measured service (lifeline), and the Telecommunication Act, the federal government took advantage of divisions within the labour and consumer organizations.

Summary

This chapter works toward developing a continental theory of the state. It also establishes the theoretical framework that guides the thesis. It made the argument that a very active Canadian state, and politized capitalist fractions worked together to change the hegemonic project to a continental neo-liberal telecommunication policy regime. It involved a major initiative in which the state played a key role in producing consent for the regime. Producing consent for the project also increased resistance to continental neo-liberalism. In the production of consent, the state played an important role in integrating the national bloc into a continental bloc. Political continentalization is the process involved in institutionalizing the neo-liberal telecommunication policy regime. And, class structuration describes the process where social actors, including the state

as an actor, engaged with state structures to change and introduce new policies, or oppose the changes.

4. CANADIAN TELECOMMUNICATIONS, 1879-1979: ONE HEGEMONIC PROJECT AND TWO NATIONAL POLICIES

Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given, and transmitted from the past. *Karl Marx, The Eighteenth Brumaire of Louis Bonaparte.*

...[S]ocial change is located in the historical interaction of the economic, political, cultural and ideological moments of social life, with the dynamic rooted in socio-economic conflict. *Wallace Clement and Glen Williams, The New Canadian Political Economy.*

Chapter three established the theoretical framework for the thesis. It argued that the state is a complex historical structure which is always capable of transformation. This means that state institutions, legislation, and policies are always subject to change. Because the state is a capitalist state it is continuously riddled with tensions and conflicts making it an arena of class and social struggle. Sometimes the state cannot contain these conflicts; and when it results in major contradictions, often the only solution is major policy reorganization. It is important to remember, nonetheless, that such policy changes are usually brought about when human agents within organizations engage in political activity to apply pressure on the state to change legislation and policies, or resist these changes.

This chapter focuses on the historical development of Canada's mixed private and public monopoly telephone system. The mixed system occurred under the hegemonic project of modern liberalism which developed under two national policies.

Section one deals with telephone policy development in the period of the First National Policy. It shows that a federal charter was granted to a private company, Bell Canada, so that it could establish a national telephone system that would unite the country from east to west. The only way a national telephone system developed, however, was for provincial governments to establish private and public telephone monopolies, as they did in the Maritime provinces, British Columbia, and in the three Prairie provinces. But telecommunication policy was never really given the same national treatment as broadcasting policy. From its inception, telecommunication policy was always subject to continental influences through Bell Canada's share ownership and its management by AT&T, as well as British Columbia Telephone's outright sale to two companies in the United States.

The second section traces the social changes that occurred to federal telecommunication policy in the Second National Policy period. After World War II, telecommunication expenditure projects were tied to the state's interpretation of universality, affordability, and public service. Prior to this, state reorganization in the 1930s resulted in the Minister of Transport assuming responsibility for telecommunications. What little regulation did exist from the 1930s until the 1970s was carried out by successive regulators that include the Railway Board of Commissioners (RBC), the Board of Transport Commissioners (BTC), the Canadian Transport

Commission (CTC). This section also demonstrates that the Fordist compromise between labour and the telephone companies was based on a permeable Fordism which started to unravel in the late 1960s and early 1970s as national union militancy grew and the last vestiges of the telecommunication industry were finally organized by trade unions.

As communications gained in importance for the private sector the federal government took a more active role in advancing telecommunication technology. It began by shifting telecommunications that was included in the transportation department to the newly created Department of Communications. A number of initiatives such as the formation of Teleglobe, Telesat, and extending public telephone service to the north occurred with direct state intervention and with public funds. Nonetheless, only when regulation of the telecom carriers under federal jurisdiction was transferred to the Canadian Radio-television Telecommunication Commission (CRTC) were hearings finally opened to the public. But it is still important to keep in mind that the CRTC still acted as the hegemonic agent for capital accumulation.

I. The Hegemonic Project of the First National Policy and Telecommunication Social Relations

With the reelection of the Conservative Party on a platform of economic nationalism the First National Policy was introduced in 1879. The National Policy became the active instrumental means that the federal state took to intervene

in the economy to advance monopoly capital accumulation. This policy was how the state translated capital economic interests into political interests. Consequently the First National Policy (FNP) acted as a buffer to protect domestic capital from foreign competition. The state concentrated on creating a national capital system by encouraging national economic development by implementing high tariffs and encouraging western geopolitical expansion and settlement to exploit the new resources in that region. A cornerstone to economic development, railway transportation was considered key to the national project in order to transport western staples east to the rest of the country and move goods from central Canada to the west. A private Canadian railway system, the Canadian National Railway, was built with massive federal government funding and right-of-way ostensibly to unite the country politically and economically from east to west. A major contradiction of the First National policy is that it also created an environment for the development of corporate continentalism because it encouraged direct foreign investment, particularly U.S. investment, in a number of key sectors such as industry, natural resources, transportation, and the establishment of branch plants in the newly developing telephone sector.

At the time, hegemony was established by a national bloc that was based on an alliance among the federal government, a dominant indigenous capital in finance, trade, transportation,

medium sized domestic industrial capital, a petite bourgeoisie in agriculture, and a dominant American fraction active in resources, manufacturing, and telecommunications. The new telephone and telegraph technologies were promoted and supported by the state because of their importance to capital accumulation and the development of a national economy. But because both technologies were relatively new and still in the development stages they were included in, and considered part of, the transportation fraction. Only ten months separated the formation of the Bell Canada Telephone Company (1880) from the Canadian Pacific Railway Company (1881). From their inception Bell Canada and CPR operated parallel enterprises in a relatively uncompetitive environment. The beginnings of both companies contained many common elements including their formulation by the same corporate lawyer and the almost identical powers to establish a national communication system (Surtees, 1994:8). Both businesses were also governed by the same principles, laws, and regulation under the Railway Act until 1992. This helps to explain the collusion that often existed in the early years between the telegraph industry, Canadian Pacific Railway, and the Bell Telephone Company of Canada within this fraction. It would take almost ninety years before the federal government would permit CNCP Telecommunications (Unitel) to compete with the telephone companies to provide telecommunication services.

A. The Private Telephone Companies

i) Bell (Canada) Telephone Company

The state, the politicians, and the captains of the telephone industry ignored any notion of public oversight as they paved the way for the early private telephone development. From its initial development in the 1870s through to the threat of nationalization in 1905, the newly formed Bell Telephone Company rapidly grew in the period of *laissez faire* capitalism. First, Bell benefited from the federal government's grant of an exclusive charter. The charter allowed Bell to: manufacture telephones; to construct, acquire, maintain, and operate telephone systems in Canada; to connect with other telephone companies in the country; to amalgamate with, or become a shareholder in any other company; and, construct lines along any and all public right-of-way (public streets and railways) (Statutes of Canada, May, 1882, ch.9, sec.4, p.195). Essentially the charter permitted Bell to establish a private national telephone monopoly. Because foreign investment was encouraged the American company the National Telephone Company (American Telephone and Telegraph Company - AT&T) purchased the controlling interest in Bell Canada once it obtained its monopoly charter.¹⁹ Once AT&T

¹⁹ As Babe (1990:72) notes the National Bell obtained 48.6 percent of the controlling shares shortly after Bell Canada received its charter from the federal government in 1880. The irony of the situation is that despite the First National Policy's focus on creating a national economy, National Bell's major interest and controlling shares in the Bell Telephone Company of Canada was met by a wall of silence and not even debated in the Senate

obtained Bell's controlling shares it also took an active role in establishing the company's policy direction. This meant that until the 1970s when Bell Canada bought back all its outstanding shares from AT&T, the company operated for many years as a branch plant of the American telephone company (Smythe, 1980:141). This is evidenced by a predominately American board of directors, and the president of Bell Canada, C.F. Sise an American, who continued to shape Bell in its formative years.

Although the federal government expected that Bell would develop a national telephone company, Bell was more concerned with strengthening its monopoly status and providing dividends for its shareholders. Armed with charter privileges the Bell Telephone Company went on an aggressive campaign of mergers, reorganization, and acquisitions. It resulted in dramatic increases in telephone rates so that Bell could recover the costs of its buying spree and power grab.²⁰ Once it came under the comprador management of Sise, however, the company's development was restricted to the lucrative metropolitan areas in the provinces of Ontario and Quebec. These systems were then integrated through the development of a long distance

or the House of Commons.

²⁰ Evidence presented at the Select Committee by F. Dagger reveals that AT&T held stock valued at \$1,928,900 out of Bell's capital of \$5,000,000. According to Dagger telephone subscribers paid \$3.60 per phone over and above the eight percent dividend that was expected by shareholders (*Select Committee*, 1905, vol. 1, Appendix 1, p.9).

network. Part of the company's strategy included aggressive competitive practices and refusing independent telephone companies to interconnect to its system. Bell also developed tactical alliances with the telegraph companies to install its telephone lines on telegraph poles and with the railways to be the exclusive providers of telephones in train stations. What Bell opted for was economic security in the lucrative markets in central Canada rather than extend its territorial dominance of the whole country. Consequently, Bell withdrew from its hinterland operations in the Maritime and Western regions. Bell did, however, maintain controlling interest in the telephone plants in the provinces of Nova Scotia and New Brunswick but left their operation to the private provincial companies (Babe, 1990:74-5).

By the turn of the century, Bell's aggravated monopoly practices continued to escalate in central Canada. A campaign initiated primarily by municipal governments complained to the federal government that Bell engaged in predatory pricing practices. The independent telephone companies accused Bell of denying them the right to interconnect their phone companies with Bell's long distance network. The Post Master General of Canada and the municipal governments advanced the idea of nationalizing Bell as a solution to the growing telephone problem.

ii) British Columbia Telephone

As previously noted, Bell abandoned extending its system

to the territory of British Columbia. Consequently in 1891 a private company, the Vernon and Nelson Telephone Company Ltd., was granted a charter by the provincial government to operate a telephone monopoly throughout the province (Babe, 1990; Bernard, 1982). The company subsequently changed its name to the British Columbia Telephone Company (BC Telephone). It also expanded by buying up many of the independent telephone companies throughout the province. In a similar fashion to Bell Canada, BC Telephone engaged in monopoly practices too, by charging exorbitant and erratic rates, as well as denying interconnection to competing independents.

Various municipal governments including Vancouver and others in the interior of the province petitioned the provincial government to provincialize BC Telephone because of its monopoly practices. What the provincial government did instead was petition the federal government for a charter to incorporate a new company, the Western Canada Telephone Company. In 1916 the Western Canada Telephone Company Act was passed (Bernard, 1982:76). Essentially the Act transferred jurisdiction of the British Columbia telephone company to the federal government. This meant that now two private telephone companies were under federal jurisdiction. All other provincial telephone companies, whether they were privately owned as the ones in the Maritime provinces, or the provincial ones established in the Prairie provinces, remained under provincial jurisdiction until 1989 (discussed in Chapter

Seven).

Western Canada Telephone was then amalgamated with BC Telephone Company Ltd. and the whole company assumed the name the BC Telephone Company Ltd. The cost of buying ninety two percent of all the other telephone systems in the province, as well as the expensive out-lay for higher-grade equipment, combined with the development of a trans Canada and international long distance system proved too costly for the company. Consequently in the 1920s BC Telephone was sold to a U.S. company, the National Telegraph and Telephone Corporation (also known as the Anglo-Canadian Telephone Company), establishing another American branch plant in Canadian telecommunications. In 1955 Anglo-Canadian ownership changed once again when it was sold to, and still remains under the ownership of the American company, General Telephone and Electronics (GTE). Once again, like AT&T's investment in Bell Canada, when BC Telephone came under foreign control the federal government did not seem to be concerned that another carrier had fallen under foreign control. It would appear that it was acceptable very early on to the federal state for telecommunication policy to benefit from a continentalist orientation.

B. The Public Telephone Companies

The provincially owned and operated public telephone companies that developed in the Prairie provinces of Manitoba, Saskatchewan, and Alberta occurred because Bell Canada was not

interested in expanding a national telephone company to the western part of the country. The government of Manitoba hired the telephone expert F. Dagger who recommended that the province gain ownership and control of the telephone companies operating in the province. The appropriation of Bell's operations in the province of Manitoba was, however, refused by the federal government. So in 1908 the government of Manitoba bought all Bell Canada's holdings in the province establishing the first public telephone monopoly in Canada, the Manitoba Telephone System (MTS) (Manitoba Telephone Systems, 1990).

The Alberta government followed a similar course and passed an Act Empowering Municipalities to Establish and Operate Telephone Systems in 1905 (Armstrong and Nells, 1986). Two years later the province purchased several small independent telephone systems establishing the second public telephone monopoly in the country, Alberta Government Telephone (AGT) (Babe, 1990:110). A large municipal system, Edmonton Telephone coexisted with AGT until its was purchased by the then privatized company Telus (AGT) in 1994.

The establishment of public telephone monopolies in Manitoba and Alberta were political decisions that were made by telephone experts and provincial politicians. Whereas the decision to establish a public provincial telephone monopoly in Saskatchewan occurred as a result of public concern and input from a number of organizations such as the Dominion

Grange, the municipal government of Regina, the Board of Trade, as well as both provincial political parties. The major complaint from these policy activists was that Bell Canada would not allow independents to interconnect to its system, and more importantly, it would not develop rural telephone service (Babe, 1990:107).

Telephone service throughout most of Canada, and until the 1950s, was out of the economic reach of most Canadians and considered a luxury (Pike and Mosco, 1986:18-22). But the low rates and rural expansion projects of the public Prairie telephone companies helped to establish social development, social use, and the necessity of the telephone. It also helped to further the development of social policy principles of affordability and universality. Moreover, these public telephone systems furthered a public service system that would reach their widely dispersed populations in the small Prairie towns and rural areas. It is important, however, to keep in mind that all three public monopolies were rarely subjected to regulatory oversight or held open public hearings. Moreover, the telephone monopolies that were established by the Alberta and Manitoba governments were political decisions to accommodate domestic and multinational capital operating in both provinces. Just as easily as the provinces of Manitoba and Alberta made the political decisions to establish public telephone monopolies at the turn of the century, almost ninety years later both provinces once again made the political

decisions to privatize both telephone companies without public consultation or accountability.

C. Building Telecom Power – the Telephone Consortium

During the 1920s mobilization of relations began to develop between the public and private telephone enterprises. It resulted in the formation of the Trans Canada Telephone System, an unincorporated non-regulated association. The eight member companies included:

- Alberta Government Telephone
- Bell Canada
- British Columbia Telephone Co.
- Manitoba Telephone System
- Maritime Telegraph and Telephone Co.
- New Brunswick Telephone Co.
- Newfoundland Telephone Co.
- Saskatchewan Telecommunications.

Part of TCTS's mandate included the construction of an all-Canadian telephone link²¹ and another continental link through Bell's use of long distance lines in the United States (Armstrong and Nelles, 1986:292). It also orchestrated: the planning for construction and operation of an overall interprovincial network; setting technical standards; establish the conditions in which telecommunication services would be provided by member companies; the performance of joint marketing functions; setting rates; the establishment of the TCTS as the pivotal entity for negotiating and

²¹ Before the formation of TCTC Canadians relied on transmission through the U.S. for most of its trans-Canada telephone routings. When TCTS began constructing its link in 1932 it leased twenty five percent of its original 7015 kilometre system from Canadian Pacific (Surtees, 1994:31).

implementing agreements for international services; and, the operation of revenue sharing through a TCTS clearing house (Armstrong and Nelles, 1986:292). As a cartel, TCTS assumed enormous power by coordinating rates, setting standards, controlling service innovation, discouraging competition and dictating the pace of change. By the end of the 1930s TCTS essentially merged the private and public telephone systems. This occurred when all of their systems and assets were valued in roughly the same way. In addition the consortium members standardized their accounting practices. Over time even equipment became more compatible, with procurement from Northern Electric (Telecom), Bell's equipment manufacturer who became the major supplier to companies except BC Telephone. Such practices resulted in a significant degree of functional integration. Despite the fact that decisions for TCTS activity were based on unanimous agreement great influence was exercised by Bell Canada, the most powerful member (Instant World, 1991:70). TCTS has subsequently undergone two name changes first to Telecom Canada, and the most recent change to Stentor. The change in name also reflects other structural changes and the consortium has also undergone a significant shift in activities. Telecom Canada/Stentor's activities include not only administrative and economic issues but it now includes a powerful political institution with ample resources and expertise to lobby various federal government departments such as Industry Canada, Heritage Canada, Foreign Affairs and

International Trade (discussed in Chapter Seven).

D. Mixed Federal and Provincial Telephone Legislation and Regulation

For almost twenty five years, aside from granting charters that allowed private telephone monopolies to operate in Canada, the Federal government did not intervene into Bell Canada's affairs until 1906. By this time Bell's customers were disgruntled because they were subject to continuous rate increases and variations in rates from city to city, and town to town. People who lived in rural areas or were serviced by independent local companies were either denied service or interconnection to Bell's long distance network. Independent companies and equipment manufacturers were locked out by Bell because of its exclusive procurement contracts with its parent company's manufacturer Western Electric. Many municipal governments under popular pressure for lower telephone rates, and frustrated about the lack of control over the placement of poles and wires on their streets, held plebiscites and voted to establish public ownership of Bell's long distance network.

Parliament was inundated with petitions from one hundred and four municipalities in 1901 to another ninety eight in 1902. They demanded that the federal government take control of Bell's pricing practices (House of Commons, *Debates*, 1902:66). In 1902 the state made a feeble attempt to contain this conflict by once again amending the company's Act of Incorporation so that:

[t]he rates for telephone service in any municipality may be increased or diminished by Order of the Governor-in-Council upon the application of the Company or of any interested municipality, and thereafter the rates so ordered shall be the rates under this Act until again similarly adjusted by the Governor-in-Council (Senate of Canada, *Debates*, 1902:131-2).

This policy revision was intended to placate the public and relieve pressure on the government. Although it failed to do either, the revision granted Parliament the inclusion of regulatory provisions in the revised charter. The municipalities, and member of parliament and journalist William Maclean, continued their quest for greater public control of telephone rates. In 1902 Maclean introduced a private members bill to stop predatory pricing in the telephone industry and initiate public regulation which would change Bell ownership to public ownership (Babe, 1990:92).

The public ownership issue continued to gain momentum culminating in 1905 with Parliament receiving complaints and petitions from one hundred and ninety five municipalities and counties. Civic unrest continued to intensify pressure on the state into activity. That same year the federal government decided to investigate Canadian telephone practices through a Royal Commission, the *Select Committee Appointed to Inquire into Various Telephone Systems in Canada and Elsewhere*. The Commission investigated charges against the Bell Telephone Company that included: inadequate service; arbitrary rate discrimination including high local rates in all cities; high long distance rates; lack of rural interconnection; the use of

its entrenched position to stifle effective competition; a lack of public interest; and American control of the company which disadvantaged Canada (House of Commons, *Select Committee*, 1905:5, 7-8). Testimony was heard from fifty witnesses including members from the independent telephone industry, municipal governments, the railway and telegraph industry, the Canadian Manufacturers Association, the Retail Merchants' Association of Canada, members of Parliament, telephone experts for the Committee, and Bell Telephone Company managers including its chief officer, C.F. Sise, and from the U.S., AT&T officers and the National Interstate Telephone Association (Ibid: Appendix No.1: ixiii-iv).

Bell and its experts, AT&T, and the Canadian Manufacturers Association vociferously argued against nationalization. Although there was strong civic action and extensive public and political pressure to establish a public telecommunication system, the groups and local governments were too fragmented and did not build the kind of alliances and coalitions necessary to mount an alternative hegemonic force. And, as the Committee's outcome shows, the federal government, in an ironic move, in fact adopted a continentalist position, placing more credence on Bell and its foreign parent AT&T rather than the national players.

Although testimonies and letters produced two volumes of written material, the Committee's proceedings were never acted upon. The federal government thwarted any attempts of

nationalization when the committee chairman, Sir William Mulock was mysteriously called away, his position of Post Master-General and chairman of the Select Committee was subsequently filled by A.B. Aylsworth, the lawyer who represented Bell before the Select Committee. Under the new chairman the committee ground to a halt. The Committee found it impossible to come to any conclusion stating that there was too much evidence, and it was too complex. Consequently the Committee did not follow through with any of the Committee's recommendations.

Essentially the political action by the Laurier government and Bell Telephone Company stifled the nationalization issue and postponed the telephone question. When the House of Commons met in 1906 the state presented its solution to the telephone question by introducing a series of amendments to the *Railway Act*. These amendments brought all federally chartered telephone companies under the Act's jurisdiction. Section 320 of the Act required that a telephone carriers' service rates had to be filed and approved by a regulator, the Railway Board of Governors. Section 321 states that:

all tolls shall be just and reasonable, and shall always, under substantially similar circumstances and conditions ... be charged equally to all persons at the same rate (Railway Act, R.S.C. 1970, section 321).

Other subsections are clear that a carrier could not "unjustly discriminate" or give "undue or unreasonable prejudice or

disadvantage" in respect of its rates, services, or facilities (Railway Act, 1970, section 320). This federal action of bringing the telephone industry under the transportation mandate, through the Railway Act, and regulate the monopoly's rates through the Railway Board of Governors, was how the state managed the nationalization issue and introduced a watered down version of the public service aspect into telephone regulation.

The massive movement to nationalize Bell Canada arising from civil groups, municipal governments, the press, and the opposition party failed. Capital fractions in transportation (telephone and railway), the Canadian Manufacturers Association, and AT&T and Bell Telephone succeeded because of their power and interaction with the Canadian government. Directly through the Committee hearings and indirectly, Bell lobbied and courted particular members of Parliament to make sure that the company remained in private hands. The *quid pro quo* required that telephone monopoly be regulated with a public service component added by the federal government. As Coulter explains, the introduction of the public service concept of regulation, which became entrenched in Canadian communication regulation, as it did in other public utilities such as gas and transportation, was part of the expansive hegemonic project requiring significant concessions which were made by the federal government on behalf of the private telephone monopolies to contain the mounting social conflict

(1992:154). Once public pressure subsided the federal government initiated the regulation of Bell Canada and BC Telephone in such a light way that the monopolies continued to grow and expand. Essentially, the Canadian public service concept of telephone regulation, that lasted from 1906 until the introduction of competition in public long distance service in 1992, was born out of class conflict. The public service aspect of Canadian regulation was part of the reorganization that was necessary for Canada's particular national bloc and the consent necessary for the continuance of the private telephone monopolies.

The politics of telephone regulation in Canada in the period of monopoly capitalism produced a mixed system of private and public ownership. What little regulation did exist was fragmented at three different state levels, federal, provincial, and in some cases municipal. In the Maritime provinces, Nova Scotia, Prince Edward Island, and New Brunswick, private provincial telephone monopolies provided telephone service. Provincial regulation was conducted by the Public Utilities Board in each province, which also regulated other services such as electric utilities, bridge tolls, gasoline prices, northern carrier licences as well as telecommunications. Nevertheless, the public service aspect of regulation and policy making was restricted to political and industry elites and subject to little or no public accountability.

On the other hand, the federal government's response to radio broadcasting shows just how contradictory it dealt with communication policy in the 1920s and 1930s. As previously discussed, both federal telecommunication carriers were continentally influenced first when Bell Canada was, in its formative years, controlled by AT&T, and when BC Telephone came under direct foreign (United States) ownership. Whereas the radio broadcasting policies that established the Radio Broadcasting Act and the public institution, the Canadian Broadcasting Corporation (CBC), were specifically established to prevent foreign (United States) interference or influence. Broadcasting was considered culturally and politically significant, therefore, it was afforded national importance (Raboy, 1990:45). The resulting social conception of the public broadcasting system developed for a number of years under the supervision and protection of the state for the national interest of all Canadians. This contradictory view of broadcasting and telecommunications, residing in two separate spheres - cultural/political and economic respectively contributed to the political continentalist approach the state would take almost sixty years later in its treatment of telecommunications in the Canada U.S. Free Trade Agreement and the North American Free Trade Agreement. In addition, telecommunication foreign ownership would take on a more continental aspect as the Telecommunication Act of 1993 extended previous limits placed on the foreign ownership and

control of a Canadian telecommunication common carrier, from twenty percent to thirty three percent (discussed in greater detail in Chapter Six [Interview with A. Hamilton, Industry Canada, 1996]).

II. Telecommunication Social Relations within the Hegemonic Project of the Second National Policy and the Fordist Regime

By the 1920s it may be said that the Canadian economy was influenced by two relationships. One was still structured on the old order of national economic integration based on the First National Policy. The other, the new developing order of economic integration, began to intensify in the 1920s and 1930s. It was, in fact, Innis who observed that the new industrialization²² of the new order shifted the direction of Canada's trade from an east/west route to a north/south one, for all regions except the Prairie provinces (Innis, 1956:368). Many other significant changes occurred as a massive amount of United States capital was directly invested in key resource sectors. The proliferation of industrial branch plants was evidenced by increases in American investments from one billion to four billion dollars (Granatstein, 1986:26-28). Combined with the economic and social chaos of the Depression years the new industrialization was the final straw for the First National Policy. As many medium and small Canadian manufacturers folded, they were

²² The new industrialization, or second industrial revolution as it is also known, is associated with technological advances in electric power and the internal combustion engine, among others.

either bought-out or replaced by large American conglomerate subsidiaries in a number of core industries such as automobiles and related products, gasoline, machinery, tobacco, electrical products and aluminum (Clement, 1988:53). Leading the merger movement the Canadian financial capitalist fraction helped with this consolidation, concentration, and retrenchment of the Canadian economy, as it would later in the 1980s and 1990s.

Although the economic chaos and the growing social unrest destroyed the remaining foundations of the First National Policy, it would take almost two decades before the Second National Policy was implemented in 1945. In the reconstruction period after World War II the national bloc, consisting of domestic and foreign capital fractions, and the federal state implemented a development strategy that has been referred to as a "permeable fordist" regime of regulation (Jenson, 1989:78). A normal fordist regime of regulation refers to the particular strategies and compromises that were devised by the state in the post WWII period to expand capital accumulation, contain social unrest, and develop a hegemonic environment of consent. Playing a far more active and central role, the state intervenes in the economy and regulates other public service areas such as banking, air-transportation, gas, water and communications, among others. Ostensibly labour peace is ensured by the state through compromises that include full employment policies and guaranteed wage increases. A virtuous

economic circle develops as increased disposable income is used to buy mass produced consumer goods which in turn contributes to economic growth. The implementation of stabilizing social welfare policies such as pensions for the elderly, unemployment insurance, education, health and social assistance²³, among others, also helps to contain the social contradictions inherent in the capitalist system and contributes to the hegemonic consent required for the regime.

Mahon notes that:

Canada's version of Fordism set in motion a process of continental integration. Thus it has indeed been "permeable" to American capital which came to control so much of the resource and manufacturing sector; permeable to the policies of the American state; and permeable to the American labour movement via the role played by the so-called international unions (1991:324).

This fordist strategy contained two major elements. First, the hegemonic project was reorganized through a Keynesian-inspired macroeconomic policy and a Second National Policy which was based on increased trade and investment ties between Canada and the United States. It also furthered Canada's commitment to a more liberalized international trading environment and continental integration by exporting its resources and

²³ The normal fordist regime of regulation, developed by Aglietta (1979), Boyer (1990) and Lipietz (1987), and others, provides an analysis of the European post-war reconstruction period. In most Western European countries fordist institutions and national wage setting was established by the central state through bilateral or trilateral measures creating a fordist compromise among labour, capital and the state. Whereas fordist regulation that developed in both Canada and the United States was centred in the private sector, formulated through adversarial bargaining between labour and business (Drache, 1991:251). In this fordist model the state only provides supporting labour policies.

importing capital from the United States. Both federal and provincial governments took on a more active role in the economy encouraging the exploitation of natural resources such as oil, gas, hydro-electricity, and metals such as silver and gold. Mass consumption did play a part in Canadian fordism but the accelerator was the inflow of foreign (United States) capital for the extraction and export of the resource industries as well as investment in the consumer durable industries. Even though the federal government intervened in the economy it was never totally able to contain unemployment problems because Canada's permeable fordism siphoned profits out of the economy. Consequently employment-creation was largely left to the domain of the global strategies of United States multinational corporations (Jenson, 1989:80). These factors and those in the telecommunication environment helped to strengthen the linkages between the Canadian and American economies. After the fordist crisis that developed in the 1970s economic continentalization would be advanced even more by continental trade agreements such as the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement.

E. Canada's Permeable Fordist Telecommunication Regime

The specific character of Canada's fordist telecommunication regime was subject to varying degrees of private and state ownership and federal and provincial regulation, as previously discussed. The telecommunication consortium's (TCTC/Telecom Canada) hegemonic position was

Table 4.1

Canadian Telephone Penetration Rates 1947-1980

<u>Year</u>	<u>Percentage of Households with one or more telephones</u>
1947	49.7%
1950	60.2
1960	83.3
1970	93.9
1980	97.6

Source: *Household Facilities and Equipment*, Catalogue 64-202, *Telephone Statistics*, Catalogue 56-203.

secured by federal and provincial governments who defended the monopolies as "natural" (Mosco, 1993:142). Consumer consent grew as universal access increased as evidenced in the dramatic increases in telephone penetration rates in the post WWII period as Table 4.1 shows.

In a thirty year period concentration in the telephone industry intensified (see Table 4.2). By 1975 there were only three hundred and thirty three telephone companies in Canada and eighteen of these companies provided ninety nine percent of all telephone services. Table 4.2 shows that the number of business and residential telephones doubled every ten years in the post WW II period. With the stabilization of telephone service costs and flat-rate local calling, the number of telephone calls made in Canada also doubled every ten years (see Table 4.2). An increase in disposable income and growing perceptions about national telephone universality were tied,

Table 4.2

Selected Canadian Telephone Statistics
Trends in the Telephone Industry 1946 to 1975

<u>Year</u>	<u>1946</u>	<u>1955</u>	<u>1965</u>	<u>1975</u>
Telephone companies	3,056	2,637	2,281	333*
Construction costs (in million of \$)	-	-	159	534
Number of phones (in thousands)	2,026	4,152	7,445	13,165
Number of telephone calls (in millions)	3,559	6,962	12,440	21,194
Number of full time employees	33,170	55,673	63,467	82,866

* Eighteen of these companies provide 99 percent of services.

Source: Department of Communication: *Annual Report 1977/1978*; Statistics Canada, *Historical Statistics of Canada*, 1990.

through federal and provincial policy, to the expansion (construction costs) of the telecommunication network (see Table 4.2). These combined factors also led to an increase of 50,000 full time telephone workers, particularly operators and installers, by 1975. Benefits accrued not only to the telephone companies, but the provincial and federal governments, telephone workers and consumers.

Telephone affordability, particularly for residential and rural subscribers was maintained through a program of cross subsidization, from long distance to local, from urban to rural, and from business to residential. It permitted Canadian telecommunication consumers to benefit during the fordist era from lower local rates than their counterparts in the United

Table 4.3
Bell Canada and B.C. Telephone Revenues and Assets
Selected years from 1950 to 1980
(in thousands of dollars)

	<u>Year</u>	<u>Total revenue</u>	<u>Total assets</u>
Bell Canada	1955	244,900	945,119
"	1965	592,900	2,519,000
"	1970	936,636	2,865,345
"	1975	1,967,000	5,611,000
"	1980	3,203,100	9,227,800
BC	1955	32,985	120,330
Telephone			
"	1980	784,759	2,682,324

Source: Bell Canada, *Annual Reports* and *Annual Report in Form 10-K*; Statistics Canada, *Telephone Statistics*, Cat. 56-202 from 1955 to 1980 and Anglo-Canadian Telephone Company, *Annual Report*, 1980.

States and most of Europe (Mosco, 1993:142). But these alleged cross subsidies, as Coulter (1992:180) correctly explains, also guaranteed a revenue pool to the telecommunication consortium. Telecom Canada/Stentor members only supported universal service principles as long as their monopoly status was guaranteed by state policies (see Chapter Seven).

The private telephone monopolies, in particular, benefited from a federal regulatory regime that continued to approve rate increases and capital expenditures. Bell reeked havoc on the growth of independent telephone companies by continuing to prevent long distance interconnection. Bell's near monopoly position was strengthened even further between 1950 and 1975 when 375 independent telephone companies, in

Ontario, sold their holdings, reducing the independents to about five percent of the provincial total by 1975 (Babe, 1996:190). Bell's revenues and assets, as Table 4.3 reveals doubled every five years. Similarly BC Tel's power grew as its revenues and assets increased from 1955 to 1980 (see Table 4.3).

F. The Emergence of Dissent from the National Telecommunication Unions

As discussed previously, the only opposition to the practices of the telephone industry occurred in 1905. Resistance, at that time, came from the municipalities, the independent telephone companies, and some members of parliament who together forced the federal government to make limited policy concessions and regulatory changes. Telephone labour's opposition, on the other hand, was virtually non-existent. During the telephone expansion period that began in the 1930s Bell expanded its workforce, provided steady work with reasonably good wages, pension benefits, and virtually no lay-offs. These employment practices and Bell's anti-union strategy made it very difficult for any union to organize the workforce. At the same time the municipalities were waging war on the telephone companies the international trade unions were just in the process of organizing some of the telephone workers in Canada. Significant dissent and resistance from labour did not develop until a mature telecommunication fordist regime had developed. For almost seventy years the

weak position of labour helped contribute to the hegemonic consent that was forged among the state, the telecommunication users and suppliers, resulting in the telecommunication monopoly. But as the following account indicates the private telephone companies would also create the conditions which would lead to further unionization and labour radicalism. The telephone unions then, are the first socially progressive movement to initiate any effective resistance against the telecommunication industry

i) The Pre-Fordist Telephone Union Era

From the turn of the century until the 1970s the international unions struggled to organize the telephone workers and bargain for improvements to wages, conditions of work (hours), and job classifications (Bernard, 1982; Winseck, 1993). This trade union activity is indicative of what Glenday calls "business unionism" (1994:27). Business unionism is characterized by direct organization of the workplace and particular attention to economic activities through collective bargaining. The term business unionism is a particularly useful definition because of its accuracy in describing the early unions years of struggle to organized workers and obtain contracts in the telephone industry in Canada.

Certainly the early telecommunication union years may also be described as 'permeable' because the first union to organize any workers in the telephone industry was the international union, the International Brotherhood of

Electrical Workers (IBEW) at BC Telephone. Jurisdiction for telephone workers was granted to the IBEW through its membership in the large Canadian central craft union, the Trades and Labour Congress (TLC). But internal friction within the IBEW over the One Big Union Movement and the Winnipeg General Strike resulted in a weakening of the union at BC Telephone (Bernard, 1982:65). By the 1920s IBEW's weak position at BC Telephone led to decertification. The only representation afforded to the telephone workers was a subservient company union, the British Columbia Telephone the Electrical Employees' Organization (EEO) (Bernard, 1982:78). Having a company union during the Depression years helped BC Telephone because the EEO did not resist when the company laid off employees, reduced wages, and rolled back the hours of work (Bernard, 1982:81).

Although the International Brotherhood of Electrical Workers' (IBEW) position for BC Telephone workers weakened after the Winnipeg General Strike, the union still continued to represent craft (installers) workers at AGT, MTS, NB Tel, MT&T, Island Tel, and Newfoundland Tel. The IBEW obtained a charter in 1907 to organize the line workers at AGT. The IBEW focused on obtaining wage and benefit increases when it could. In 1917 the IBEW also organized the telephone craft workers and the operators at MTS (Manitoba, 1991:11). Unlike the locals in Alberta and British Columbia, the IBEW local at MTS were fairly militant particularly in their action to join the

other labourers in the Winnipeg General Strike. That militancy, however, was severely curbed during the 1920s and 1930s. This is evidenced by the IBEW (MTS) constitution which curtails any union radicalism through a ninety percent strike vote and a ban on workers taking part in any sympathetic strike action (Bernard, 1982:98).

In 1907 Bell's aggressive management style was met with worker resistance when the Toronto telephone operators formed the Telephone Operators, Supervisors and Monitors Association and walked off the job (CEP, 1996:5). By 1918 the International Brotherhood of Electrical Workers (IBEW) had signed up the association members. But Bell's vociferous anti-union attack on the IBEW resulted in its decertification three years later. The IBEW was subsequently replaced with a company union the Canadian Telephone Employees Association (CTEA) (Ibid:5).²⁴ The neutered CTEA provided Bell Canada with a compliant work force and its no strike approach rewarded the company with eighty years of labour peace.

ii) Fordist Labour Policy's Contribution to Canadian Telephone Union Formation

By the mid 1940s most of the trade union movement was incorporated into the Canadian fordist "mode of regulation" (Jenson, 1989:79). As part of fordist regulation the federal

²⁴ Winseck makes the argument that the IBEW was replaced, in part, with a company union because of its chauvinistic attitude towards the female members (1993:89).

government passed the *Industrial Disputes Investigation Act* (IDIA), in 1948. Both the Act and the IDIA Board operated in a contradictory way by restricting and overseeing a union's right to strike. Furthermore, the Act forced the union movement into business unionism by establishing only minimum standards for labour relations, forcing wage issues. Other labour policies included the Order-in-Council, Privy Council 1003 which established the right of private sector employees to: form and join unions, prohibit unfair labour practices; set up the machinery for defining bargaining unit certification; compulsory collective bargaining and conciliation; and establish the right to strike once a collective agreement had expired (Panitch and Swartz, 1985:13). In 1948 PC 1003 was superseded by the *Industrial Relations Disputes Investigation Act*, giving these rights a permanent legislative basis for private sector workers, such as those at BC Telephone and Bell Canada, who came under federal jurisdiction. The unions also won some security from the private sector through the Rand Formula - automatic dues check-off (Panitch and Swartz, 1985:17).

For the most part, union organization of the telephone workers occurred after these fordist labour policies were introduced by the federal government. Once organization was completed many of the unions representing telephone workers

adopted "social unionist" practices.²⁵ Beginning in the late 1960s and continuing in the 1970s, 1980s and 1990s the social unionism practised by the Telecommunication Workers Union and the Communication Workers of Canada was far more aggressive and radical. For some of the unions, it meant a break from the international union and affiliation with national unions. Radicalism also grew as impotent company unions were replaced with labour unions concerned with representing the telecommunication workers rather than company interests. Later in the 1980s and 1990s (discussed in the next three chapters) political initiatives by the Telecommunication Workers Union and the Communication Workers of Canada included participation in telecommunication hearings at the CRTC, and the initiation of extensive media campaigns to inform the public about the massive changes taking place in telecommunications.

The IDIA legislation was the necessary catalyst that the EEO needed to transformed itself (1943/4) from a company union to a legitimate union, the Federation of Telephone Workers Union (FTU). AT the same time, the FTU obtained permission to affiliate with the Canadian central industrial union the Canadian Congress of Labour (CCL) rather than the central trades union the Trades and Labour Congress (TLC). FTU's militancy began to blossom in the late 1950s when the new

²⁵ Glenday (1994:27) incorrectly calls this competitive unionism. Social or cooperative unionism denotes a broader strategy that includes socio-economic reforms which are pursued by initiatives on both an economic and political front.

owners from the United States, the General Telephone and Electronics Corporation (GTE), drastically changed the working conditions for BC Telephone. Until the change in ownership, BC Telephone, like the other telephone companies in the post war period had undergone a period of rapid capital expansion that was combined with new technological up-grading. In order to finance its purchase GTE cut BC Telephone's work force, introduced efficiency experts, intensified management's surveillance of workers, and increased the use of automation (Bernard, 1982: 137). By 1969 an explosive situation had developed which culminated in the FTU taking strike action over the issue of layoffs and the increasing use of automation. FTU's militancy increased as strikes and lockouts occurred throughout the 1970s over other issues such as management versus worker rights, automation, and technological change. FTU's strike action ended fifty years of labour peace that had provided BC Telephone with enormous economical benefits. Throughout the 1970s the union's activism also grew as a result of the support and alliances it made with the militant British Columbia Federation of Labour and the Canadian Labour Congress (Bernard, 1982:131). By 1977 the FTU changed its name to Telecommunication Workers Union (TWU) to reflect not only the change in the industry from basic telephone service to telecommunication service, as well as address the constitutional changes which united the plant, traffic, and clerical workers. As a part of the Canadian

national union movement of the 1970s the TWU revisited the nationalization issue recommending that BC Telephone become a public institution. In the TWU's, view nationalization would prevent massive profits from going out of the country to the foreign-owned multinational.

Government legislation implemented by the newly elected social democratic party the Cooperative Commonwealth Federation (CCF) in the province of Saskatchewan, the *Saskatchewan Trade Union Act* (1945) helped to strengthen the position of the unions, both in the province and in the whole country. The Act helped transform the Sask Tel's worker association into an independent union, the United Telephone Workers of Canada (UTW) (CWC, 1984). Representing plant, traffic, and clerical workers the UTW, is also a good example of a permeable fordist union. In 1950 the UTW merged with the international union, the Communication Workers of America (CWA). UTW's rationale for the merger was that the international union would provide better services and strengthen its bargaining position. Nonetheless, it is important to point out that despite Sask Tel's public ownership the corporation benefited, as did BC Telephone and AGT, from two compliant, non-striking unions, the UTW and the CWA.

As discussed earlier, Canadian union nationalism was growing in the 1960s and 1970s. The Canadian Communication Workers Council (CCWC), which had been established in 1967

within the CWA to run the affairs of the Canadian members, keen to establish a Canadian national communication union broke way from the international union in 1972, to form a national union, Communication Workers of Canada (CWC) (CEP, 1996; Interview with Kinkaid, 1996). Under the direction of its new president, Fred Pomeroy, the CWC started out with 4,000 members, mostly from Sask Tel, a few workers at Northern Electric (now Northern Telecom Ltd.), and the plant workers at Toronto Telephone House. Within the decade, however, the CWC grew from 4,000 to 20,000 members (CEP, 1996:10 & 16). The largest increase occurred in 1976 when the CWC was certified to represent the 12,000 maintenance, repair, installer and line workers of Bell in Ontario and Quebec. What helped the CWC was a Canadian Labour Relations Board decision that forced Bell to allow union organizers to canvass on company property during non-working hours (Ibid:19-20). It was not until 1979 that the 7,400, mainly female operators and cafeteria workers, switched to the CWC from the Communication Union of Canada (CUC), formally the Traffic Employees Association (Ibid: 20). Consistent with the social unionist model, CWC militancy grew as technicians, and operators embarked on a series of strikes to achieve parity with western phone company employees, and make reductions to the company's policy of mandatory overtime. Later the CWC was also one of the first unions to obtain technological change clauses in its collective agreements with Bell (Mosco and Zureik, 1987). But despite strong union

representation at Bell the CWC was unable to lure the clerical workers away from their company sponsored association.

By 1975 a more militant IBEW at MT&T went on strike for the first time in almost sixty years over the issue of wage parity with other IBEW telephone workers in the west. The eight week strike helped to sustain the union's new found radicalism and helped to galvanize support to break from the international union. Shortly after the strike an independent national union the Atlantic Communication and Technical Workers Union (ACTWU), was established (Interview with C. Simpson of ACTWU, 1996).

The shift in the Canadian telecommunication union movement from international to national union affiliation is indicative of the changes that were taking place in Canada in the 1970s to the labour movement. As Table 4.4 shows, from 1962 to 1992 Canadian union affiliation almost reversed. By 1992 fifty seven percent of the unions were represented by national unions compared to twenty nine percent for the international unions. By 1992 CEP emerged as the third largest national union after the Canadian Union of Public Employees (CUPE) and the Canadian Auto Workers (CAW). Furthermore, CEP membership at 143,100 was greater than all the other international unions except for the Food and Commercial Workers (CALURA, 1992:36). Rather than build lasting alliances with the other telecommunication unions, the CEP has focused on increasing its union base through mergers with other

Table 4.4

Canadian Affiliation with National and International Unions
Selected years

<u>Year</u>	<u>1962</u> <u>percent</u>	<u>1972</u> <u>percent</u>	<u>1982</u> <u>percent</u>	<u>1992</u> <u>percent</u>
International union affiliation	65	61	47	29
Nation union affiliation	22	26	36	57

Source: Statistics Canada: *Corporations and Labour Unions Return Act* (CALURA) Cat. 71-202.

non-telecommunication unions.

The failure to form a strong lasting cohesive alliance has been a major drawback for the telecommunication union movement in terms of presenting a major united front to the telephone industry and the federal state. The first alliance was attempted in the mid 1940s when the IBEW tried to persuade all the Canadian telephone workers to affiliate with the TLC. But such an affiliation would have been problematic for the other unions because it would exclude all their telephone operators and clerical workers. The FTU, on the other hand, recognized that the Canadian telephone workers would benefit from a national federation. The principles of proposed federation provided the unions with lots of flexibility including: affiliation with either central trade union movement, the CCL or TLC; the retention of autonomy of the member unions; and a commitment to standard agreements, covering working conditions, wages, and the promotion of good

labour management relations. Although the federation was thwarted by the IBEW and UTW, these principles provided the foundation for a subsequent telecommunication union federation. Recognizing the importance of coordinating the communication unions the FTW and the CWC formed the first formal alliance, the Canadian Federation of Communication Workers (CFCW), in 1973. The CFCW had a coordinating committee that was responsible for regulatory and legislative affairs. The CFCW also published a telecom union newspaper and attempted to organize all workers in the telecommunication industry (Interview with J. Kinkaid of the CEP, 1996). Although the CFCW was created with the intent of merging the TWU and the CWC, thirteen years after it was formed the federation drifted apart as both unions choose to retain their separate union autonomy. By the 1990s, however, all the telecommunication unions saw the need once again for a united telecommunication alliance to share expertise and pool resources to combat the devastation to workers and universality resulting from deregulation, liberalization, continentalization and internationalization.

As this account of the Canadian telecommunication union movement reveals, for almost seventy years there was little effective resistance to the practices of the Canadian telephone industry. The various so-called company unions that were sponsored by the telephone industry were extremely complacent about the exploitation of workers and did little

more than legitimize the activities and practices of Bell and BC Telephone. The international unions, particularly the IBEW and the CWA, with their conservative approach did not consider strike action as a means of improving the working conditions or wages of telecommunication workers. Despite the introduction of somewhat favourable federal and provincial labour legislation, it would take another fifteen years before the FTW/TWU would develop into a militant labour movement. FTW/TWU response to unreasonable demands and layoffs after the U.S. multinational GTE purchased of BC Telephone was a turning point in terms of union radicalism. The second watershed occurred in the 1970s with the rise of Canadian union nationalism. The action of newly formed national CWC was both aggressive and militant in organizing the Bell Canada workers and using strike action for the first time to dissent from and resist the long period of telecommunication hegemonic consent.

G. The Federal Government and Telecommunication Policy from 1930s to 1979

The economic crisis of the Depression necessitated a rethinking of the accountability of the federally regulated monopoly telecommunication providers. Beginning in the 1930s the Canadian federal government began to take a more active role in formulating telecommunication policy. Most policy intervention was however, the result of direct political intervention by the federal Cabinet through Orders-in-Council. In 1949, the federal Cabinet initiated a federal statute to create a crown corporation the Canadian Overseas

Telecommunications Corporation (COTC) (renamed Teleglobe) (*Instant World*, 1971:71). COTC operated in Canada as an external telecommunications service for public overseas communications. Despite such a bold national endeavour this public message telegraph service was made available by COTC and two foreign corporations – Western Union International and the Commercial Cable Company (a subsidiary of ITT World Communications).

In the early 1950s a mixed public/private microwave system was built to compete with land lines as an efficient transmission medium for data (record) and long distance voice communications. The Cabinet also intervened to introduce broader policies to help develop two telecommunication systems, a national microwave network and a TELEX system. Consequently, in 1953 a competitive microwave system was established in a decision in which:

[t]he Cabinet agreed that no one person or corporation should receive monopoly to operate a microwave relay system...[providing] the technical features of the applications submitted were satisfactory (in Babe, 1990:129).

By 1958 the TCTC had a coast to coast system in place while CNCP Communications concentrated their facilities east of Manitoba. Four years later the Cabinet stepped in once again allowing CNCP to extend their system nation-wide. These cabinet decisions helped to breathe new life into the old telecommunication supplier, CNCP, as well as introduce the first amount of competition into the telecommunication arena.

i) The Department of Communication

The *Government Organization Act - 1969* created the new Ministry and the Department of Communication (Canada, s 10 (1) (b)). According to the first Minister of Communication, Eric Kierans, the prime motive of the Trudeau government in creating the Department of Communication (DOC) was to advance communication technologies, particularly develop a satellite communication system. As a department then, DOC would forward economic and cultural benefits for regional development, and provide better communications for the north (Interview with E. Kierans, September 30, 1996). Essentially, a specific federal department was created with the dual purpose of advancing capital accumulation for the resource sector in the northern frontier, for mining and gas exploration, and to promote and advance "the technological imperative" (DOC Annual Report 1977, 1978). Using this rationale the federal state would push the Canadian economy from its industrial/resource base into an information economy where more goods and services would be produced by the growing information sector.

With a mandate that emphasized commercial, economic, and technical considerations the Department of Communication (DOC) would "ensure the timely provision and optimum utilization of communications services and facilities in the national interest" (Canada, 1969, Appendix C, p.2). DOC's functions included: the formulation of broad national policies; regulating communications; planning and

implementation of a national communications research program; acting in an executive or advisory capacity to national and international telecommunication development programs; developing and recommending new regulation; and securing international arrangements for Canadian rights and interests in communications matters (Canada, 1969, Appendix C, p.2).

Throughout the 1970s the new DOC embarked on a number of projects that required direct public financing for research and development at the DOC research institute, the Communication Research Centre (CRC). Engaging in applied research CRC and DOC were responsible for investments in an experimental satellite, Hermes, a direct satellite-to home TV broadcasting (60 million dollars) (DOC Annual Report 1976-1977). Other research projects on coaxial cable benefited the newly emerging cable television industry, where research funding for fibre optics helped the telecommunication manufacturing industry. Public funds were also provided for research on a communication/telematic system that would be useful to the banking and finance industry (DOC Annual Report 1976-1977). Other major investments included Telidon, the failed national videotex service (40 million dollars) (V. Mosco, 1982:80). In a partnership program with Bell Canada and CN Telecommunications, DOC funded the Northern Communication Assistance Program with federal public funds (nine million dollars) to bring long distance service to the North West Territories. Together Bell and CN were to invest a similar

amount in capital and operating funds for local exchange equipment and the operation of long distance.

The same year the Department of Communication was formed (1969) the Telesat Canada Act was passed so that a domestic communication satellite system could be built. Mr Kierans stated that DOC and the Telesat Act was part of the government push to invest in a satellite system despite the reluctance of the TCTS members to invest in what they considered a premature satellite system (E. Kierans interview by National Museum of Science and Technology, 1990). The Act allowed the government to create a private/public corporation, Telesat Canada. This hybrid company was established with tripartite ownership among the government, the telecommunication carriers, and the general public, each holding one third of the shares. But decision making, power, and control actually rested with the federal government with fifty percent of the voting shares and the president of Telesat, appointed by the government, with one voting share ensuring that control of the corporation rested with the federal state (*Instant World*, 1971:72-3). TCTS members and Island Telephone, *Québec-Téléphone*, Ontario Northland Communications, and CNCP Railway held the other fifty percent of the voting shares. Through the launching of two satellites, Anik I and II, a national communication service distribution system was created to compete with the existing land based telecommunication system. But Telesat's dual obligation to provide Canadian content and operate on a

commercial basis would later lead to major difficulties between the telecommunication companies and DOC. The tension in this dual mandate culminated in the privatization of Telesat almost twenty years later with controlling ownership going to the TCTS consortium despite the enormous investment made by the public sector.

In the 1970s the Department of Communication introduced two Telecommunication Bills C-43 and Bill C-16. The bills were intended to establish a clear national telecommunication policy with objectives, the first of which stated that:

efficient telecommunications systems are essential to sovereignty and integrity of Canada, and telecommunications services and productive resources should be developed and administered so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada (DOC Annual Report 1976-1977:1).

Although the proposed legislation focused on the development of broad national telecommunication policy concurrently it specifically gave the federal government the right to direct broad telecommunication policies to the CRTC. On the other hand direct political interference in broadcasting policy, licensing, content programming, quality standards, and restrictions on freedom of expression were off limits. After two successive attempts to introduce the legislation in Parliament both Bills died because they did not get the support they needed from the provincial governments. It took almost another twenty years before DOC was successful in advancing a revised telecommunication bill which finally

received royal assent in 1992 as the *Telecommunication Act*. But, as Chapter Eight shows, although some aspects of Bills C-16 and C-43 are reflected in the Act, there are three important differences. These differences include the erosion of national sovereignty, the entrenchment of economic rights over social and cultural rights, as well as a Canadian version of neo-regulation, forbearance (explained in Chapter Eight).

Of the number of studies and conferences that DOC engaged in throughout the 1970s the most significant was the Telecommission Studies which were summarized in *Instant World* (1971). *Instant World* is important because of its declaration that the federal government has the responsibility to link telecommunication services with the public interest. That is the state is responsible for the identification and protection of public interest in telecommunications. Another important recommendation included strengthening telecommunication regulation (1971:viii). The report was also circumspect about the government's actions in promoting new telecommunication facilities because there was an obvious danger that the nature and pace of development would be dictated by powerful private interests, such as the Telecom Canada members, especially the largest players such as Bell and BC Telephone. Concern was voiced over DOC's telecommunication policy objective.

Where services are supplied in monopolistic conditions, the interests of the public must be protected. In Canada, the right to give this protection to users of telecommunications services is shared between the Governments of Canada and of the Provinces (1971:185).

Instant World strongly recommended that the telecommunication sections of the *Railway Act* (320) (321) that dealt with just and reasonable rates needed to be expanded to incorporate the principle of universality to public telephone service. But despite the interest and concern for the public interest, the very structure and functions of DOC with its emphasis on economic, commercial, and technological relations contradicted the social importance of public interest. Even telecommunication regulation under the CRTC, and its supposed stewardship of service universality and affordability, the regulator continuously interpreted these principles so that they responded to policy objectives of the neo-liberal telecommunication regime. From the late 1970s on, new telecommunication providers and large telecommunication users (primarily multinationals) organized into lobby organizations, mounting a powerful campaign that included lobbying the DOC, the CRTC, and other federal departments, to end the era of regulated telecommunication monopoly. According to telecommunication users their needs could be served only with a deregulated, privatized, liberalized telecommunication environment. Consequently, domestic telecommunication policy would have to change so that these multinationals could participate in the expanding competitive global economy.

Throughout the post WW II period, telecommunications was identified as increasingly important. This is why the federal state took a hyper-active role in promoting and investing in

this sector. The objectives of the Second National Policy became the vehicle the federal government used to invest vast amounts of public funds in communication research and alternative telecom systems. As discussed previously, in some cases public investment occurred in partnerships with the private telecommunication sector, contributing to the mixed public-private telecommunication system. But by the 1970s multinational domestic and foreign capital mounted a massive campaign to end the period of monopoly capital.

ii) New Telecommunication Regulation and the Canadian Radio-television Telecommunications Commission

From 1938 to 1967 under the mandate of the Department of Transportation, what little federal regulation there was of the telecommunication industry was now conducted by the Board of Transport Commissioners (BTC). One important decision the BTC made was to adopt a new formula, 'rate of return on rate base', which was incidently put forward by Bell. Under rate of return, a company is allowed to earn revenues to cover expenses plus a percentage return on investment (the base rate). Prior to this decision rate regulation was based on a company's earnings per share. Rate of return regulation has always been controversial because it provided the telephone companies with built-in incentives for over capitalization. In addition, there is always the possibility that rate of return can lead to predatory pricing in competitive markets. Forty years later the telephone companies and the new

telecommunication competitors would argue that rate of return is too outdated for a competitive environment and should be replaced with 'cost base pricing' (discussed in Chapter Seven).

In 1967 telecommunications regulation was transferred to a new regulatory body the Canadian Transport Commission (CTC). The structure of the CTC, however, with its formal panel of judges could not deal with the pressure from new technologies such as microwave, satellite or computer telephony integration (Coulter 1992:173). Under a judiciary system the CTC could do little to address the mounting complaints and growing conflicts between the established telecom monopoly service providers, and the new telecommunication competitors. No doubt the CTC's outright hostility towards the new telecommunication providers, and growing complaints from public interest groups, helped, along with recommendations from DOC and *Instant World*, transfer telecommunications to the communication ministry, and regulate it through the more policy oriented regulatory body, the Canadian Radio-television and Telecommunications Commission (CRTC).

As a semi-autonomous regulatory agency the CRTC operates ostensibly as a pluralist institution which, in conjunction with the Parliament, the Cabinet, the Federal and Supreme courts, and the Department of Communication, provides the regulatory rules and procedures for the federally regulated telecommunication carriers. The Supreme Court and the Federal

court of Canada and the CRTC then became responsible for telecommunication process decisions. Under the CRTC, telecommunication regulation was finally opened through public notices and public hearings (CRTC Annual Report 1979-80:2, 3). But as the following chapters reveal, although public telecommunication hearings opened participation to the telecom suppliers, new competitors, business users, telecommunication unions, various public interest groups and other consumers, it is important to keep in mind that the regulator, in this case the CRTC, is part of the state apparatus and an "unequal structure of representation" (Mahon, 1980:157). Although the CRTC allows for public participation in the telecommunication decision making process what it really does is it redefine the participants as individual subjects (individualization - Poulantzas (1978:66). This does two things, first, telecommunication decisions tend to promote consumerism and individual telecom consumption; and second, inequality is reinforced because the regulatory process restores the position of the established and new telecommunication service providers while the rest of the participants, the unions, public interest groups and the communication consumer groups are left fragmented and often divided on policy issues.

Summary

Canada's largest private telephone companies took such liberties with their monopoly status that the federal government brought telephony under the Railway Act. But the

government only subjected the monopolies to a very light form of regulation. The Canadian telephone industry also benefited, until the 1960s and 1970s, from minimal unionization by the non-militant company and international communication unions. Telecommunication union militancy grew in Canada when national unions organized the two largest telephone companies, Bell Canada and B.C. Telephone Company. Throughout the 1960s and the 1970s, the federal government increased its involvement in the telecommunication sector by creating a new Ministry of Communications. The Department of Communications, an expanded regulatory body, the Canadian Radio-television and Telecommunications Commission, the federal courts and cabinet together created telecommunication policy.

But by the late 1960s and early 1970s domestic demands and external multinational forces started to apply pressure on the Canadian state to release the hegemonic grip of the monopoly telecommunication providers. The next chapter shows that beginning in the late 1960s and early 1970s, internal and external forces, including the Canadian federal state, all influenced the reorganization of the hegemonic project to meet the interests of multinational capital and the expansion of the international market. Reorganizing this capitalist project meant that, in Canada, capital fractions used existing or new political lobby associations to bring about, with the help of the state, the policy paradigm shift necessary to create a continental bloc. Chapter Five examines the neo-liberal policy

shift in telecommunication policy to liberalization and neo-regulation, part of the change in the hegemonic project.

5. REORGANIZING THE HEGEMONIC PROJECT FOR THE NORTH AMERICAN CONTINENTAL BLOC: TELECOMMUNICATION POLICY LIBERALIZATION

A lived hegemony is always a process. It is not, except analytically, a system or a structure. It is a realized complex of experiences, relationships, and activities, with specific and changing pressures and limits. In practice, that is, hegemony can never be singular. Its internal structures are highly complex,[m]oreover (and this is crucial, reminding us of the necessary thrust of the concept), it does not just passively exist as a form of dominance. It has continually to be renewed, recreated, defended, and modified. It is also continually resisted, limited, altered, challenged by pressures not at all its own. We have then to add to the concept of hegemony the concepts of counter-hegemony and alternative hegemony, which are real and persistent elements of practice. Raymond Williams, *Problems in Materialism and Culture*.

Hegemony is also embodied in a range of substantive ideas such as the widespread acceptance of the marketplace as the cornerstone of a productive economy..... [H]egemonic views (free markets...the free flow of information, etc.) are neither politically neutral values, nor ideological instruments of control imposed from above. They constitute the common-sense currency of every day life, developing out of those social relationships that make up hierarchies of class, gender, race, etc. Vincent Mosco, *The Political Economy of Communication*.

Chapter four situated the shift to neo-liberal telecommunication policy in Canada within the historical context of the capitalist crisis of the early 1970s. This crisis was responsible for the unravelling of the Canadian Fordist regime of regulation. Strong pressure was applied to the federal government from multinational corporations - large telecommunication users, and new telecommunication service providers to end the telecommunication monopoly regime.

Pressure to end the Canadian telecommunication monopoly regime also occurred within the federal government from the newly created Department of Communication (DOC), and from the new communication regulator, the Canadian Radio-television and Telecommunications Commission. DOC contributed to the demise of the monopoly regime by promoting technological telecommunication solutions to address growing economic pressures. Even though the CRTC opened participation in the telecommunication hearings to the public these hearings still perpetuated and reinforced the inherent inequality in the regulatory process. As an 'unequal structure of representation' CRTC telecommunication hearings intensified class conflicts among the established telecom service providers, the new telecom challengers, and the telecom users, the telecommunication unions, as well as public interest and consumer groups.

This chapter focuses on the class structuration process (discussed in Chapter Three) that brought about the neo-liberal telecommunication policy changes. Class structuration is useful for helping us to understand the action and strategies initiated by the social agents who shaped the new hegemonic project towards neo-liberalism, as well as identify why other social agents resisted these changes. The structuration process is important because it constructs hegemony, the way consent, influence, and intellectual leadership is used by state and capital agents to change

federal telecommunication policy for the neo-liberal regime. Class structuration process is a useful tool to analyze telecommunication policy changes because it concentrates on the complex and dialectical interplay among social agents such as the state, the established telecommunication providers, the telecommunication users (predominately multinational corporations), and new telecommunication challengers as they interact with specific state structures to change the existing telecommunication policy regime to suit their needs. The chapter demonstrates that the agents for multinational capital and agents for federal government changed the hegemonic project by implementing neo-liberal policies that were primarily concerned with market interests for the North American continent. Concurrently, reorganizing hegemonic consent intensified resistance, creating an alternative hegemony from trade union activists, progressive public interest advocates, social organizations, as well as consumer organizations. Much of this hegemonic contestation regarding telecommunication policy changes has been centered in federal state structures including the Department of Communications and the CRTC.

Section one reveals that continental bloc was constituted in Canada through the formation of new broader capital coalition such as the Business Council on National Issues. This coalition, of predominately Canadian and United States multinational members, has an interlocking network of members

that includes not only different capital fractions but it also includes representation from the major private research institutes, as well as the federal government department of Foreign Affairs and International Trade. A dense network was created of capital and state agents, who together worked towards creating hegemonic consent for the new neo-liberal regime. An extensive plan of free enterprise, free competition, free trade, and the free flow of information, with no government controls was put forward by the federal government in the Macdonald Commission to reform Canada's economic and social policies. Essentially the Macdonald Commission was a part of the hegemonic process to reorganize social consent for neo-liberal economic policies. Although the Commission was instrumental in garnering hegemonic consent from most of the capitalist fractions it inflamed the Canadian public. Labour, community groups, social agencies, churches, women and youth organizations, native groups and the unemployed fought to retain social programs and economic justice for all Canadians.

Section two focuses on the external forces from the United States, and the internal domestic forces that affected the Canadian telecommunication policy shift. In a brief submitted to the Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Commission) titled *Culture and Communications: Key Elements of Canada's Economic Future*, the Minister of Communications (then Francis Fox)

stated that recent pressures had begun to develop not only domestically but internationally to increase the overall level of competition to open the telecommunication monopolies. The Minister explained that liberalization and de-regulation of AT&T in the United States was creating policy pressures for Canadian policy to move in the same direction (Minister of Communications, 1983:9). These policy changes included interconnection, liberalization of business services, and long distance service. It also resulted in the divestiture of the dominant American telecom monopoly service provider, AT&T. It was also accompanied by neo-regulation, that is no-regulation or less regulation of previously regulated telecommunication areas.

What is noteworthy in the class structuration process in the United States is that almost all of the social agents - the telecom users, the new telecom challengers, state agencies, the telecommunication unions, and the consumer groups, supported liberalization, neo-regulation, and divestiture. It was only the established telecommunication monopoly provider, AT&T who resisted these policy changes. What was significant for the Canadian policy makers was the fact that many of the large telecommunication users, who supported American styled neo-liberal telecommunication reform, were the same Canadian and United States multinationals who continuously pressured the Canadian government through their powerful lobby organizations. Canada

also experienced many differences including the extensive and continuous resistance and opposition against neo-liberal reform from labour, public interest advocates, initially from all the consumer organizations, and some of the provincial governments.

I. The Canadian Class Structuration Process and the Hegemonic Project of Neo-liberalism and Free Trade

After the 1970s economic crisis, capital forces in Canada intensified their pressure on the state to reorganize macro and micro policies. Changing Canadian policies required a major reorganization of the hegemonic project, from monopoly capitalism to the neo-liberal policies advocated by multinational capitalism. The new project stipulated that market interests needed to advance to the policy forefront. However, support for such policies would require the reorganization of hegemonic consent among the various capital fractions. Although at one level capital fractions compete with each other, at another level they also cooperate to advance common capitalist interests. Although capital interests are continuously advanced by capital fractions, as this section shows when a new hegemonic project is implemented it intensifies policy lobbying by capital associations and coalitions. That is, it intensifies capitalist political advocacy.²⁶ Capitalist fractions also furthered their neo-

²⁶ William Coleman (1986:137-8) identified 482 Canadian national associations representing capitalist interests as of 1980. These national associations are political agents for the various sectors of the Canadian economy from agriculture, to communications, finance, manufacturing,

liberal ideas through the private research organizations that they fund. Sympathetic organic intellectuals, by and large neo-classical economists and lawyers, among others, all helped contribute to the diffusion of these ideas. Often these organic intellectuals worked for both the private sector and the federal government and provided evidence at regulatory hearings, as well as advice and testimony before royal commissions or parliamentary committees.

The neo-liberal philosophy was translated into a policy agenda that stressed individual rights over collective rights, and the restoration of the free market over a protected economy (tariffs and regulation). For Canada it also included replacing the national industrial policy approach with an overarching continental trade policy. This new agenda would combine a free market approach with free trade between Canada and the United States, and would be extended to include Mexico.

The neo-liberal project also included reducing the role of the state in the economy through policy changes that included liberalization, neo-regulation, privatization, and continentalization and internationalization. Key sectors of the economy, such as banking, transportation and

resources, services and trade, among others. By the 1990s capital political agents had proliferated to such an extent that the Canadian government passed the Lobbyist Registration Act (LRA) (1992) to keep track of these organizations. *The Federal Lobbyist 1995* breaks down these organizations into Tier I Lobbyists of which there are 800 and Tier II Lobbyists with approximately 2,400 registered lobbyists.

telecommunications, were targeted as extremely important for the multinational capital accumulation project and in need of policy reorganization. Reorganization of the Canadian telecommunication sector also required a neo-conservative policy approach so that state power could be centralized bringing all telecommunications under federal jurisdiction and regulation (discussed more extensively in Chapter Seven).

A. Multinational Political Agents

According to William Stanbury's *Business Government Relations in Canada*, the capitalist class devised a strategy that would apply direct and indirect pressure on the Canadian state to change public policy (1993:240). A number of direct techniques included forming alliances and coalitions; participating in formal and informal meetings with policy makers (bureaucrats and politicians) and their advisors; submitting briefs to departments; and providing testimony before Parliamentary committees to formally advise on policy and legislative issues. Indirect techniques included the funding of think tanks (research institutes) to try to change the composition of the set of ideas around public policy. Indirect measures included the generation of new information and analysis among public and private policy actors. Other forms of indirect advocacy included advertising to sell business ideas to the public and policy makers. Essentially these strategies and broader capital alliances helped to create an integrated web of hegemonic consent among capital

fractions in order to influence the federal state and the Canadian public to accept the neo-liberal philosophy.

Big and small business continentalist coalitions were formed to promote the neo-liberal project. Reorganizing consent for the neo-liberal project occurred when organizations such as the Business Council on National Issues (BCNI) and the Canadian Federation of Independent Business were formed to promote the continental business agenda. Both lobby organizations promoted this business agenda as well as offer their views on how to reign in a federal government that, in their view, had grown too intrusive into the Canadian economy. Formed in 1976 as the umbrella organization for big business, the Business Council on National Issues (BCNI), brought multinational and conglomerate capital fractions together on many issues and lobbied the federal government for neo-liberal policy changes. The BCNI's exclusive membership comprises 150 chief executive officers from the largest corporations operating in Canada (see Appendix 1, Policy Committee). Modeled on the American Business Roundtable, the BCNI was designed to develop a common front for multinational capital and then to advance its common interests. Interests include the free flow of capital, goods and services, and a liberalized trade and investment environment so that its business members could compete in an integrated and globalized market place (BCNI, 1993:20). As a new business coalition BCNI's approach was broader and went beyond the sectoral

interest of other associations such as the Canadian Bankers Association, the Canadian Manufacturers Association, the Canadian Chamber of Commerce, and the Canadian Petroleum Association, to name only a few.

BCNI membership integrates all the key sectors of the Canadian economy from resources, manufacturing, finance, transportation, utilities, service, and the communication sector (see Table 5.1) and is truly continentalist because it integrates Canadian and foreign (mostly United States) multinationals. Primary concern for BCNI members is gaining unhampered access to the United States and Canadian markets, as well as the international market. The main interests of the BCNI include the national economy and competitiveness, the international economy and trade, and government institutional reform. These interests are best summed up in BCNI's statement that as an organization its purpose was to:

strengthen the voice of business on issues of national importance and put forward constructive courses of action for the country (cited in Langille, 1987:48).

While there are many competing capital interests among BCNI members its broad objectives are reached by a BCNI executive and policy committee where internal decisions are arrived at through compromise and consensus (A. Sinclair, BCNI, February, 1996). Cross integration among BCNI members is perpetuated through sectoral membership in associations such as the Canadian Bankers Association, the Canadian Manufacturers Association, the Canadian Chamber of Commerce,

Table 5.1

BCNI Sectoral Membership

<u>Sector</u>	<u>Members</u>
Business Lobby Associations	4
Communications	12
Finance	32
Manufacturing	65
Resources	9
Services	11
Transportation and Utilities	10
Wholesale and Retail	7
Total	150

Source: Business Council on National Issues, 1994.

and the Information Technology Association of Canada, among others (Table 5.2). Cross continental integration is also achieved through membership in the Canadian American Committee and the Trilateral Commission. This integrative aspect continues through members who are also board members of private research organizations such as the international Conference Board of Canada²⁷ and the C.D. Howe Institute. A number of members also sit on important federal government committees such as the Board of Trade, the International Trade Advisory Committee (ITAC) and the Sectoral Advisory Groups on International Trade (SAGIT) (discussed more extensively in (Chapter Eight)). Many of BCNI's CEOs also sit on the board of

²⁷ It is worth pointing out that the Conference Board of Canada is the subsidiary of a research organization whose head quarters is in the United States.

Table 5.2

BCNI Executive and Policy Committee Cross Affiliations

<u>Association</u>	<u>Number of BCNI members</u>
<i>Canadian Associations</i>	
Calgary Petroleum Club	1
Canada West Foundation	2
Canadian Bankers Association	3
Canadian Manufacturers Association	2
Canadian Mining Association	1
Canadian Chamber of Commerce	4
Information Technology Association of Canada	1
<i>Continental and International Associations</i>	
Asia Pacific Foundation of Canada	1
British North American Committee	1
Canadian American Committee	1
International Business Council of Canada	1
Trilateral Commission	3
World Economic Forum	1
<i>Private Research Organizations</i>	
Conference Board of Canada (U.S. subsidiary)	9
C. D. Howe Institute	5
Van Horne Institute	1
<i>Canadian Federal Government Committees</i>	
Board of Trade	2
International Trade Advisory Committee (ITAC)	3
Sectoral Advisory Groups on International Trade (SAGIT)	2

Source: Who's Who in Canadian Business, 1996

directors of other members's companies and hold significant minority shares in each other's companies and/or jointly hold significant shareholdings in other dominate multinationals (Richardson, 1992; Coulter, 1992). In addition the finance capital fraction (see Appendix III) provides an important 'intermediation' function (Reddick, 1993:51). Such a dense

network strengthens the position of multinational capital, creating an integrative hegemonic web of consent bent on neo-liberal policy reform.

As a distinct sector, communications' importance is evidenced in the BCNI (see Table 5.3). This is because the communication sector has gained importance for Canadian capital, and the state, because of its strategic importance to all the other sectors and that of multinational capital. Because multinational corporations rely on new technological developments such as computers, telecommunications, and satellites for production, distribution, and other exchange and trade related activities, multinationals, especially those in the communication sector have brought these technologies together to form an integrative "global grid" (Schiller, 1985:105).

Privately funded research institutes also have been instrumental in promoting the neo-liberal agenda. It is not very surprising that neo-liberal ideas have diffused to the private funded research institutes such as the C. D. Howe or the Fraser Institute because their membership and funding comes primarily from big business (see Appendix IV and V). As early as the mid 1970s the C.D. Howe Institute was producing research which endorsed the reduction of government intervention into private economic activity. In the C.D. Howe's view government regulation and regulatory bodies were necessary in the past to prevent private market failure,

Table 5.3

**Business Council on National Issues
Communication Membership**

<u>Businesses</u>	<u>1986 Member</u>	<u>1994/95 Member</u>
<i>Telecommunications</i>		
Bell Canada Enterprises Inc.	x	x
British Columbia Telephone Co.	x	x
Maritime Telegraph and Telephone		x
New Brunswick Telephone Co.		x
Northern Telecom Ltd.	x	x
Teleglobe Canada		x
Unitel Communications		x
<i>Media Communications</i>		
Reader's Digest Canada		x
Rogers Communications		x
Southam Inc.	x	x
CTV Television Network		x
Maclean Hunter (Rogers Communications)		x

Source: Business Council on National Issues, 1994-95, 1986.

or the adverse effects of natural monopolies. But this was no longer necessary in the changing environment of free markets and free international trade. As a result of this research the Institute endorsed deregulation as a way to address the state's over-involvement in the Canadian economy (C. D. Howe, 1976: 18).

The Institute also saw communications emerging as a strategic issue for Canadian public policy. Recommendations for competition in the communications industry were to be combined with policy liberalization particularly, for the telephone carriers (C. D. Howe, 1980:69-73). Alternatively, a neo-conservative approach was advocated to address the split

in the levels of telecommunication regulation between federal, provincial and municipal governments. According to the C.D. Howe, the growing importance of telecommunication policy required a comprehensive and integrated treatment. This meant that the existing regulatory patchwork needed to be centralized to bring telecommunications under federal jurisdiction and regulation (C. D. Howe, 1980: 7, 34).

A number of BCNI members are also on the board of another influential private research organization, the Fraser Institute. Advocating neo-conservative and neo-liberal policy solutions, the Fraser Institute was very vociferous in its attack on public ownership, producing research to support privatization. But more often than not this research is more ideological. Often the reports produced by the Fraser Institute offer abstract neo-classical economic ideal formulas and a pro-market dogma as policy recommendations. This research takes on a fundamentalist religious-like fervour, particularly in its reference to nobel laureate Milton Friedman's recommendations on how to privatize state holdings. Privatization in the Fraser Institute's view is the policy alternative to the many forms of government intervention into the marketplace. Private entrepreneurs are preferable to public ownership because of capitalism's property rights: the right of ownership; the right to control; and behaviour rights to receive profits or losses (Fraser Institute, 1980:158). This tautological reasoning supports privatization because

private business, driven by self-interest, will always seek what is best for business which in turn leads to what is best for society (Fraser Institute, 1980:158-160). Consequently it is not surprising that the Fraser Institute recommended that Teleglobe and Telesat be privatized so that consumers could benefit from access to more services, and greater choices in consumer goods at lower prices (1980:31, 153-4).

B. State Political Agents

Two publicly funded research organizations, the Economic Council of Canada and the Institute for Research on Public Policy both endorsed the neo-liberal agenda. In its annual review, *Lean Times*, the Economic Council stated that the federal government needed to reduce its regulation of the economy because it impeded the free operation of the market (1982:107). The Council recommended that a number of federal regulatory bodies such as the agricultural marketing boards, the airlines, the environment, and telecommunications, reorganize. A number of specific recommendations were directed to reforming telecommunication regulation. They included opening up entry to telecommunication service providers for the provision of specialized private line and data communication services, allowing the interconnection of CNCP to the telecommunication companies, and permitting all forms of telecommunication equipment attachment (liberalization). Other recommendations called for the lifting of all restrictions on leasing and the resale of long-based transmission facilities

(deregulation) (Economic Council, 1981:88).

Another publicly funded research organization, the Institute for Research for Public Policy (IRPP), in addition to endorsing regulatory reform through deregulation, supported the privatization of as many of Canada's crown corporations as possible. In a joint sponsored conference the IRPP, the Bank of Nova Scotia, and McLeod, Young and Weir provided a strategy and recommendations in *Papers on Privatization*. Sympathic intellectuals such as Thomas Courchene (1985:2) and Richard Lipsey (1985:37) both claimed that private corporations are more efficient than crown corporations although they provided no empirical evidence. Research produced for the IRPP came to a common agreement that public enterprises and government operations needed to be opened up to market forces. Privatization policies then, would be one way, among others, to strengthen the existing market forces and open up Canada's mixed economy.

In seeking a solution to the economic crises of the 1970s, the Canadian state established a Royal Commission to inquire into the country's perceived economic and political problems. *The Royal Commission on the Economic Union and Development Prospects for Canada*, or the Macdonald Commission as it is commonly known, provided the federal impetus to reform Canada's economic and social policies. As such it was thought that the Macdonald Commission would contribute to shaping public debate and creating consensus over divisive

issues that would result as the state moved Canadian society to an 'open market economy.' According to Drache and Cameron royal commissions are often used in Canada to diffuse explosive issues, and the Macdonald Commission was no exception (1985:xi). As part of the hegemonic process to reorganize consent for continentalization and internationalization, this royal commission claimed that its investigation would be impartial. This would lead one to believe that the MacDonald Commission's public forum process was specifically used to lay the groundwork for building social consent for neo-liberal economic policies. To make sure that the neo-liberal view dominated only the perspective of neo-classical economists shaped this commission (McFarlane, 1992:293). McFarlane notes that by the mid 1980s royal commissions were out of favour with the federal government. What the federal government preferred were the internally handled task forces because their findings were not public as in the case of the royal commissions (Ibid:293). As a political agent, the Macdonald Commission then became an important instrument for the production of hegemonic consent.

The Commission's interim report, *Challenges and Choices: a Commission on Canada's Future* (1984) provides insight into the real reasons why the Commission was initiated. Concerns had been raised that trade issues such as heightened competition in domestic and world markets, the growing internationalization of business, the effects of technology on

trade, and the growing protectionism of Canada's largest trading partner the United States, would leave the Canadian economy in the wake of these catastrophic pressures (Macdonald Commission, 1984:11). The report stated that Canada needed to re-examine its policies to ensure that the country was aware of the implications of these changes and others such as the emergence of trading blocks (the European Common Market), the movement of capital between countries, the changing role of resources (with particular implications for Canada), and the availability of large labour pools in developing countries. It was further noted that the Canadian state should respond with appropriate policy changes. According to Simeon "the choice ultimately was the market model or nothing" (1987:177) because "there was no credible alternative before the Commissioners" (173). A closer examination of the Commission's findings and recommendations, however, reveals that three different policy visions were put forward.

The first view, came from the business sector, its political agents such as the BCNI, the Canadian Manufacturers' Association, the Canadian Bankers Association, the C. D. Howe and the Fraser Institute, neo-classical economists, and many of the provinces including the western provinces, Ontario, and Quebec. Simply stated this view held that the scope of the Canadian government should be reduced, particularly government intervention into the economy. There should also be a major reduction in state public ownership. Government policy

instruments would have to be more market-driven to facilitate the necessary adjustments to international conditions. This view also held that Canada establish a long-term trade strategy and complementary policies with its major trading partner United States (Macdonald Royal Commission, 1985).

The second view, from state agencies such as the Science Council of Canada, envisioned a new mandate for the state, and an important role for Canada's high-tech industries, as a partial measure to move the country towards an information economy (Science Council of Canada, 1982). This view called for the creation of a new social accord between workers and their employers, similar to the European corporatist model. This view, however, was rejected by both business and labour. A third view, which is discussed more extensively in the next section was put forward by ordinary Canadians from what has been referred to as the "popular sector" (Drache and Cameron, 1985:ix). A more appropriate term the *public sector* includes members from the subordinate classes and social political actors.

Adopting an elite model of inquiry the Commission conducted numerous public hearings and meetings. National debates, expert opinions, discussion papers and individual testimonies were presented at hearings which were held in twenty seven communities across the country. Presentations were made by 1,827 interveners, 1,100 written submissions were made by individuals, organizations and governments (Macdonald

Commission, 1985, Appendix VI). At a first glance it would appear that the Commission went to great lengths to consult, not only business interests, but academics, labour, citizen groups and the public at large. But despite conflicting views the Commission endorsed and adopted the pro-market view and a neo-liberal policy model. The Commission then was an attempt at reaching hegemonic consensus to help legitimize the state's actions of shifting to a neo-liberal policies. As the Commission stated:

[t]his is a time for reassessment, for the search for new directions, for the application of analysis unencumbered by an automatic acceptance of yesterday's assumptions. Such an assessment is not easy...In general, we seek, in the interest of efficiency, to modify the network of policy links connecting the state and the economy and society of Canada. This requires governments to reduce the disincentives which their own policies have placed in the way of behaviour that fosters an adaptive economy and society....

Report of the Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Royal Commission), Vol. 1.

C. Alternative Political Agents

The extensive fanfare of the Macdonald Commission did not, however, stop progressive organizations from presenting their alternative views. The public sector, with representatives from labour, community groups, social agencies, churches, farmers, volunteer organizations, women and youth organizations, the unemployed, native groups, and the regionally disadvantaged, presented the Commission with their vision for Canada (see Appendix VII).

Concerned about the relationship between social and

economic policy their views were reiterated in *The Other Macdonald Report*. In numerous submissions at the first round of public hearings common themes emerged concerning social and economic security for all Canadians. These themes included sustainable economic development based on strategic planning and constructive inter-nationalism (1985:xxx-xxxix). According to the public sector, Canada did not have a productivity problem or an unfavourable investment climate. Rather the Canadian government had an incoherent industrial strategy and an employment crisis (Social Planning Council of Metropolitan Toronto, 1985:21-22; United (now Canadian) Auto Workers, 1985:23-34; Ontario Public Service Employees, 1985:136-145). The cornerstone for any industrial strategy, according to the public sector, is the expansion of public services (such as education, day care, medical services) to create employment and improve the lives of all members of Canadian society. Other common themes included expanding the role of government in the economy and new forms of government intervention based on grass-roots involvement (democratic participation) in government planning (United Church of Canada, 1985:183). It also was emphasized that social justice is important for Canadian society because it would ensure fairness and equitable treatment of the poor and the marginalized (United Church, 1985:183; Canadian Conference of Catholic Bishops, 1985:213). The Catholic Bishops also held the view that the Canadian government lacked the political will and the moral

vision to develop an alternative model to the market one that was being advanced (1985:213).

Other views were put forward regarding the importance of maintaining public ownership in certain areas of the economy. It was thought that public ownership would break the stranglehold of the multinationals and ensure public accountability and retain some public control over economic policy (CUPE, 1985:196). Alternative research focused on the problem of placing too much reliance on new technologies, as well as the so called information economy. As the UAW explained, high technology, imbedded with computer chips, had already been integrated into many sectors such as manufacturing, services and resources. Furthermore, the so-called technological revolution not only extended to work and workers, enhancing some work and creating some jobs, but increasing evidence showed that it disproportionately deskilled work and displaced jobs (OPSEU, 1985:144).

There are two important factors coming out of these alternative views. First, they identify and criticize the short term interests and demands of business. They reveal that business interests and the market are imbedded with a particular bias that is inappropriate for establishing federal state public policies because they exclude other important social and cultural considerations. Second, the common ground reached by these alternative political actors helped to serve as the seed-bed of the more developed coalitions that formed

in the 1980s and 1990s. Not only did these dissenting voices included subordinate class actors they also cut across class boundaries creating what Mosco calls an "alternative hegemony, " (1996: 243) that continued to oppose the multinational capital agenda and the neo-liberal policy shift. This strong resistance is evident as the Canadian federal government shifted to a neo-liberal telecommunication policy model. The following class structuration analysis reveals these telecommunication policy changes were also met with strong resistance.

II. The Class Structuration Process of Changing Telecommunication Policy to the Neo-liberal Model

D. External Continental Forces

In the United States the fordist regime of regulation in telecommunications was known as the Ozark Plan (Bolton, 1993:123; Horwitz, 1989:235). Commencing in the early 1950s, and continuing until 1980 when the FCC allowed competition in long distance telephone service (message toll service - MTS), the plan promoted the expansion of local telephone service by "putting a telephone in every home" (cited in Bolton, 1993:124). Successful because of its inclusiveness, the Ozark compromise was based on a loose consensus between AT&T and its twenty two regional Bell Companies, the major unions such as the IBEW and the Communication Workers of America (CWA), consumers (telephone subscribers), and formal regulation divided among the Federal Communication Commission (FCC) for intrastate activity, and the Public Utility Commissions (PUCs)

for interstate activity, and antitrust legislation in the Department of Justice.

The Ozark Plan, a post war capital expansion program, developed and regenerated the United States telephone network and the entire telecommunication industry. The plan linked the manufacturing operations of Western Electric, a subsidiary of AT&T, with its research operations to AT&T's monopoly in local and toll services. AT&T benefited through its vertically integrated operations because it was the sole supplier of telecommunication equipment to its long distance operations and the regional Bell companies. Through federal and state regulation the capital expansion project was tied to company rate increases as well as specific standards in quality of service. In return the state oversaw a system that protected the hegemonic position of AT&T by defining the telecommunication monopoly as "natural". AT&T also benefited from increases in telephone penetration levels as Table 5.1 indicates because state regulators linked penetration to universal access of telephone services. As the standard of living went up from the 1950s to the 1980s telephone customers responded by putting more phones in their residences, increasing the number of local and long distance calls they made and contributed to a penetration rate increase of one hundred and fifty percent by 1980 (see Table 5.4). Customers were pleased with the plan and tended to believe in and support the idea of monopoly telephone. Ostensibly monopoly

Table 5.4

U.S. Telephone Statistics from 1950 to 1980

	<u>1950</u>	<u>1980</u>	<u>Percentage Increase</u>
Residential and business phones	39 million	157 million	402
Number of local calls	65 billion	279 billion	429
Number of long distance calls	2 billion	32 billion	1600
Penetration rates	62 percent	93 percent	150

Source: FCC (1960, 1980) *Statistics of Common Carriers*, pages 21 and 18; FCC *Annual Report*, 1960 and 1980.

regulation permitted an extensive system of subsidization where local rates were kept low for subscribers through long distance revenues. Local residential rates were also subsidized by business subscribers and the cost of rural services was kept low through a subsidy from the densely populated urban serviced areas.

Through legislation and regulation both state levels of government played a passive role in securing labour in this fordist compromise. For example Congress amended Section 222 (f) of the Communications Act in 1943 requiring the FCC to evaluate the effect of mergers and acquisitions on employment. Moreover, as early as 1910, the Department of Labour took an interest in the conditions of telephone workers and their jobs (Winseck, 1993:123). And until divestiture, as Winseck (123) explains, a historical precedent had been established by the

Table 5.5

**Composition of U.S. Telephone Industry Employment
from 1950 to 1980**

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>
Managerial & Professional	57,600	92,900	151,700	211,300
Clerical & Operators	345,600	325,500	394,000	332,200
Engineers & Technicians	133,200	175,000	258,000	329,700
Other	24,300	26,200	27,400	30,500
Total	560,700	619,500	831,600	903,700

Source: ILO (1993) *Telecommunications Services*, page 130.

legislators and regulations to always consider policy effects and decisions on telecommunication labour.

The telecommunication trade union movement was also an important part of this fordist compromise. With considerable growth in telecommunication employment union membership also increased. Growth in union membership and the Bell companies no-lay-off policy gave the telecom unions a considerable stake in the industry. Table 5.5 shows the composition of telephone industry employment from 1950 to 1980. Throughout this period total employment rose by sixty percent. And by 1980 eighty percent of all AT&T telecommunication employees were in unions (ILO, Bolton, 1993:132). Additionally the trade unions accepted, and were even advocates of technological change. CWA union contracts were some of the first in North America to include technological change clauses. Nonetheless, this devotion to telecommunication technology backfired after the

unions accepted regulatory reform and competition in customers' premise equipment and public long distance service.

The United States' fordist regime came under attack from a number of forces that included some capitalist fractions, their political agents, and state agents. As support shifted to a neo-fordist regime it required a change in the hegemonic project. These capital fractions wanted a flexible regime that would be conducive to further domestic and international capital accumulation expansion. Consequently United States fractions responded to the capital crisis of the 1970s with a hegemonic project based on neo-liberal policy reform. To implement this neo-liberal policy agenda individual corporate firms made new alliances and created new structures to coordinate and influence the federal government to carry out their vision of policy and regulatory reform. The most significant organization, The Business Roundtable, formed in 1972 as a result of merger of three *ad hoc* business committees, exerted political pressure and lobbied Congress for regulatory reform in economic sectors such as trucking, air-transport, banking and telecommunications (Horwitz, 1989:206). Exclusive membership in the Roundtable consisted of the chief executive officers (CEOs) of major corporations in industry, resources, finance, commerce, retail, among others. The Roundtable report, the *Cost of Government Regulation Study*, attacked all forms of government intervention, as well as congressional liberals, union presidents and former

regulators.

Another new organization, the National Federation of Independent Business (NFIB) with 596,000 members was formed with the sole purpose of exercising political influence, at the federal state level, to reform regulation (Horwitz, 1989:231). An older established trade organization, the U.S. Chamber of Commerce, under new leadership from Proctor and Gamble, U.S. Steel, and General Motors, was revamped into an aggressive political lobby organization. From 1974 to 1980 the Chamber's membership doubled, while its annual budget was substantially increased to \$68,000,000 (Pertschuk, 1982:57). Both the Chamber of Commerce and the NFIB attacked the existing regulatory regime focusing on the inflexible aspects of regulation in trucking, the airline industry, banking and telecommunications.

Alliances were also made between corporations and academic neo-classical economists. In the 1960s some of these economists conducted empirical studies on the regulation of the previously mentioned economic sectors. Major among these studies was an assessment of regulation and price, entry and exit regulation. Findings, published in influential economic journals such as the *Journal of Law and Economics* and the *Bell Journal of Economics and Management Science* (now the *Rand Journal of Economics and Management Science*), recommended that government regulation needed to be reduced, the economy should rely instead on the forces of market competition (Horwitz,

1989:206).

Neo-classical free market economists took a number of key positions in the Ford, Carter, and Reagan administrations within the Department of Transport, the Council of Economic Advisors, and the Justice Department. Once inside the government the economists in these departments promoted pro-competitive deregulation as a policy goal. Within the antitrust division of the Justice Department the pro-competition position was a large part of its mission. By the late 1960s this division began to conceive of regulatory reform within the government as a way of fulfilling that mission. By the early 1970s there were enough reform political advocates inside the Executive, including the Department of Justice; the Office of Management and Budget, responsible for setting government information policies; the State Department, responsible for international matters; the newly created National Telecommunications and Information Administration (NTIA), a Commerce Department agency responsible for policy research and coordination; and the Federal Communications Commission, were all committed to the goal of neo-liberalism (Derthick and Quirk, 1985:37; Mosco, 1989:184).

Other business methods used to influence the political agenda were the corporate funding of conservative foundations such as the Olin and Ford Foundations, policy research organizations such as the American Enterprise Institute for Public Policy Research, the Institute for Contemporary

Studies, the International Institute for Economic Research, the Center for Study of American Business, the Hoover Institution, and the Brookings Institute, to name only a few (Derthick and Quirk, 1985:36; Horwitz, 1989:207). Research conducted by these institutes helped to foster ideas that the United States economy was over-regulated. Regulation, according to these research organizations was responsible for the dismal performance of the United States economy in the 1970s, its high inflation, low productivity, and the country's slow economic growth. Studies from these research organizations helped to bring about changes in the political discourse which also helped to open the way for regulatory reform. These same lobby organizations, economists, and research institutes often attacked the regulatory process. Increases in the number of claims and the number of participants at regulatory hearings in the 1960s and 1970s, led these critics to latch on to the idea that regulation contributed to an "overloaded government" (Eastman, 1965). Direct attacks on the existing telecommunication regime came from policy planning groups with strong links to big business. The Conference Board, the Committee for Economic Development, and the Aspen Institute Program on Communications and Society along with government officials within the United States Executive departments all supported the neo-liberal agenda and the move to `reform` telecommunication policy (Haight and Weinstein, 1981:139).

i) A New Hegemonic Project for the United States - Liberalization and Neo-regulation

New telecommunication needs in the United States arose within the larger context of multinational expansion in the post war period. Large telecom users such as multinationals and domestic conglomerates saw the benefit in new technologies and new delivery systems such as microwave and satellite networks, computer technology and digitalization, and fibre optics cable over the rigid coaxial cable land based system offered by AT&T. According to the large users, the new telecom network providers, and the new communication equipment manufacturers these alternative delivery systems were more cost effective, efficient, and accurate in their delivery methods, particularly of data communications. Changing the United States' telecommunication policy and regulation then would allow new telecom players to compete against AT&T. The ensuing policy shift was a long complex process with many legislative and regulatory battles that began in the late 1960s, intensifying in the 1970s and 1980s. Large telecommunication user groups, research institutes, foundations, universities and specific federal state departments and the FCC all contributed to neo-liberal telecommunication policy and regulatory reform, in the United States. Capital, their lobby organizations, and the federal state all contributed to deregulation and liberalization.

Jill Hills (1986:50) goes as far as crediting the United

States with being the first deregulator. But as Mosco explains we need to reassess the terms regulation and deregulation. As Mosco so aptly put it:

the policy debate over deregulation is disingenuous at best, because deregulation is not an alternative. Rather, the debate comes down to the choice among a mix of forms that foreground the market, the state, or interests that lie outside both. Eliminating government regulation is not deregulation but, most likely expanding market regulation (1996:201).

Building on Mosco, a more appropriate term is neo-regulation. This is where the state replaces regulation that was previously based on the public interest and service, affordability, and universality with market regulation. As a broad term neo-regulation has four forms: 1) no regulation where market regulation is decided by a competitive environment that is created where there are a number of telecommunication players. Oligopolies (three to six telecommunication players all offering similar products at similar prices) may not be regulated or may claim to be self-regulating; 2) managed regulation or light regulation of the established telecommunication providers which is still carried out by the existing state regulators. It may also tend towards state management of competing telecommunication interests where the state may prevent particular players from competing in particular service areas; 3) re-regulation where the state has to step in because market regulation failure or abuse is so noticeable to the public that a portion of the no regulated area needs regulation again; and, 4) forbearance in the

Canadian case where the state chooses to not regulate what it considers competitive areas but it may step back in and reregulate when market failure occurs (discussed in Chapter Eight).

Liberalization, on the other hand, as Mosco explains:

is a process of state intervention to expand the number of participants in the market, typically by creating, or easing the creation of, competing providers of communication services (1996:202).

The state then changes existing policy and regulation allowing private competitors into the telecommunication arena thereby increasing market competition. As the following account of telecommunication policy and regulatory reform in the United States indicates, often the state regulator is engaged in neo-regulation and liberalization policy reform at the same time.

A combination of entry liberalization, no regulation and managed regulation by the FCC allowed private networks to compete with the public telecommunication carriers. In the Above 890 microwave decision in the late 1960s, the FCC allowed an alternative to the Bell system, i.e., private networks for private use. Using the expanded radio frequency above the 890 frequency microwave technology would provide transmission through private lines for large business users such as the petroleum companies, the railway and the power companies, among others. An alliance of prospective private users and equipment manufacturers all lobbied the FCC for permission to use the 890 megacycle spectrum. Microwave

manufactures such as the Electronic Industries Association presented an extensive engineering study showing the feasibility of using microwave service using the identified spectrum. A number of large business users represented by the political agencies of various sectoral organization such as the American Newspaper Publishers Association (ANPA), Montgomery Ward, the National Retail Dry Goods Association (NRDGA), the Automobile Manufacturers Association (AMA), the National Association of Manufacturers (NAM), and the American Petroleum Institute (API) provided supporting evidence at the hearing that a microwave system would be more economical, faster, would be able to handle larger volumes of data, and would have a higher degree of reliability (Schiller, 1982:9-12). These capital lobby organizations supported a microwave system because it would be tailored to the large users' communication needs.

At the hearing, AT&T led the opposition of the common carriers arguing that private transmission systems would lead to cream-skimming. In addition AT&T warned that allowing competition with the public network would eventually harm universal service and lead to increases in the costs of communication services to individuals, small business, and the economy in general.

By 1969 the FCC, in the MCI decision, liberalized entry for Microwave Communications Inc. to construct a microwave link between Chicago and St. Louis. Large business users,

computer service organizations and microwave equipment manufacturers such as Bethlehem Steel, Union Carbide, Dupont, American Express, Chrysler, Monsanto, API, NAM, NRMA and the American Bankers Association opposed AT&T's monopoly position arguing they needed the bulk transmission capacity that MCI would offer to meet their interoffice and interplant needs (Schiller, 1982:43). The argument that AT&T and the other common carriers presented at the hearing was that competition would adversely affect the entire rate structure and subsidization system (Schiller, 1982:43; Horwitz, 1989:227-8). Not only did the FCC grant MCI limited competition, in other decisions from 1971 to 1974 the regulator allowed the interconnection of MCI's long distance data lines with the public local networks. Because of a former FCC decision, the Computer I Inquiry, the MCI network was not subject to regulation because it was a data communication system.

In a number of subsequent decisions throughout the 1970s the FCC intensified its regulation of AT&T in order to manage disputes initiated by the monopoly that included denying interconnection and the offering of TELPAK a bulk leased service at rates far below its competitors and well below its costs. Regulatory decisions ordered AT&T to interconnect with the private line competitors. Western Union and Motorola charged that AT&T priced its TELPAC service rates artificially low and that the FCC should discontinue the service. Four years later, the FCC ruled that AT&T was indeed offering this

service at predatory rates.

In the mid 1960s, the FCC undertook an extensive investigation of the telecommunication and computer industries. An extensive study conducted by Booz, Allen and Hamilton for the Business Equipment Manufacturing Association identified a number of data problem areas for the large telecommunication users with the common carrier services and networks. The problems ranged from data speed, to computer interfacing, the error proneness of the common carrier system, and the rate structure of the telecom system. The report identified more than 800 individual computer data users in a number of sectors including airline, banking, computer services, education, manufacturing, and the federal government (Schiller 1982:32). At the inquiry a number of presentations were made by API, NRMA, NAM, ANPA, the Aerospace Industries of America, Atena Life, the American Bankers Association, the American Trucking Association, the Association of American Railroads, to not regulate the computer data carriers. In the final report (Computer I Inquiry) the FCC concluded the investigation with policy that created an artificial boundary which separated voice communications from the transmission of data through communication networks. In this important decision, voice communications and the carriage industry would continue to be regulated while the computer industry and data processing would not be regulated. Large business users were very active in the investigation expressing their concern over

the direction and shape of American telematics (Schiller, 1982:28-32; Hills, 1986:64-65). This policy decision had far reaching regulatory implications throughout the 1970s as new private networks and business service providers such as resellers, etc., involved in data transmission, benefited by not being regulated.

In the mid 1970s the FCC granted liberalized entry to a number of new telecommunication private service competitors to provide a number of business services. Most prominent are cellular, enhanced services (also known as value added network carriers or VANS), and resale services. Enhanced services offered by Telenet and Tymnet provided business communication services which were developed from other telecommunication services through the addition of computer hardware, software and labour. Whereas resellers such as Packet Communication Inc., Graph Net System Inc., and Telenet Communication Corp. engaged in the secondary sale or lease of telecommunications services which were originally purchased, generally at bulk discount rates, from AT&T or the regional Bell companies (Horwitz, 1989: 228, 353). The FCC approved all the previously mentioned applicants and did not regulate the resellers or the enhanced service providers. The Commission was of the view that market regulation would prevail in this new open and competitive environment. Citing policy established in Computer I the FCC prevented the common carriers from competing in the reselling and enhanced market. As Schiller (1982:43) correctly

points out, liberalization and neo-regulation was not simply an extension of a new pro-competitive philosophy. Rather, the needs of the heavy corporate telecommunication users for flexible cheaper services took primacy over the communication needs of the general public.

Ten years later (1976) the Computer II Inquiry was conducted by the FCC. Essentially the outcome of the inquiry was a retreat from traditional public utility regulation and the entrenchment of neo-liberalism and pro-competition. An underlying issue of the inquiry was how could the national telecommunication network, dominated by AT&T, be upgraded to enable data transmission without more regulatory supervision. Computer II gave AT&T the freedom to engage in network-wide computer communications and the right to compete with the other private resellers and enhanced service providers. Consequently AT&T aggressively moved into this unregulated environment. But extensive lobbying by a coalition called the Competitive Alternatives for Users Service and Equipment on Tele-Cause²⁸ insisted that deregulation and true competition could only be guaranteed if AT&T continued to be subject to regulatory constraints and safeguards. This lobbying resulted

²⁸ Schiller's research reveals that the large telecommunication user organizations and lobbyists kept reinventing themselves over and over again. The members of Competitive Alternatives which was formed in 1981 was an alliance of some of the same equipment manufacturers, service suppliers and previous mentioned business users. Added to these were Independent Data Communications Manufacturers Association, ITT, General Telephone, Satellite Business Systems (the IBM consortium), and the Comsat, Aetna Life, Casualty consortium (1982:90).

in an amendment to Computer II which allowed AT&T to compete in computer communication services but subjected the company to regulation (Schiller, 1982:90).

Between the FCC decision to permit interconnection, long distance competition, and divestiture, AT&T turned to Congress to push legislation that would safeguard its monopoly and establish a new social contract. This proposed legislation, called the Consumer Communications Reform Act was so pro-AT&T that it became known as the 'Bell Bill'. It advocated that the company's long distance and telephone equipment monopolies be restored. The bill failed not only because of AT&T's arrogance with Congress but because of the ground swell of counter political activism and lobbying from the large user corporations, economists, consumer and citizen groups such as Congress Watch and the Consumer Federation of America. After the bill was defeated the Congressional deregulatory environment that had changed the transportation industry began to affect telecommunications as well (Horwitz, 1989:238).

Political activism was quite intense in competition in long distance services. It took two attempts before MCI was finally allowed to compete in the long distance telephone service market after the Court of Appeal overturned the FCC's decision. *In the Matter of Policy & Rules Concerning Rates for Competitive Common Carrier Services*, Docket No. 79-252, (FCC, 1981) an ad hoc Telecommunications Users Committee, made up of American Express, Control Data, Dupont, Ford, General

Electric, J.C. Penny, K-Mart, Monsanto, Olin, Reynolds and Reynolds, Sears, US Steel, Visa, Westinghouse, the Aerospace Industry Association, and API, and the Committee of Corporate Telephone Users (CCTU) comprised of thirty five users that included Citicorp, Time Inc., Avis and Greyhound among others made presentations to the FCC for competition in long distance services (Schiller 1982:76-77). The consequences of this FCC ruling on allowing competition in long distance services tended to make the boundary between regulated and competitive telecom services even more ambiguous.

The CWA also initially supported and accepted the emerging competitive regulatory regime in areas that affected its membership such as customer premise equipment and long distance services. CWA's pro-competition support was ensured once AT&T promised to alleviate the harshest aspects of company restructuring which gave the union some control over the effects of technological change and a provision that laid-off workers would get good severance packages or retraining (Winseck 1993:123). Moreover, Horwitz (1989:16, 213) explains that the paradox of American telecommunication policy reform occurred because liberal groups and other public interest advocates took the same position that conservative free enterprisers took attacking the monopoly regime and regulation. Ralph Nader's consumer advocate organizations attacked price and entry regulation, stating it was a prime example of regulatory capture. Throughout the 1970s these

public interest groups pressured the state Public Utility Commissions to deny the Bell companies local telephone rate increases. These groups also made presentations at the FCC long distance and customer premise hearings coming out in favour of pro-competition (Ibid:213). The public interest advocates supported liberalization and competition as a solution to entrenched AT&T corporate power. What this reveals is the shift in the U.S. telecommunications policy to liberalization and neo-regulation came about because most of the major policy actors were on the same side. That is, the large business users, their lobbyists, the new telecommunication challengers, research organizations, the government Executive departments, the FCC, as well as the telecommunication unions and the consumer advocates. Only AT&T and the other common carriers opposed competition. In addition, the public interest advocates of anti-monopoly and pro-competitive stance helped to fuel the anti-trust case against AT&T.

The first anti-trust case against AT&T culminated with a consent decree in 1956. This decision was beneficial for AT&T because it did not break up the vertically integrated monopoly.²⁹ It did, however, confine the company to providing only telecommunication common carrier services that would be

²⁹ It is interesting to note that as a result of this consent decree the U.S. Department of Justice forced Western Electric, AT&T's telecommunication manufacturer to divest itself of its Canadian subsidiary, Northern Electric. Total separation did not occur until 1970 (DOC, Minister of Communications, 1983:8).

regulated by the FCC. Once the FCC started to create a competitive environment beginning in the 1950s through 1970s AT&T intensified its anti-competitive behaviour by doing things like denying interconnection to the new competitors, or creating competing services and offering them at predatory prices in order to retain market share. In 1974 the Justice Department filed suit against AT&T. MCI filed a private anti-trust suit against the company as well. The Justice Department charged AT&T with relying on its position of dominance to keep competitors out of long distance transmission, equipment manufacturing, and in its local franchise monopolies (Schiller, 1982:91). Evidence for the government case included the experience of business users, independent equipment suppliers and the specialized common carriers (Horwitz, 1989:244). In Congressional and Senate subcommittee hearings on the AT&T's anti-trust case, consumer advocates decried the company's monopoly position. In an agreed settlement between AT&T and the state, called the Modified Final Judgement (MFJ-1982), Judge H. Green presented a compromise judgement in which most of the vertical structure of the company, its long distance operations, manufacturing and research and development subsidiaries were left intact. AT&T did, however, have to divest itself of its twenty two Bell operating companies. Seven new independent regional Bell operating companies (RBOCs) companies were created but still subject to regulation because of their monopoly status.

The settlement was a victory for AT&T, the RBOCs, the large users, and the new competitors. In the very short term as a result of divestiture AT&T's market share dropped to sixty five percent in the long distance market. And the new competitors, MCI and Sprint, by 1988 together held twenty five percent of the long distance market share. Nonetheless, AT&T's earnings recovered and indeed increased throughout the 1980s and 1990s as it entered the unregulated service area and international market (Sherman Report, 1988:34-5). The large users also benefited from lower long distance rates and new sources of equipment and technology.

But the policy changes of liberalization and neo-regulation did not bring about a win-win situation for everyone. The largest losers were the residential consumer groups and the telecommunication unions. After divestiture from 1984 to 1989 local rates jumped forty three percent while interstate toll rates and long distance rates dropped five percent and thirty five percent respectively (Mosco, 1990:14). The very poor in the United States could only stay on the telephone system or gain access to it through two newly created telephone welfare programs, Link-up America and Lifeline (Aufderhide, 1987:91-94; Mosco, 1991:2-4).

Although AT&T and the telecom unions presented a joint political campaign to prevent the break-up of the Bell System, after divestiture the previous labour-management relations abruptly changed. First, national bargaining was eliminated by

the newly created regional Bell operating companies (RBOCs) and replaced with corporate and subsidiary level bargaining. This resulted in the second largest strike in United States history when 600,000 hourly CWA members walked off the job in 1983. This was followed with another strike in 1986 when the CWA struck AT&T over wage reductions and the elimination of the cost of living allowance (COLA). Other strikes took place over the elimination of health benefits and the introduction of managed health care. In addition, total telephone employment had dropped from 1982 to 1992 by 222,000 employees. Employment in the RBOCs has declined by fourteen percent with a loss of 158,000 people. Employment also dropped AT&T from 1984 to 1992 to 124,300, a decline of thirty three percent of its work force. Prior to divestiture some eighty percent of all telecommunication employees were in unions but by 1988 this figure had dropped to seventy percent. The new telecom service providers on the other hand are noted for their anti-union stand, for example Sprint's level of unionization is only twelve percent and MCI's is twenty five percent (CWA, 1994 Preserving High-Wage Employment in Telecommunications, 2, 4, 7; ILO, 1993:132). With the extension of liberalization and competition in telecommunications into local services the RBOCs and AT&T have continued to downsize, eliminate jobs, ignore service quality, increase local telecom rates, reduce long distance rates and develop the non regulated service areas while at the same time continued to benefit from scoring

revenues throughout the second half of the 1980s to the 1990s.

ii) Exporting the United States Neo-liberal Telecommunication Policy Model

Multinationals intensified their political activism on the United States government to have the neo-liberal telecommunication policy model adopted in other countries. The multinationals wanted free entry and free access for their goods and services in other national economies; that is, the latest technologies and upgraded systems. Breaking down and breaking up protective policies of other countries was necessary so that these businesses could integrate their world wide activities in manufacturing, marketing, shipping, finance, insurance, communications, and advertising. It required the United States federal state to get actively involved in coordinating and exporting its reorganized telecommunication policies to other countries and influence these countries to accept the 'free market philosophy'.

The United States federal government played a key role in addressing the demands of the multinationals by conducting hearings at the House of Representatives which culminated with the passing of the *International Communications Reorganization Act of 1981*. American Express testified, as did a number of other multinationals, that protectionist barriers in other countries needed to be broken down. D. Schiller, in an extensive table identifies trade barriers to data, telecommunications, and information services on a country by

country basis (1982:124-135). What was needed was policy liberalization for enhanced or value added services, private networks or user controlled networks, as well as an 'open sky' approach to international satellite policy.

In 1970 the United States government coordinated its domestic and international telecommunication policy through its Executive Office establishing the White House Office of Telecommunications Policy. It was moved to the Department of Commerce in 1978 and renamed the National Telecommunications and Information Administration (NTIA). The Office of Plans and Policy also coordinated telecommunication policy with the FCC. (Mosco, 1989). Within the Executive, a Council of International Communications and Information was created with the specific mandate to:

- 1) coordinate the policies and activities of all federal agencies involving telecommunications and information;
- 2) and, review all policy determinations of Federal agencies, and all proposed statements of United States policy by such agencies relating to international communications and information, and approve, disapprove or modify any such policy determination or proposed statement (cited in Schiller, 1982:141)

Other Executive areas such as the Secretaries of State and Commerce, Trade and the Directors of the Offices of Management and Budget, as well as the FCC not only coordinated United States telecommunication policy but integrated it into its trade policy.

Changing the hegemonic project to reflect telecommunication neo-liberal policy reform in the United

States also brought about very significant changes in social relations. Liberalization and neo-regulation replaced telecommunication universality in the public interest with a model that served market interests supported by market regulation. Policy changes resulted in large benefits for the large telecommunication business users, predominately multinationals and conglomerates, the new telecommunication service and system providers, and the established telecommunication providers. The enormous cost of telecommunication policy restructuring on the other hand, was borne by residential and small business subscribers and those that live in rural areas, the poor, and the telecommunication workers as their local rates soared accompanied by poorer service. Divestiture and competition led to lay offs in the telecommunication industry, particularly a reduction in the unionized work force. In addition, dramatic changes occurred in labour relations over bargaining, wages and benefits.

These changes in telecommunication social relations are important to keep in mind when examining the subsequent telecommunication policy shift that took place in Canada commencing in the 1970s. As the neo-liberal telecom policy model was applied in Canada it produced policies, legislation, and regulation which would integrate telecommunications for the North American continent. Even though the United States went to great lengths to export their telecommunication policies, the policy shift in Canada occurred because of a

complex set of external and internal social forces promoting telecom neo-liberalism and which was strongly resisted by the majority of the population.

E. Internal Canadian Forces

Telecommunications and Canada: Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Canada, 1979) also known as the Clyne Report, conducted for the Minister of Communications, then Jeanne Sauvé, reveals the conflicting and contradictory position the federal government found itself in regarding telecommunications policy. The Clyne Report was very concerned with external market forces (read United States) and competitive telecommunication policies. According to the Clyne report the federal government needed to exercise its sovereignty³⁰ over telecommunications. This included providing an adequate measure of control over data banks, transborder data flows, and regulating information service content (Ibid:84). Independence over the Canadian owned telecommunication sector could be realized with the continuance of the mixed telecommunication system for the satellite and telephone industries. The Clyne Report was, however, concerned with the briefs and submissions from, other federal government departments, large telecommunication user

³⁰ In the Clyne Report sovereignty is defined as the ability of Canadians both in government and in the private sector to exercise control over the directions of economic, social, cultural, and political change (1979:1).

organizations and new telecommunication service providers, such as the Canadian Manufacturers Association, the Canadian Business Equipment Manufacturers Association, the Canadian Association of Data Processing Service Association, Canadian National and Canadian Pacific Telecommunications, IBM, and the Economic Council of Canada (Clyne, 1979:96-7). These users and new telecommunication challengers were unanimous that long distance telephone and business service rates were too high, and that telecommunication policies covering these areas needed to be reviewed. But the report was also concerned that there was a heavy price to pay for competition. Essentially it would upset the existing pattern of cross-subsidization which kept local residential telephone rates affordable for all Canadian regardless of what region they lived in. The report stated that:

[t]elecommunications, as the foundation of the future of society, cannot always be left to the vagaries of the market; principles that we might care to assert in other fields, such as totally free competition, may not be applicable in this crucial sphere. We must look at it freshly, without preconceived ideas (1979:2).

But, as the Clyne Report recommended strengthening Canadian telecommunication sovereignty, another federal institution, the CRTC, through a series of public hearings, introduced telecommunication policy liberalization and neo-regulation, paving the way for a competitive telecommunication environment. Closer scrutiny of these hearings and the Commission's final decisions on interconnection, terminal

attachment, business services (cellular, enhanced, resale and sharing), shows that the winds of change for continental neo-liberal telecommunication policy came from forces within Canada as well as from outside. These forces for telecom policy change were fiercely resisted by the established telephone carriers, the unions, public interest advocates, consumer groups, and many of the provincial governments. The telecommunication unions, the public interest advocates and the consumer organizations, in particular, were responsible for stopping the first attempt by CNCP to compete in the long distance telephone market (discussed in Chapter Six). Nonetheless, as the following analysis demonstrates although it would appear that the dominant carriers such as Bell Canada resisted policy liberalization and neo-regulation. But by reorganizing itself to avoid regulation of its activities and to prevent the break up of its vertically integrated operations it is evident that Bell had in fact embraced neo-liberalism.

i) Interconnection Liberalization and Neo-regulation

The first major liberalization hearing took place in 1979 after CNCP applied to the CRTC to interconnect its telegraph network and its private voice and data networks to Bell Canada's public switched telephone network (PSTN).³¹ The CNCP

³¹ PSTN system is a public network where data, voice and non-telecom services are carried over a network using telephone signalling, local loops (local transmission), switching and control apparatuses to interconnect local and long distance circuits.

CNCP Telecommunications: Interconnection with Bell Canada hearing was the largest public hearing up to that time. It included two pre-hearing conferences, twenty five days of public hearings, numerous submissions, testimony by expert witnesses (economists), lawyers, and consultants (Telecom Decision CRTC 79-11, 1979) (See Appendix IX for a complete list of participants).

The main argument that CNCP Telecommunication made was that Bell's refusal to allow CNCP to interconnect to its network was an abuse of its monopolistic position. In CNCP's view, interconnection would allow the company to compete better with Bell in providing private data and voice line networks and services (Telecom Decision CRTC 79-11, 1979:68). CNCP provided evidence (Table 5.6) showing the asymmetrical distribution of Canadian telecommunication revenues. CNCP presented itself in a David and Goliath situation where the lack of interconnection to the Bell network restricted the company to only five percent of the telecommunication market.

At the time of the hearing CNCP's private data and voice networks were custom designed to meet the special requirements of its subscribers including the air traffic control system for Transport Canada, the federal government's meteorological network, the inter police network for the RCMP (Ottawa), and a private data line network for the Social Affairs Department of the Quebec government (Telecom Decision CRTC 79-11, 1979:13). According to CNCP, interconnection liberalization

Table 5.6

**Distribution of CNCP, Bell Canada and Other Teleco Revenues
by Market Share and Segment as of 1976
(millions of dollars)**

Carriers	Data Computer	Data Mess- age	Voice Private Line Voice	Voice Public Voice Tele- phone	Voice Broad- cast	Voice Other	Voice Total
Bell	80	9	84	1674	11	46	1904
All other	133	17	113	3005	22	74	3364
Telcos							
CNCP	17	139	8	24	4	0	192
Telco % share	89%	11%	93%	99%	14%	100%	95%
CNCP % share	11%	89%	7%	1%	8%	0	5%

Source: Adapted from Telecom Decision CRTC 79-11, 1979, p. 18.

would provide significant benefits to other telecommunication users, giving them choice in telecommunication facilities and services.

A number of telecommunication users, user organizations, data processing and computer industries, two provincial governments, and the federal government all supported CNCP's application. User organizations such as the Canadian Manufacturers Association (CMA), the Canadian Business Equipment Manufacturers Association (CBEMA) stated that interconnection would lead to increased competition in private voice and data networks which in turn would improve efficiency and reduce telecommunication costs. The Canadian Industrial

Communications Assembly (CICA), representing 130 of the major telecommunication users supported CNCP's application so that its members could have greater freedom of choice in selecting telecommunication services. The Canadian Information Processing Society (CIPS) representing 3000 computer professionals also supported more freedom in choice of telecommunications networks and services. A number of telecom users such as the Canadian Press, IBM Canada, the Business Intervenors Society of Alberta, the Royal Bank, the Bank of Nova Scotia, Interprovincial Pipelines Ltd., Westinghouse Canada, General Electric, Domtar, the Canadian Association of Broadcasters, the Canadian Cable Television Association (CCTA), La Banque d' épargne de la Cité et du District de Montréal all cited enormous benefits from competition once CNCP was permitted to interconnect to the Bell network. The Canadian Petroleum Association (CPA) even went as far as supporting complete interconnection to Bell's network and with all the other telephone carriers (Telecom Decision CRTC 79-11, 1979:70-1).

Representation for the federal government, the Director of Investigation and Research Combines Investigation Act (the Director), and the provincial governments of British Columbia and Ontario were also strong supporters of interconnection liberalization. All three agents held similar views to the large users that interconnection would lead to competition in the communication industry, improvements in communication

efficiency, and provide more consumer choice. But both provincial governments wanted regulation to continue (Telecom Decision CRTC, 79-11, 1979:71-2).

Bell Canada, the provincial telephone companies, and the TCTS opposed CNCP's interconnection request because they considered the application a way of using local telephone facilities to capture a portion of the long distance market and revenues. In the TCTS members' view, the adverse effects of interconnection would result in increases in local telephone rates, a twenty seven percent increase for residential subscribers, and a thirty seven percent increase for business subscribers (Telecom Decision CRTC 79-11, 1979:66). Taking a very arrogant position Bell warned the CRTC that long distance revenues are "rightly due Bell", and threatened that if its monopoly position were to change the existing arrangements of basic universal telephone service to the public would be undermined (Ibid:66).

SaskTel, on the other hand, opposed interconnection liberalization because its potential benefits would be confined to narrow interests (telecom users and the new telecom challengers) jeopardizing the telecommunication infrastructure for all Canadians at the lowest cost. SaskTel even provided evidence and witnesses on the American experience with interconnection liberalization that resulted in higher costs, duplicate facilities, increased rates for households and small businesses, and numerous competition

violations (Telecom Decision CRTC 79-11, 1979:74). AGT pointed out that interconnection liberalization was not in the public interest as it would only benefit the private interests of CNCP (Ibid:76). The Canadian Federation of Communication Workers (CFCW) opposed interconnection liberalization because it considered interconnection the slippery side of competition which would threaten the existing job stability in the telecommunication industry (Telecom Decision CRTC 79-11, 1979:74). The government of Quebec opposed interconnection liberalization for two reasons. It would benefit private not public interests, and the CRTC would be passing judgement on communication matters that were considered important to Quebec sovereignty. Similarly, the Atlantic provincial governments opposed interconnection liberalization, calling instead for a federal-provincial task force to study the entire question of communication competition (Ibid:79).

But despite the opposition from the telephone companies, most of the provincial governments, and the telephone unions federation, the CRTC approved CNCP's application. As the CRTC stated "competition would be greatly enhanced with interconnection" and that it was "in the public interest" (Telecom Decision CRTC 79-11, 1979:242). This interconnection decision is of prime importance in the telecommunication liberalization policy process because the CRTC explains what it meant by the 'public interest,' which affected all the subsequent liberalization policy decisions. The public

interest was defined as "important for users of communication services in Canada" (Ibid:240).

On the other hand the CRTC continued its practice of managed regulation of CNCP and Bell Canada by preventing CNCP's interconnection to Bell's public long distance network, overseeing CNCP's compensation to Bell, as well as keeping track of the evolving nature of the competitive market. Subsequent interconnection hearings and decisions allowed: CNCP to interconnect to BC Telephone's local network; B.C. Rail to interconnect to BC Telephone; and the interconnection of intra exchange systems. Although the applications were opposed by the telephone companies and the CFCW the support from the Director and the large user organizations influenced the CRTC more as it approved both applications (Telecom Decisions CRTC 81-24, 1981 and 85-19, 1985).

**ii) Business Service Liberalization and Neo-regulation:
Terminal Attachment, Cellular Radio Communications,
Enhanced Services, Resale and Sharing**

Further liberalization of entry occurred when the CRTC approved a number of business services. The first, was the attachment of subscriber provided terminal equipment to that of the Bell, BC Telephone and CNCP networks. The Ontario Hospital Association (OHA) and the Telephone Answering Service of Canada (TASC), in particular, wanted to be able to attach their own telephone equipment to the existing telecommunication networks. Bell and BC Telephone argued that Rule 9 of Section 321 of the Railway Act gave them the exclusive right for

customers to use only their equipment. According to the OHA and TASC this gave unreasonable advantage to the carriers. At the terminal equipment hearing the familiar pro-liberalization policy supporters, including the CMA, the CBEMA, the CPA, and the Retail Council of Canada, supported telephone equipment and attachment liberalization because it would usher in new suppliers and it would open new markets for them (Telecom Decision CRTC 82-14, 1982:28). State support for terminal equipment and attachment liberalization came from the Director and the provincial governments of British Columbia and Ontario. Unlike its position in the interconnection hearing, the Consumers Association of Canada (CAC) was in favour of terminal equipment liberalization because it would eliminate the total control that the telephone companies had over network development. In addition, the CAC was of the view that consumer needs would be better served by competition in telephone equipment (Telecom Decision CRTC 80-13, 81-19, 82-14).

In its conclusion the CRTC approved liberalization entry of terminal equipment and terminal attachment (Telecom Decision CRTC 82-14). The Commission was not convinced of the potential disadvantages of liberalization entry raised by Bell and BC Telephone, or of the invasion of foreign manufacturers. This would suggest that the CRTC was well aware of the changes taking place towards the internationalization of the market. Nor did the CRTC seem concerned with the CFCW's evidence

that terminal attachment liberalization would result in the loss of end-to-end control of the networks or TWU's claim that terminal equipment liberalization would have harmful effects on installation and repair jobs (Ibid:25).

Referring to statements made by the various pro-liberalization supporters from user organizations, government representatives, and the CAC, the CRTC stated that the disadvantages were not significant enough. In the CRTC's view the benefits of enhanced consumer choice, lower prices through competition, and increased flexibility and efficiencies for business subscribers, were far more important (Telecom Decision CRTC 82-14, 1982:29). Nevertheless the CRTC continued its approach of managed regulation through the establishment of technical standards and by establishing the terms and conditions of attachment (Ibid:31-32).

Liberalization of entry continued in business services when the Minister of Communications (then Francis Fox), through DOC, issued a non-telecommunication licence for a new telecom delivery system, mobile telephone radio communication or cellular radio telephone. This technology supposedly made more efficient use of scarce radio frequency. Cellular communications was considered useful for businesses and professionals. The CRTC hearing on cellular phone service essentially created a duopoly between Cantel (major shareholders included CNCP, Rogers Communications and Motorola Canada Ltd.) and the telephone carrier cellular operators,

Bell and the provincial telephone companies (Surtees, 1993:121).

Support came from the Director, the governments of British Columbia and Ontario, the large telecom user lobby organizations and equipment manufacturers such as the CICA, the CMA, the CPA, and the Electrical and Electronic Manufacturers Association. Bell and BC Telephone were opposed to the radio common carriers interconnection to their public network because they already offered cellular services. BC Telephone and NorthwesTel and Terra Nova were opposed to Cantel's entry because it would lead to market fragmentation, the erosion of revenues and toll (long distance) by pass (Telecom Decision CRTC, 84-10, 1984:10). As in the previous pro-liberalization entry rulings, the CRTC stated that a cellular duopoly would provide users with more choice, lower prices, and benefits from the new technology. And, as in the other business service liberalization policies, the CRTC continued its practice of managed regulation of the Bell and BC Telephone cellular service offerings. The Commission called for structural separation of both carriers in order to establish a separate cellular subsidiary so that they would compete fairly and without cross-subsidization of revenues from their public systems. Later in 1984 the federal government designated Cantel Inc. as the national cellular radio telephone service provider. In addition, Cantel was not required to file tariffs and would not be regulated by the

CRTC. Once Bell and BC Telephone established separate cellular divisions they too were not subject to CRTC regulation so that cellular services would evolve "in an unregulated, and as competitive, environment as possible" (Telecom Public Notice, 1984-55, 1984c:1).

A series of enhanced service CRTC hearings took place throughout the 1980s to decide entry liberalization. As discussed previously, enhanced services combines computer processing and telecommunication technology which is then used to create a new range of telecommunication services combining information processing and storage. In two hearings the CRTC totally liberalized entry for all enhanced service providers (Telecom Decision CRTC 84-18, 85-17). The continental implications of the enhanced service decisions became apparent when the CRTC issued a public notice for the upcoming hearing and recommended that Canada adopt the United States FCC definition of basic and enhanced services (CRTC Telecom Public Notice 1983-72). At the enhanced service hearing, state participants such as the Director and the government of Quebec, as well as the most significant user organizations including the CICA, CIPG and the Canadian Industrial Communication Assembly et al³², all supported adopting the

³² The CICA et al included the Association of Competitive Telecommunication Suppliers, the Canadian Association of Data and Professional Service Organizations, the Canadian Bankers Association, the Canadian Business Equipment Manufacturers Association, the Canadian Daily Newspaper Publication Association, the Canadian Radio Common Carriers Association, Data Crown Inc. and the Telephone Answering Association of Canada. As telecommunication policy liberalization intensified in Canada

United States' definition (Telecom Decision CRTC 84-18, 1984:6-12). The government of Ontario and Telesat Canada objected to the outright adoption of the United States definition stating that there were major differences between the Canadian and American industry structure. The CRTC modified both definitions somewhat to:

[a] basic service is one that is limited to the offering of transmission capacity for the movement of information;

[b] an enhanced service is any offering over the telecommunication network which is more than a basic service (Telecom Decision CRTC 84-18, 1984:12, 14).

So state actors (CRTC, the Director and the government of Quebec) and the political agents for the large telecommunication user organizations, for all intent and purposes, adopted what Coulter calls a "continental standard" for enhanced and basic services (1992:241). Adopting this continental standard would become even more significant once trade in telecommunication services was written into the continental trade agreements the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement (discussed further in Chapter Eight).

In its final comments the CRTC stated that "the principles of competition should guide the enhanced service market" (Telecom Decision CRTC 84-18, 1984:18). The only

user organizations kept reinventing themselves in their various lobbying attempts.

opposing voice came from the CFCW who argued that competition of business services would come about at the expense of ordinary consumers. But this single dissenting voice was ignored by the CRTC. The Commission liberalized entry for enhanced service providers and decided not to regulate the non-common carriers. The common carriers, on the other hand, were allowed to compete with the non-common carriers but they would continue to be regulated by the CRTC. Most of the previously mentioned user groups, the Director, and the government of Quebec agreed that if there was no structural separation of the carriers' enhanced services then they needed to be regulated to avoid cross subsidization (Telecom Decision CRTC 84-18:45-46).

Policy liberalization of enhanced services led to the intensification of class disputes and conflicts between the new enhanced service providers and the telephone carriers. In another hearing, Bell and CNCP applied to the CRTC to deny the resale of Call-Net Communications Ltd. (Call-Net) enhanced services. According to Bell, Call-Net's services were not enhanced, only basic. The CRTC agreed (Telecom Decision CRTC 87-5). Call-Net fought back requesting the CRTC to review its decision. After the CRTC again decided that most of Call Net's services were basic, Call-Net's next move was to apply to the federal government to overturn the CRTC's decision. Although the decision was not overturned, a federal cabinet Order-in-Council did extend Call-Net's access to Bell and BC Telephone

for one year. These events were repeated when Bell, CNCP and the CRTC all agreed that Call-Net was illegally reselling a large portion of its enhanced services. A second Order-in-Council once again extended Call-Net's interconnection to CNCP and Bell (Rideout, 1993:40-41). The process of bringing about telecom policy neo-liberalization in business services intensified class conflicts. Neo-liberal policy changes were intended to liberalize entry so that new telecommunication service providers and new delivery systems would be able to compete with the established telephone carriers, thereby ending the telecom monopoly regime. But these neo-liberal policy changes also had unintended consequences; it brought into question the supposed arms-length regulation of the CRTC. Consequently, liberalization and neo-regulation increased political interference. It would take until the 1990s and many more hearings before the enhanced service issue was resolved and before the CRTC stopped regulating that particular telecom service.

In the Interexchange Competition and Related Issues hearing, the CRTC began the first of many hearings on liberalizing entry to create a competitive resale and sharing market. Under the Railway Act, resale and sharing was only permitted with the approval of the telecom carriers. The Canadian Business Telecommunication Alliance (CBTA) the Canadian Telecommunications Group (CTG), the Director, and the government of Ontario all lobbied the CRTC to reduce or

eliminate these barriers. Opposed were Bell, the provincial telephone companies, CFCW, TWU and surprisingly CNCP. Although CNCP supported policy liberalization in other areas including long distance service, it argued that resellers should not be able to acquire facilities from them and turn around and sell them below costs.

Despite this strong resistance, the CRTC embarked on limited resale and sharing liberalization. Resellers were only permitted into the non-MTS/WATS interexchange services (data only) (Telecom Decision CRTC 85-19, 1985:87). In addition, the CRTC would refrain from regulating this service area, relying instead on market force regulation (Telecom Decision CRTC 85-19:87). Once resale was liberalized the resale market doubled every year from 1985 to 1992 (Surtees, 1993:305-6). By the 1990s more than sixty resellers entered the Canadian market. Call-Net lead the pack with thirty five percent of the market. Fonorola ranked second with ten percent of the market, followed by the Canadian subsidiary of a British telecom company, Cable and Wireless with eight percent of the market (Ibid:305-6).

iii) Bell Canada Enterprises: The Structural Reorganization of Bell Canada

Bell Canada's response to policy liberalization and the erosion of its telecom monopoly position was swift and aggressive. Bell began reorganizing itself. In the 1960s Bell was successful in having its charter changed so that it could engage in telecommunications, not just the telephone business.

Further, revisions were made in the 1970s to accommodate a corporation that was expanding internationally, especially its manufacturing subsidiary Northern Telecom into the United States market. Domestic regulatory restrictions on the other hand prohibited Bell and its subsidiaries from applying and holding broadcasting licences and cable television licences (Babe, 1990:185-6).

But by the 1980s, motivated by the emerging competition trend and the desire to have less of its operations under the watchful eye of the CRTC, Bell filed articles of continuance with the Department of Consumer and Corporate Affairs pursuant to the Canadian Business Corporations Act. In 1982 Bell announced that it would reorganize itself whereby Bell would become a subsidiary of its new parent, Bell Canada Enterprises Inc. (BCE). If approved by the Business Corporations Act, Cabinet, and the CRTC, Bell would set itself up as a corporate entity rather than continue operating as a public utility. Through restructuring, it would also be able to separate its holdings and move most of its revenues from the scrutiny of CRTC regulation. Prior to the reorganizing scheme all of Bell's income from both its regulated and non-regulated companies were subject to CRTC regulation before it reached the shareholders (Coulter, 1992:389; Babe, 1990:190). BCE reorganization then would reduce CRTC regulation over most of the organization's activities except for its public telephone carrier operations (Telecom Decision CRTC 83-10. 1983:4).

User groups such as the CICA and the Canadian Telecommunications Group (CTG) supported Bell's reorganization providing statutory limitations were implemented to prevent rate increases. Also the CRTC was to continue to regulate BCE to ensure there was no cross subsidization from its monopoly services (long distance and local phone revenues) to competitive services (Telecom Decision CRTC 83-10, 1983). The Director concurred with the user organizations but in its submission to the Restructure Trade Practices Commission argued that the public interest would be better served if Bell's vertically integrated system were undone, untying Bell from its manufacturing operations. Other government agents such as the Minister of Communication (then Francis Fox) wanted to make sure that the government continued to support increased competition in the high technology sector. But the Minister also stated that Canadian companies needed to be able to make structural changes so that they could be more competitive. According to the Minister of Communications and the DOC bureaucracy vertical disintegration was not an option. What was needed for competitive global market place was strong telecommunication players such as BCE and Northern Telecom.

Dissenting voices from the Consumers Association of Canada (CAC), the National Anti-Poverty Organization (NAPO) the Public Interest Advocacy Centre (PIAC) held the view that the reorganization of Bell would have a negative impact on public oversight and universality (Telecom Decision CRTC 83-

10, 1983). Nonetheless the CRTC not only approved BCE's reorganization plan it also championed the new corporation. The CRTC's final comments reveal much about the government neo-liberal philosophy:

[m]anagerial flexibility is particularly necessary at this stage of time. As Canada proceeds into the *information age* its future as an industrial state would depend on high quality managerial, technical, and research skills such as those found within the Bell group of companies (Telecom Decision 83-10, 1983:2).

Coulter (1992:411-2) correctly ascertained that the reorganization of Bell into BCE was a quick response to the changing times (neo-liberalism). Not only did the reorganization release BCE from public accountability and regulation, it also strengthened BCE's dominant economic position. After reorganization, from 1985 to 1995 BCE ranked first in revenues out of all other Canada companies. And throughout the same time period it ranked in the top ten companies in terms of profits and assets. Even its subsidiaries, Northern Telecom and Bell Canada, ranked in the top twenty five Canadian companies in terms of revenues (Globe and Mail, Report on Business, 1985 to 1995).

BCE embraced the neo-liberal policy shift in other ways as well. Not only did Bell submit its so-called rate rebalancing proposal to the CRTC at CNCP's bid to compete in the long distance service market, it presented rate rebalancing to the Macdonald Commission. In its brief to the Macdonald Commission, Bell submitted that it cost the utility

\$1.93 to produce \$1.00 of revenue from local services. According to Bell this resulted in a \$1.2 billion cross subsidy in the previous year, 1982. As Bell stated at the Macdonald Commission hearing:

in time, the pressure to reduce long distance service prices in Canada will become irresistible. Therefore, it is important to Canada to start gradually moving both long distance and local telephone service prices closer to costs (Bell Canada, 1983:20).

If rate rebalancing was implemented it would produced two effects. First, monthly rates for local services would rise. While the price for long distance rates would dramatically fall. According to Bell their rate rebalanced scheme would not generate any extra revenue for the company. BCE (Bell) was quite aware of the pressures for neo-liberal policy changes both from the United States and from the large telecom user organizations. Its rate rebalancing plan was aimed at placating the demands of the business users for cheaper telecom services while at the same time Bell would maintain its monopoly position as the telecommunication service provider. In Bell's view, if they could lower their long distance rates enough it would be able to erode profit margins enough and make entry for any other competitor uneconomic. Bell subsequently submitted its rate rebalancing proposal along with an alternative to the local flat rate billing system - local measured service (LMS), a pay as you use method. Both proposals, rate rebalancing and local measured service were a harbinger of things to come (discussed more

extensively in Chapters Six and Seven).

Summary

The Canadian class structuration process of changing telecommunication policy analysis shows that the Canadian federal government and the CRTC implemented liberalization policies that permitted CNCP to interconnect to Bell Canada and BC Telephone. It also allowed telephone subscribers to own any type of telephone apparatus and interconnect it to the public telecommunication carriers. The Department of Communication and the CRTC also allowed new telecommunication services and delivery systems such as Cantel Cellular Communications, Call-Net, Foronola and Cable and Wireless entry to compete with Bell and BC Telephone in offering an array of business services. There are many similarities between the Canadian and United States implementation of neo-liberal telecommunication policies. Both federal governments responded to the political lobbying of the large telecommunication users. But there are also many differences. First, liberalization supporters in Canada included not only the telecommunication users and new telecom challengers, it included federal and provincial state agents such as the Director of Investigation and Combines Act (later the Director of the Competition Bureau), and the provincial governments whose economies are more involved in the continental market - Quebec, Ontario, Alberta, and British Columbia. In Canada unlike the United States there was strong resistance from the

national telecommunication unions, the progressive public interest advocates, and the national and provincial consumer organizations. The national Consumers' Association of Canada (CAC) however, was an enigma. On the one hand, it was against interconnection and Bell's reorganization. On the other hand, the CAC supported policy liberalization of terminal equipment and business services. This ambiguity would become even more evident when it joined forces with the other consumer and public interest groups against competition in the first long distance telephone hearing compared to its pro-competition position in the second long distance hearing. The CAC, in a different tack than the other consumer and public interest groups, endorsed local competition and did not support the establishment of a targeted subsidy program (lifeline) (discussed in Chapters Six and Seven). In addition, the governments of the Atlantic provinces and Saskatchewan also opposed all of the liberalization plans.

Second, although at first it appears that Bell Canada did not support policy liberalization in all these areas, its actions of structural reorganization into Bell Canada Enterprises reveals that in fact it did support the neo-liberal policy shift. Essentially the reorganization was an attempt to save itself from divestiture. Although BCE appeared to publicly resist liberalization at the same time BCE and Bell Canada were involved in neo-liberal policy changes and continental free trade talks. In addition, BCE's

reorganization meant that now most of its activities would not be regulated by the state except for its Bell Canada holdings and those in the Atlantic region that provided public long distance and local telephone service. All other BCE operations are supposedly self-regulated or regulated by the market.

Third, neo-regulation in Canada meant that most of the new telecommunication service and delivery providers would not be subject to CRTC regulation, relying instead on market regulation. But Bell Canada and BC Telephone's activities in business services fell under managed regulation by the CRTC because the new competitors and the telecom users wanted to make sure that the carriers did not cross-subsidize their revenues from long distance or local revenues and compete unfairly in the telecommunication service market. Even CNCP Telecommunications, one of the renewed telecommunication challengers, supported its interconnection to the major carriers but did not support liberalization in resale and sharing. As this chapter revealed, there was no clear cut support or alliances for or against telecommunication policy liberalization and neo-regulation. Although there was strong resistance against both policy measures they were dismissed by the CRTC as it redefined the public interest to mean the interests of the large business telecommunication users.

Chapter Six uses the class structuration analysis process on the next phase of telecommunication policy liberalization and neo-regulation. It focuses on the complex interplay among

Canadian social agents as they supported or resisted liberalization in the first public long distance hearing. The telecommunication unions, the public interest advocates, the national and provincial consumer groups, and most of the provincial governments prevented competition in long distance telephone service. Refusal by the CRTC to allow long distance competition intensified political activism from existing and new telecommunication user organizations, as well as the private and public research organizations

6. THE CLASS STRUCTURATION PROCESS AND CANADIAN TELECOMMUNICATION POLICY LIBERALIZATION

There is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new order of things. Machiavelli, *The Prince*, 1513.

It is therefore likely that the policy review will conclude that in order to compete internationally, Canada will be pushed by the U.S. situation to move toward cost-based rates, but at its own pace. This will require gradual decreases in cross-subsidization and therefore increased local rates. This will hit residential and small business users hardest, while big business users will benefit. Leaked DOC [Department of Communication] Cabinet Document, May 1985.

Chapter Five examined the first phase of Canadian telecommunication policy liberalization and neo-regulation. It showed that the move towards a neo-liberal telecommunication policy regime came about because of pressure from domestic telecommunication challengers and large business telecommunication users (mostly Canadian and United States multinationals). It also demonstrated that these pressures, combined with external pressure from the United States and from the Canadian government moved federal telecommunication policy towards the neo-liberal model. Part of this policy regime allowed new competitors to enter the business service market and CNCP Telecommunications to interconnect its system to Bell Canada and BC Telephone, the other part of the policy regime included establishing freer continental trade between Canada and the United States.

As argued in Chapter Three, an important part of the

creation of hegemonic consent for the continental neo-liberal project involves a process of class structuration. By concentrating on the social relations involved in the class structuration process analysis concentrates on why and how social agents interact with state structures to in an attempt to change existing telecommunication policy, implement new policy, or resist the changes.

Using class structuration analyses this chapter investigates the second phase of Canadian telecommunication liberalization, the first attempt at introducing long distance telephone competition. It reveals that a myriad of neo-liberal opponents, from labour, public interest and consumer organizations, and some provincial governments, succeeded in preventing CNCP Telecommunications from competing in the long distance telephone market. The victory was, however, short lived. It only intensified aggressive lobbying from the telecommunication user organizations and the public and private research institutes. It also demonstrates that the Department of Communication and the CRTC developed specific strategies and held conferences to create more consent for the neo-liberal telecommunication project. At the same time the federal government worked to isolate and fractionalize the opposing forces.

A. The First Attempt at Competition in Public Long Distance Telephone Service - Entry Liberalization

Supported by the large user organizations and some federal and provincial state agents, CNCP Telecommunications

wanted to enter and compete in the public long distance service market. In the fall of 1983 CNCP filed its application with the CRTC requesting that it be granted permission to interconnect its system to Bell and BC Telephone so that it could offer message toll service (MTS- basic long distance service) and wide area telephone service (WATS- business long distance packages).

A number of regional hearings and a central public hearing followed one year later in the fall of 1984. The CRTC rendered its final decision *Interexchange Competition and Related Issues*, in August 1985. Over a period of thirty six days 194 exhibits and submissions were filed and approximately 1700 interrogatories and responses were entered into evidence. Testimony from some of the Telecom Canada members, the challenger CNCP, other communication companies, an array of user organizations, provincial and federal government representatives, telecommunication unions, and consumer and public interest advocates either supported or resisted the application (for a complete list of participants and presiding CRTC commissioners, see Appendix X).

In its bid to enter the public long distance telephone marketplace CNCP Telecommunications stated that a number of developments had influenced the corporation. They included technological developments that eroded the separate network regime, and a more general move in Canadian public policy towards competitive private and public telecommunication

services (Telecom Decision CRTC 85-19, 1985:13). CNCP's major argument for entry into the long distance market was that the telephone industry was not a natural monopoly. Expert witnesses for CNCP explained that if the company were allowed to compete a number of benefits would accrue to users, including a reduction in MTS/WATS rates, greater customer choice and supplier responsiveness, and an accelerated rate of diffusion of new technology (Telecom Decision CRTC 85-19, 1985:29). Claims from CNCP went so far as to state that the lowering of long distance rates would have a positive impact on Canadian society as a whole (Ibid:43-44). CNCP's proposal priced its long distance rates thirty percent below Bell and BC Telephone's rates. The proposal also recommended that CNCP's level of contribution to interconnect to both companies be eleven and one half cents per minute (Ibid:27, 45). To meet the universal service requirements under the Railway Act the CNCP promised the CRTC that it would service cities with a population greater than 25,000, after its fifth year of operation, providing it was economically viable. Complete universal service in the Bell and BC Telephone territories would be reached in ten years (Ibid:14). At the end of the initial ten year period CNCP projected that it would obtain approximately eight percent of the long distance market.³³

³³ Although CNCP was not successful in this bid to enter and compete in the long distance telephone service market it was successful in its second attempt in 1992. After a series of name changes from Unitel to AT&T Canada, AT&T Canada (CNCP Communications with its United States partner) as of 1996 has obtained nine percent of the long distance market (AT&T

But it is important at this juncture to recall other statements that CNCP Telecommunications made regarding universal service. In its submission to the Macdonald Commission CNCP emphatically stated that universal service and affordability should not stand in the way of progress. The following statement by CNCP is telling:

[p]ublic policy in the past has focused on keeping the price of access to basic telecommunications service (local telephone service) as low as possible, in order to achieve universal service. ...But we believe strongly that the pursuit of this goal must not be allowed to restrict unduly the flexibility or choice of the new, often customized, applications of telecommunications media (CNCP, 1983:4).

Clearly this statement reveals that CNCP was more concerned with its existing and new business customers than it was in any broad notion of universality and affordability.

Support for CNCP's application came from a number of user organizations in finance, manufacturing, resources, the mass media, the service sector, the major telecommunication user organizations, the federal state agent the Director of Combines Investigation, and the governments of British Columbia and Ontario. The Canadian Business Telecommunication Alliance (CBTA) supported the application because there would be more customer choice in terms of service providers (Telecom Decision CRTC 85-19:25). The Ontario Hotel and Motel Association and the CBTA stressed that new long distance

competitors would provide a variety of service options. Many user organizations such as the Association of Telecommunication Suppliers, the Canadian Bankers Association, the Canadian Business Equipment Manufacturers Association, the CBTA, the Canadian Petroleum Association, the Canadian Press, and Cantel expected long distance competition to provide competitive advantages in innovation, new technology diffusion, and lower rates (Ibid:29).

The strongest federal government supporter for general entry liberalization and long distance competition was the Director of Investigation and Research, Combines Investigation, referred to as the Director. Using only economic criteria the Director supported the expansion of the telecommunication market. The Director's advocacy for competition in the long distance telephone services was based on the idea that a cornucopia of choice in equipment, services, new products, and lower costs, would lead to the creation of more jobs (Ibid:35). The governments of British Columbia and Ontario, as well as the Director, held the view that aggregate economic benefits would accrue to the whole Canadian economy as a result of allowing competition in public long distance service. But the government of British Columbia was adamant that the federal government, not the CRTC, should be responsible for changing important national telecommunication policy such as long distance telephone policies (Ibid:42).

What is evident from the submissions of the various pro-competition supporters is their unwavering ideological belief in the ostensible benefits of an open telecommunication market place. This was despite that fact that CNCP's application lacked empirical evidence and was largely based on weak forecasts, projections, and promises. In fact CNCP's application was only a seven page document which did not contain the usual public opinion polls or marketing evidence to support their bid. One of the reporters covering the hearing commented that the long distance case was perceived inside CNCP as only an extension of its previous successful interconnection case (Surtees, 1994:113). Consequently CNCP treated its application as a relatively simple technical matter and a precise legal issue wrapped with the promise of a brave new telecommunication world.

The supposed merits of the CNCP application were questioned by the Telecom Canada members, the CRTC, and strongly disputed by other provincial governments, the consumer and public interest groups, and the telecommunication unions. Bell Canada and BC Telephone pointed out at the public hearing that CNCP's thirty percent discount would only be available to CNCP customers. Such discounts would not necessarily apply to the Bell or BC Telephone subscribers, as the large users and the Director expected (Telecom Decision CRTC 85-19, 1985:27). Participating Telecom Canada members, including Alberta Government Telephone (AGT), BC Telephone,

Bell Canada, Maritime Telephone & Telegraph, New Brunswick Telephone, and Newfoundland Telephone all argued that CNCP would not be able to offer these discounted long distance rates, and at the same time make adequate contribution payments to Bell and BC Telephone.

Bell fought against CNCP's entry into the long distance market on two fronts; contribution charges and rate restructuring. According to Bell, the existing MTS/WATS rates incorporated an existing average contribution rate of thirty cents per minute. This was nineteen cents more than what CNCP was prepared to pay (Ibid:45). In its application CNCP claimed that local rates would not have to rise because it was prepared to make up the lost subsidy from long distance to local rates through its contribution to both companies, amounting to eleven and one half cents per minute. It is important to point out, however, that this revenue subsidy is based on contentious assumptions and accounting practices that were established by the telephone companies. The telephone companies claim that local telephone rates are priced below costs and are kept low through a subsidy from long distance revenues. These assumptions and practices are based on an arbitrary assessment by the telephone companies that has never been subjected to an independent assessment by the CRTC. Consequently critical communication researchers and progressive consumer and public interest groups have disputed the local subsidy myth (Rideout, 1993:37).

In a news release to the CNCP application Bell stated that it was in fact prepared to compete in the long distance telephone market providing the telephone rate structure was changed (Bell, 1983). Bell was adamant that if competition was allowed in long distance services then local and long distance rates would have to move closer to costs; other wise known as rate rebalancing. Under rate rebalancing Bell advanced the idea of the total elimination of the subsidy to local rates. This was the second time Bell brought forward its rate rebalancing scheme. The first, it will be recalled, was in its brief to the Macdonald Commission (see Chapter Five). In essence Bell supported long distance competition but threatened the CRTC, CNCP, and its telephone subscribers that if a competitive long distance market was implemented the rates for local and rural and remote services would rise dramatically while long distance rates would only fall for heavy long distance users. Further, Bell proposed the implementation of local measured service (LMS). If LMS was approved it would mean that Bell could charge local subscribers based on their telephone usage. Every time a subscriber made a local telephone call they would be charged for the call on a per-usage basis. Similar forms of LMS were already being used in Europe, including the United Kingdom, and in some parts of the United States.

The Consumers' Association of Canada (CAC) developed from numerous national and provincial women's groups in 1947.

Initially it was known as the Canadian Association of Consumers. The CAC was recruited by the Consumers Branch of the federal Wartime Prices and Traders Board to assist in the monitoring of prices and rationing. The organization is made up of volunteer provincial and territorial CACs, as well as the national organization in Ottawa. The national organization is the one that studies consumer problems, makes recommendations and brings the views of consumers to the attention of government, trade and industry. By 1961, the CAC broadened its mandate from strictly women's issues to public interest issues and changed its name to the Consumers' Association of Canada (CAC, 1986:1-3). Beginning in the mid-1980s the CAC took a larger advocacy role and began participating in public telecommunication hearings at the CRTC.

At the first long distance competition hearing (Telecom Decision CRTC 85-19) the Consumers' Association of Canada (CAC) was opposed to rate rebalancing, long distance competition, and local measured service because they would not benefit consumers. At that time the CAC was still concerned about the adverse impact such a policy change would have on low income households, the elderly, and non-profit organizations; that is those who make extensive use of local telephone services (CAC, 1986:iii). The main reason the CAC was opposed to CNCP's application was that it was not convinced that lowering long distance rates would accrue to

all residential subscribers. According to the CAC a more likely scenario was that competition in long distance phone services would result in higher local rates (Ibid:28). It would appear that the CAC was, at the time, concerned with all telecommunication consumers, including the economically disadvantaged. But internal reorganization within the CAC and the creation of the Regulated Industry Program moved the organization away from the anti-competitive position it shared with the other consumer and public interest groups to a more ambivalent position regarding competition and telecommunications. According to the former Director of the Regulated Industry Program (RIP), David McKendry, this program was developed in 1980 to produce sophisticated research that would address what would be best for consumers in a competitive environment. According to McKendry, the CAC was opposed to the 1985 CNCP application because the corporation did not provide any evidence that consumers would be better off financially if long distance competition was introduced. In addition, evidence was presented at the hearing indicating that local rates would go up (Interview with D. McKendry, March, 1997). Even though the RIP was eliminated in 1989, the CAC, under the executive direction of one of the former RIP lawyers, Rosalie Daily-Todd, moved away from supposedly representing all consumers to represent only middle income telephone consumers and small business phone subscribers at the second long distance competition hearing (discussed in

Chapter Seven).

The National Anti-Poverty Organization (NAPO) was also strongly opposed to CNCP's application. The National Anti-Poverty Organization was founded in 1971 at Canada's first nation-wide poor people's conference. It is directed by activists working with low-income communities. Its twenty-two person voluntary Board of Directors come from every province and territory of the country. All Board members are either living in poverty, or have lived in poverty at some point in thier lives. NAPO has over seven hundred individual and organizational members³⁴ (NAPO, 1997). The organization has been one of the most actively involved social organizations in CRTC telecommunication hearings since 1977. NAPO's main concern is that policy liberalization would result in basic local telephone rate increases. NAPO noted that CNCP's application lacked evidence to support its claim that local rates would not increase. In NAPO's view the existing telephone system was a natural monopoly with known rates and cost advantages that were based on economies of scale and scope. This would mean that a small competitor like CNCP would not be able to compete without CRTC imposed concessions or business subsidies (Telecom Decision CRTC 85-19, 1985:29).

³⁴ NAPO's group members include women's groups, native women's councils, community service councils, anti-poverty groups, churches, universities, food banks, cooperative housing foundations, public housing tenant councils, community health centres, welfare rights coalitions, action centre for social justice, Vanier Institute of the Family, and, community legal clinics, among others (NAPO Group Members, 1997).

NAPO, the Consumers Association of Canada (CAC), the Federated Anti-Poverty Groups of British Columbia (FAPG et al), Hurontario, and both telecommunication unions considered CNCP's application to be financially uneconomic. The consumer and public interest groups and the governments of Quebec and the Atlantic provinces, as well as the CFCW and the Telecommunications Workers Union expressed grave concern that long distance competition would have on the principle of universality of local phone service (Ibid:29-34).

In addition to participating in the interexchange completion hearing to voice their concerns over universality, and the potential of job loss two unions, the CWC and the TWU, were very active in informing the Canadian public about telecommunication competition and deregulation issues. The CWC launched a national campaign about the negative aspects of long distance competition, in both official languages, English and French. By advertising on the major public and private radio and television networks, placing ads and articles in many of the major daily newspapers, as well as providing information leaflets, the CWC presented the other side of the telephone completion story. This information included the likelihood that local telephone rates would increase, that telephone quality of service would erode, and that many telecommunication jobs would be lost (CWC, 1984:1). In addition, the CWC was also instrumental in a grass roots campaign which resulted in the Department of Communications

receiving over 10,000 pieces of mail decrying CNCP's application (CWC, 1984).

The Telecommunication Workers Union submission to the CRTC public central hearing cited numerous examples of telecommunication competition problems in the United States. It included rate increases in California, Idaho, Montana, and Texas, to name only a few, that ranged from 50 to 201 percent. Other major problems included the erosion of quality of service, as well as dramatic increases in installation and repair services (TWU, 1984: Appendix I). The TWU continued to support a monopoly controlled end-to-end regulated telephone system. But on a cautionary note the TWU stated that:

[t]he Canadian telephone companies are not really serious in fighting competition, competition will allow them to get out from under the obligation to provide universal service at an affordable price (TWU, 1984:1).

The previous evidence and these comments by the TWU reveals that Bell and BC Telephone were only committed to the principles of universality and affordability providing their monopoly status was maintained.

CNCP's first attempt to enter and compete in the long distance telephone market was denied by the CRTC because it "would not be in the public interest" (Telecom Decision CRTC 85-19, 1985:43). Nevertheless, the CRTC did agree with CNCP, the user lobby organizations, and the Director with the principle of competition. On the other hand, the CRTC did not believe that CNCP would be able to offer significant benefits throughout the territories served by Bell and BC Telephone

(Ibid:45). Moreover, the CRTC was not convinced that CNCP would be able to meet the legislative requirements to provide universal service. Closer analysis reveals that the Commission's rationale for denying CNCP entry into the long distance market was primarily based on a financial assessment of the company's profitability and its projected shareholders returns. The CRTC pointed out that CNCP would operate at a loss for the first four years. Over the next six years it projected that it would provide its shareholders with a rate of return of twenty one percent³⁵ (CRTC Telecom Decision 85-19, 1985:45). As the Peat Marwick study, conducted for the Department of Communication, stated these projections were definitely not reasonable and very unrealistic (Ibid:34).

Both telecommunication unions (CWC, TWU), the public interest advocates for the national (NAP0) and British Columbia (FAGP et al) anti-poverty organizations, as well as the municipal government of Hurontario, the provincial governments of the Atlantic region, Quebec, Manitoba and Saskatchewan were successful in defeating the first attempt at long distance telephone competition. This success, however, was short lived. As soon as the CRTC denied entry liberalization in public long distance telephone service a number of pro-competition agents initiated new strategies,

³⁵ The CRTC approval of rate-of-return regulation for Bell and BC Telephone ranged between ten to fourteen percent (Statistics Canada, *Telephone Statistics*, Catalogue 56-303, 1995-1985).

held conferences, conducted research and delivered policy position papers and public statements promoting the necessity of liberalizing long distance services. No sooner had the CRTC denied CNCP's application than one of the federal state agents, DOC, became more active to further liberalize the telecommunication environment.

B. Federal State Agency and Policy Liberalization

Less than a week after the CRTC issued its decision denying CNCP entry into the public long distance telephone market, the Minister of Communication, then Marcel Masse, announced that the government would conduct a federal telecommunication policy review. One of the major complaints from many of the provincial governments that participated in the interexchange competition, regardless of whether they did or did not support CNCP's application, was that the provinces were not being consulted concerning this major policy change.

According to a former Department of Communication employee the objective of the policy review was to forge a policy consensus (Anonymous interview, 1997). But a leaked DOC memo to the federal cabinet shows that consensus building was not very high on its agenda. Rather, the way the federal government was proceeding was extremely divisive, fractionalizing the small users, the provinces, and other social organizations.

The DOC recommended that a consultation process needed to be undertaken to inform the public about important

telecommunication issues. Not only did the DOC support liberalization policies it stated that a move to increased competition would require a new telecommunication policy. The memo did concede that competition should be introduced gradually "as conditions permitted" (DOC, 1985:1). What was most telling, however, was that the DOC recognized that:

[a] new telecommunications policy could be considered as favourable to big business. Therefore, the government must develop a strategy to dissipate the formation of a common front between the public, the provinces, and the PME [*petites moins entreprises*]³⁶ (DOC, 1985:2).

To help persuade these policy agents the federal government was prepared to spend one million dollars on a public awareness campaign which included public opinion polls (DOC, 1985:11). First of all the memo stated that it was inevitable that rates would have to be rebalanced, a Canadian "snappy euphemism," according to Mosco (1989:213), which would result in lowering long distance charges and the raising of local rates (discussed in Chapter Five). The leaked memo noted that such a move would not go over very well with the majority of Canadian telephone subscribers. In fact, most Canadians were satisfied with the telephone system so it was up to the federal government to prove that these changes were necessary (Ibid:9). As the following statement indicates such a move worried the federal government:

³⁶ PME stands for *petites moins entreprises*, in English the small business community.

[g]iven that consumers, small business and provinces will join to fight rate restructuring, the Government must prevent at all costs the formation of a common front by launching a major consultation program. Such a common front would create the biggest threat to the Government's ability to manage the changes (DOC 1985:5).

What DOC was concerned about, among other things, was that if a common front succeeded it would implicate the state in changing telecommunication policy so as to benefit big business, but to the detriment of everyone else.

The DOC memo also recommended that a national debate be held to review telecommunication policy. Two documents contributed to this national debate, the first was conducted by Communications Canada (DOC), the second was carried out by the CRTC. *Communications for the Twenty-First Century*, claimed to contribute to the national debate on communications (Communications Canada - DOC, 1987). Since this national debate was not a public one it can only be surmised that if a debate did take place it would only have included federal and provincial bureaucrats, perhaps the telephone companies, the new telecommunication competitors, and perhaps the telecommunication user organizations. The policy section of the report focused on advancing competitive telecommunication policies and continentalization. The report makes reference to a 1987 Government of Canada policy statement which places special emphasis on telecommunications and clarifies part of the rules for the new telecom arena. First, it distinguishes between two types of carriers, those that own the basic

infrastructure and those the use the infrastructure to provide value added networks (VANs - enhanced) service. The first type (Class I carriers), are to be governed by the recognition that telecommunication infrastructure is an essential component of national sovereignty and therefore must continue to be eighty percent Canadian owned.³⁷ Other requirements for Class I carriers included full available interconnection with all other telecommunication competitors (Communications Canada, 1987:56-57). On the other hand, the second type of carrier, Class II, includes both VANs and authorized resellers. Class II carriers rent transmission capacity from Class I carriers and then augment these facilities. It will be recalled in Chapter Five that the policies governing these services were changed to allow open unrestricted entry and rely totally on market regulation. In this report the Department of Communication advances telecommunication continentalization by lifting the foreign ownership restrictions for all Class II carriers (Ibid:57). Lifting the foreign ownership rules for telecommunication business services was particularly sweet for the user organizations (the multinationals) who conduct their business in the North American continent and internationally. This pro-competition policy move also proved to be very rewarding for the many Canadian and United States VAN

³⁷ In just ten years from the time this document was released telecommunication foreign ownership changed two more times, first to thirty three percent ownership (Chapter 4) and then increased to forty six point seven (46.7%) percent in 1997 (WTO, 1997).

operators and resellers.³⁸

As this Department of Communication report indicates the federal government was busy announcing telecommunication policy changes that would further entry liberalization, competition, and continentalization. The CRTC on the other hand had the task of diffusing explosive domestic issues such as deregulation, rate rebalancing, and federal and provincial telecommunication jurisdiction problems.

As the previous DOC document stated, it was important to deflect discussions with the provinces onto economic objectives and avoid the upcoming conflict that was erupting over telecommunication jurisdiction (discussed in Chapter Seven). The federal government was already aware that some of the provinces supported competition including Ontario and British Columbia (Telecom Decisions CRTC 79-12 and 85-19). The conservative government of Alberta was prepared to consider competition. But the governments of Saskatchewan and Manitoba were not prepared to consider competition because it would require rate rebalancing. Quebec did not take a position and the governments from the Atlantic provinces were convinced that telecommunication policy needed to be modified but were worried about the political consequences of moving to competition and rebalanced rates (DOC, 1985: 7).

³⁸ As of 1994 there were over 200 domestic and foreign (read United States) VANS and resellers operating in every province in Canada except Alberta (Industry Canada, 1996:54-56).

The *Federal-Provincial-Territorial Task Force on Telecommunications* (Sherman Report), which was carried out by the CRTC, focused entirely on economic issues. It began by asking policy questions. The major question was whether competition would benefit long distance telephone services, or whether monopoly long distance service should continue (Sherman Report, 1988:xxix). It is important before analyzing the report just how this question was dealt with. This question established the parameters under which the task force and its so called public debate took place. The only participants, however, were bureaucrats, and the federal, provincial, and territorial ministers responsible for communications. The Sherman Report even states that the general public, which may have been interested in the long distance issue, were not invited to participate. This resulted in two major problems with the report. First, information and sources could not be challenged or verified. Second, the exclusionary aspect of the report would continue in the International Trade Advisory Committee, the Canada-U.S. Free Trade Agreement, and the North American Free Trade Agreement.

Essentially the question the task force asked was what would be the best telecommunication competition model for Canada. Three models were explored: a) a fully regulated market model; b) an intermediate model involving the regulation of only the dominant carriers, and c) an unregulated competitive market model (Sherman Report,

1988:xxxiii). The full regulated market model would be one in which entry liberalization would be permitted but all market participants would be regulated. Benefits would include very little if any disruption in rate movements and the ability of regulators to control all aspects of entry, exit, and service provision (Sherman Report, 1988:xxxiv). In the intermediate model dominant carriers would be defined as the service providers who are able to exercise market power. In contrast non-dominant suppliers would be unlikely to exercise market power. Under this model, if long distance competition were permitted the telephone companies would continue to be regulated, while new entrants would be free from regulation. Regulators would also have the means to impose, particularly on dominant carriers, the obligation to serve, entry and exit criteria, and quality of service requirements. In the unregulated competitive market model all carriers would be completely unregulated. That is, the incumbent telephone companies and the new entrants would be free to compete without regulatory controls with the exception of local telephone service which would continue to be regulated. In such an environment there would be great pressure to move towards competitive market pricing or rate rebalancing (Sherman Report, 1988:xxxiv-xxxv).

The report summarized that after considering the technical, operational, and economic factors introduced in the various task force studies there was no conclusive evidence as

to whether or not public long distance telephone service should be provided on a monopoly or a competitive basis (Sherman Report, 1988:118). A closer examination of the report reveals that the solution that was being advanced for the long distance telephone problem was a move to one of the competition models. The previous analysis shows that competition is the constant in each model. The only change that each model offers is varying degrees and ranges of regulation. Despite its attempt at neutrality the task force was really a subtle attempt at consensus building to get the provincial governments, and those from the territories, to buy into one of the competition models. But when the ambiguous statement of neutrality from the Sherman Report was combined with the CRTC's 1985 decision to deny CNCP entry into the long distance telephone market, it did not please the large telecommunication user organizations. Both the task force and the interexchange competition decision intensified pro-competition political activism throughout the next six years.

C. The Political Activism of Public and Private Research Institutes

The first research institute to engage in neo-liberal telecommunication policy activism was the Institute for Research on Public Policy (IRPP). As previously noted in Chapter Five, the IRPP was a big endorser of liberalization and deregulation. After the CRTC denied CNCP's entrance to compete in the long distance telephone market the Institute sought the views of a number of pro-competition organic

such as H. Janisch, W. T. Stanbury, B. Woodrow, and K. Woodside to conduct a post-mortem on the 1985 decision. *Telecommunications Policy and Regulation: The Impact of Competition and Technological Change* provided a pro-competitive critique of the interexchange decision.

The central theme of the various contributors was the inevitability of increased telecommunication competition. It was noted, however, that increased competition would create winners and losers. The winners, the large corporate users, would be able to benefit from substantial savings on long distance calling. Residential and small business users, on the other hand, would be the big losers paying more for local services. Even though Janisch painted this bleak picture for local telephone subscribers he was adamant that failure to embrace telecommunication competition would result in the large users by-passing³⁹ the Canadian network (1986:309-10). He explained that many of the large users are subsidiaries of American firms and are already familiar with the latest telecommunications services and networks that their parent companies use.

Other contributors such as Woodrow and Woodside also agreed that telecommunication competition was inevitable. They

³⁹ By-pass refers to the routing of telephone calls through networks other than a public switched telephone network to take advantage of cheaper rates. Many of the large Canadian telecommunication customers continually threatened to route their domestic and overseas long distance calls through alternate carriers in the United States.

went on to explain that the process involved in bringing about such a policy shift was based on a complex relationship of technological change, pressure for change from various telecommunication players, and political factors (1986:101-2). But once the players and stakes are identified political factors are not analyzed. Rather, the paper concentrates on economic factors and technological advancements as the competitive drivers that would push the price of telephone services closer to costs. The introduction of competition would require corresponding regulatory policy changes from monopoly regulation to managed regulation (Woodrow and Woodside, 1986:238). By concentrating on technology as the force of change we are presented with an over-simplification of the telecommunication issues. This analysis is actually based on a technological deterministic assessment of telecommunication policy and regulatory changes, one that is void of the complex socio-political relations involved in the interexchange hearing.

Other IRPP contributors such as Stanbury chastised the CRTC for making the wrong decision in 1985. His assessment is closer to that of research conducted at the Fraser Institute. His main criticism is that Telecom Decision 85-19 was too political (1986:508). It continued to protect the established stakeholders - the telephone companies, as well as the poor and disadvantaged. According to Stanbury, the criteria that should have been used to assess the case was one based on

economic rational and efficiency (Ibid: 509). What Stanbury concluded was that local services had been subsidized by policies that were far too generous. This convoluted argument breaks down when it becomes clear that it is not the subsidy per se that Stanbury and the IRPP contributors object to but who should get it. What is being advocated is the subsidization of the heavy long distance telephone service users by local subscribers.

Telecommunications in Canada: An Analysis of Outlook and Trends by S. Globerman for the Fraser Institute supports the neo-liberal policy platform (1988). Two domestic policy issues are identified; distributional equality and deregulation. The first is strictly domestic in nature. It also deals with the subsidization issue. What Globerman argues is that general local subsidies should be replaced with a more efficient targeted subsidy program. Such a program could target low income subscribers, through a welfare allowance, to provide a minimal basic level of service. All other local telephone subscribers would be subject to a usage sensitive pricing scheme, similar to the local measured service proposed by Bell Canada. Globerman explains that the current subsidy is an "allocative inefficiency" that amounts to two billion dollars a year; one that supposedly goes from long distance service to local (Globerman, 1986:123). The second issue of deregulation has, according to Globerman, international implications and therefore must be dealt with as soon as possible. If the

policies affecting long distance competition are not changed it will force the large business customers to by-pass the common carrier facilities to use private networks, engage in cross border by-pass (to the United States), or use resellers for international by-pass (Ibid:122). By concentrating on the continental aspect of telecommunication relations these research institutes continuously reminded the federal government and others of the implications of telecommunication by-pass, namely that business operating in Canada would use telecommunication service providers from the United States rather than Canadian providers.

D. Political Activism of the Telecommunication User Organizations

The oldest telecommunication user organization the Canadian Business Telecommunications Alliance (CBTA) was formed in 1962 to act on business users' behalf to bring their views to the attention of Canadian policy makers (Annual Report, 1995:20). Membership includes over four hundred enterprises from all the Canadian business sectors as well as many public sector institutions (see Appendix XII for a list of members and past presidents). The organization's strategies and objectives are decided by its telecommunications public policy committee. Table 6.1 reveals that this committee is predominately made up of Canadian and United States multinationals in banking and the computer industries. Many of the CBTA policy committee members are also members of other

Table 6.1

**CBTA Telecommunications Public Policy
Committee Members as of 1994/95**

Bank of Montreal
 BC Systems Corporation (Government of B.C.)
 Canadian Bankers Association
 EDS Canada (data processing)
 Government of Northwest Territories
 Hewlett-Packard
 Hewlett-Packard (Canada)
 IBM Canada Ltd.
 Management Board Secretariat CTS (Government of Ontario)
 Nesbit Burns
 Ontario Hydro
 Royal Bank of Canada
 Regional Municipality of Peel
 Southam Information
 State Farm Insurance
 Telecom Division (data processing)
 Thomson Newspapers
 United Parcel Services

Source: CBTA Annual Report, 1994/5.

business lobby organizations, such as the BCNI, among others (see Chapter Five, Appendix I). CBTA strategies include proactive advocacy for choice, innovation, quality responsiveness and cost effectiveness in all telecommunication markets (Ibid:21). Although the CBTA supported competition and choice in the first long distance competition hearing, it supported both CNCP's application and Telecom Canada's rates

rebalancing proposal (CBTA Bulletin, 1988:2). It is clear that the CBTA threw its support behind both telecommunication providers in the hopes of getting long distance rates lowered. This was of particular concern to the CBTA because its members had annual combined telecommunications expenditures of over four billion dollars. In one of its position papers *Competition the Future for Canadian Telecommunications* the CBTA states that its primary goal is to enhance competitiveness (1991). It promoted competitiveness through the revenues it collected from members to conduct research and its participate in public telecommunication hearings. These revenues ranged from \$1.3 million per year in 1989 to \$2.3 million for 1992. This shows that the organization had ample resources to promote its pro-completion view. This view is quite clear from its proclamation that:

[b]usiness users must have available to them the widest possible range of telecommunications services at the lowest possible prices. This means unrestricted choice of a broad range of innovation services and facilities at prices equal to better than the best in the world (CBTA, 1991:1).

And according to the CBTA and a newly created telecommunication user organization, Canadians for Competitive Telecommunications (CCT), the best long distance telephone prices in the world were just south of the Canadian border, in the United States.

As previously mentioned large telecommunication user activism involved the continuous recreation of some members

into additional user organizations. These user organizations, however, were to paraphrase Shakespeare, just roses by other names. The Canadians for Competitive Telecommunications (CCT), formed in 1986, was one of these recreations. Appendix XI lists the members of the organization. Members include the Canadian Business Equipment Manufacturers Association (changed to the Information Technology Association of Canada), the Canadian Business Telecommunication Alliance, and the Canadian Federation of Independent Business, to name a few. All were actively involved in the first failed long distance competition hearing. In its report, *The Crisis for Canadian Business: Telecommunications and the Public Interest*, the CCT paints a very bleak picture for Canadian business unless long distance competition policy is introduced as quickly as possible. The CCT points out that the third highest operating costs for many Canadian business are telecommunication costs (CCT, 1986:7). Different organizations including the CCT provided evidence that showed that Canadian long distance telephone rates (Telecom Canada members) were fifty to one hundred percent higher than those of AT&T, MCI or Sprint (Ibid:8-10). The report goes on to note that many of CCT's members are multinationals who participate in a continental and international market place. According to the CCT in order for its multinationals to compete in this market they need to have access to long distance telephone rates that are comparative to those in the United States (Ibid:11).

In 1987 the Canadian Business Equipment Manufacturers Association (CBEMA) renamed the organization to the Information Technology Association of Canada (ITAC).⁴⁰

Formed in the 1950s CBEMA was initially a trade association for business and office equipment suppliers. Towards the end of the 1970s the organization intensified its political activism supporting pro-competition policies and neo-regulation. By 1991 another user organization, the Canadian Association of Data and Professional Software Service Organization (CADPSO) merged with ITAC. CADPSO was founded in the 1970s to represent the interests of the large scale computer service industry (ITAC:Backgrounder). Recalling that ITAC is also cross affiliated with the BCNI executive (see Chapter Five) Appendix XII lists some of ITAC's 450 members. ITAC is also affiliated with six partner organizations in British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland. As Table 6.2 shows ITAC's board of directors is predominately made up of executives from Canadian and United States multinational corporations involved in telecommunications, computer hardware and software, data, and cable industries. Its political advocacy includes government information technology policy positions, free trade, and international policy development. What is different about this

⁴⁰ The acronym ITAC may be confused with the federal government committee the International Trade Advisory Committee which is also referred to as ITAC (discussed in Chapter Eight). To eliminate confusion ITAC will refer to the Information Technology Association and the government committee will be the International Trade Advisory Committee.

Table 6.2

ITAC Board of Directors as of 1993/94

3M Canada Inc.	Lotus Development Canada Ltd.
AT&T Canada and Global (2)	Metcan Information Technologies Inc.
Alias Research	Microsoft Canada Ltd.
Auto-Trol Technology Canada Ltd.	Nortel North America (Northern Telecom - NorTel)
Apple Canada Inc.	Oracle Corporation Canada
Anderson Consulting	Pitney Bowes of Canada Ltd.
Ambrex Technologies Inc.	PMP Associates Inc.
Atlantic Computer Institute	Rogers Communications Inc.
Brant Interprovincial System Inc.	SHL Systemhouse
Bull Information Systems Ltd.	Siemens Electric Ltd.
CGI (Group) Inc.	Silicon Graphics Canada Inc.
Compacq Canada Inc.	Sierra Systems Inc. (2)
Comshare Ltd.	Software Kinetics Ltd.
Data General (Canada) Inc.	Southam Newspapers
Digital Equipment of Canada Ltd.	Softworld '94
DMR Group Inc.	Stentor Canadian Network Management
EDS Canada	Stentor Telecom Policy Inc.
Elan Data Makers	Stentor Resource Centre Inc.
Evans Technologies Inc.	Sun Microsystems of Canada Inc.
Hewlett-Packard (Canada) Ltd.	Tandem Computer Canada Ltd.
IBM Canada Ltd.	Unisys Canada Ltd.
ISM-BC Information Systems	Unitel Communications Inc.
IST Computer Service Co.	Wang Canada Ltd.
ITAC Ontario	Xerox Canada Inc.
LGS (Group) Inc. (2)	
Linktek Corporation	

Source: ITAC, Annual Review, 1993.

organization is that not all ITAC policy positions are arrived at based on consensus (Interview with Bob Crow, ITAC, 1996).

In the ITAC report *An ITAC Statement on Competition Policy for the Telecommunications Industry* the organization supported a telecommunication market where no single buyer or seller would be powerful enough to dictate what goods and services would be offered, their price, and/or under what conditions and terms (ITAC, 1990:2). This position did not sit very well with three of its board members, Stentor members, BC Telephone and Bell Canada. Attached to the report are disclaimers from Bell and BC Telephone. Bell did not agree with any of the views expressed in the report. Taking a more diplomatic approach BC Telephone stated that it held similar views to those expressed in the ITAC report but believed that the proposed policy goals could be achieved using the existing telecom infrastructure (ITAC, 1990:5). A majority of the board members, nevertheless supported entry liberalization for other telecommunication competitors as well as the deregulation of prices. Unitel and Rogers, Bell and BC Tel's competitors, supported open competition provided that the telephone companies would continue to be regulated (ITAC, 1990:3).

Yet another reincarnated capitalist advocate, the Communications Competition Coalition (CCC) was formed in 1989 to specifically lobby for a single issue, long distance competition. Appendix XIV shows that most of the CCC members

were already members of other telecommunication user organizations such as the CBTA, ITAC, and the Canadian Bankers Association. Nevertheless, it is important to point out that this organization was even more elitist than the others. Membership was restricted to the CEOs of multinational corporations in finance, manufacturing, resources, transportation, and the mass media, much like the make up of the BCNI, but with an annual membership fee of \$50,000 (Surtees, 1994:192).

Strategies for the CCC were formed by a six-member steering committee that included a vice president from the Royal Bank, a former vice chairman of the CRTC, the lawyer for Rogers and Call-Net, H. Janisch a law professor at the University of Toronto, the president of the Gemini Group, Rogers Communication deputy chairman, and Monty Richardson executive director for the CCC. Their strategy included a major lobbying campaign and raising resources (\$2.5 million) to participate in the next long distance competition hearing (Surtees, 1994:232). The CCC's mandate was to make sure that "true competition" prevailed in Canadian telecommunication policy. Even though the CCC supported Unitel's (CNCP Telecommunications and Rogers Communications) application to enter the long distance competition market the organization did not support the duopoly model advocated by Unitel. What the CCC supported was total open competition in long distance telephone services (Interview with Monty Richardson, May

1996).

One of the largest telecommunication users, the Royal Bank, even engaged in direct political activism concerning policy liberalization and regulatory reform. In a meeting at the Canadian Club in Toronto in the fall of 1989 the then CEO, Allan Taylor delivered two messages to the federal government.

The message was:

[f]irst we need one national telecom[munications] jurisdiction; and second we need competition within it....We need a new telecom policy in which choice is the corner stone (A. Taylor, Royal Bank 1989:185, 189).

The message was extended in a study commissioned by the Royal Bank, *Exploiting the Information Revolution: Telecommunications Issues Options for Canada* written by H. N. Janisch and R. J. Schultz. In the report the bank stated that the monopoly regime that had dominated the telecommunication industry in Canada had outlived its usefulness. The study was a call to arms for business users. It advocated that the telecommunication environment should be controlled by business users, not the telephone monopolies. Consequently, these users needed to play a greater role in telecommunication policy making, advancing policies that liberalized entry for new telecommunication providers at both the domestic and international levels (Royal Bank, 1989:1). At the domestic level the Royal Bank supported policies that would permit open competition, not a duopoly, in the long distance telephone market (Ibid:35). The report also supported only a light form

of regulatory oversight in the transition stage to a competitive environment. Once the transition was completed the Competition Bureau and competition policy would oversee the telecommunication environment while the Director would work towards further reducing the role of traditional regulation (Royal Bank, 1989:35).

E. A Telecommunication Conference for All Canadians

Yet another rallying cry for policy liberalization came from the same user organization and the new telecommunication challengers. It occurred at a conference on long distance competition held in Toronto in 1989. Although some of the Telecom Canada members were invited to participate, the conference provided an overwhelming endorsement for the end of the telecommunication monopoly regime and the introduction of competition in the provision of long distance services (D.J. Cruickshank, 1989). Only two participants were invited who had alternative views, they were the British Columbia Public Interest Advocacy Centre and the government of Saskatchewan.

It was another conference, unlike the previous one, which encouraged public debate on telecommunication policy. The conference "A Telecommunication Policy for All Canadians" brought together experts from universities, government, business, labour, consumer groups and the media to discuss the problem and prospects for Canadian telecommunications. The conference, a first of its kind, was co-sponsored by Carleton University and the Communication and Electrical Workers of

Canada Union, and organized by the organic intellectual V. Mosco. The major issues of the conference included, universality, affordability, and lessons from the United States' experience. Social importance, rather than economic issues, framed discussions on universal access to basic telephone service for urban/rural subscribers and residential/business subscribers (G. Lang, Minister of Communication, Saskatchewan, 1990; Carleton Media and Communications Research Centre, 1990). Additionally the conference highlighted some of the important lessons from the United States regarding long distance competition and divestiture and their effects on local rates in the United States. In just a five year period local rates rose by forty three percent whereas local long distance phone rates dropped by thirty five percent. This dramatic rise in local rates disproportionately affected the poor, low income, black and hispanic Americans (Mosco, 1990:14; Consumer Federation of America, 1990; Carleton Media and Communications Research Centre, 1990).

This conference was successful in opening up the debate about the major changes taking place in Canadian telecommunication policy. Many of the participants at the conference such as the unions, academics, and consumer groups can only express their alternative views and positions occasionally in public forums such as this one because of their limited resources and personnel. Consequently these

individuals and groups were unable to mount ongoing pressure to alter the new policy course. Whereas telecommunication user organizations such as the CBTA, ITAC and the CCC have access to an inordinate amount of financial⁴¹ and human resources. Despite this array of user organizations with their multinational pedigrees the contest for hegemonic continental consent only intensified oppositional hegemonic activism as evidenced in the next chapter on the structuration process in the second public long distance completion hearing.

Summary

This chapter shows that the telecommunication unions, consumer and public interest organizations, and the provincial governments of Quebec, the Prairie and Atlantic regions, were successful in influencing the CRTC to not introduce long distance competition in 1985 because there was not enough public support. This success was a short lived victory, however. Although the CRTC denied CNCP's application because its business plan was unrealistic, it did agree with the principle of competition.

Rejecting long distance liberalization policy only served to ignite and intensify the pro-liberalization and pro-competition forces. State agents including the Department of Communications and the CRTC advanced the neo-liberal policy

⁴¹ It will be recalled that the CCC raised \$2.5 million for the two year fight to ensure that long distance telephone completion occurred. Similarly the CBTA had access to approximately \$1.5 to \$2 million dollars per year in revenues (CBTA, Annual Report, 1990).

agenda through what first appears as consensus building between the federal and provincial governments. What the federal government was really involved in was divisiveness, fractionalization, and exclusion of those members of the public, the consumers and the telecommunication employees, that would be most adversely affected by this policy shift.

Private and public research organizations and the established and new telecommunication user organizations massed an extensive and prolific campaign that consisted of research papers, policy position papers, conferences and submission papers to the general public and the federal government, all touting the marvels of telecommunication policy liberalization and long distance competition. Despite a progressive telecommunication policy conference which addressed the social, political, and economic implications of policy liberalization, limited resources, and personnel were not enough in comparison to the unlimited financing and resources devoted by capital lobby organizations who continued to push the neo-liberal agenda.

The next chapter examines the class structuration process involved in centralizing telecommunication jurisdiction and regulation with the federal government. It also examines the production of consent and increased opposition that resulted from implementing long distance telephone competition and neo-regulation, as well as how the CRTC attempted to silence resistance.

7. TELECOMMUNICATION POLICY: CENTRALIZATION, COMPETITION, AND NEO-REGULATION: REORGANIZING CONSENT INCREASING RESISTANCE

...[N]o absolute assurance can be given that rates for local service will not be impacted by allowing this competition [long distance telephone services]. Because of the subsidy provided to local services by long distance services, in allowing competition one can foresee millions of ordinary Canadians paying for the cost of competition through higher rates for local service. *Competition in the Provision of Public Long Distance Voice Telephone services and Related Resale and Sharing Issues*, Telecom Decision CRTC, 92-12:205, Dissent of Commissioner Edward A. Ross.

The parallel between what the CRTC finally decided in its regulatory review [Telecom Decision 94-19] and the deregulation and competition in the Ameritech model that B.C. Tel and Stentor were promoting is pretty clear. It ignores the fact that the move to price cap regulation led to a massive increase in corporate profits and huge lay-offs in the U.S. telephone industry. Sid Shniad, "Presentation to the TWU Convention", 1995.

We speak for the majority of Canadians who will get only higher telephone bills from this decision [Telecom Decision 94-19]. We have had telephone service in Canada that is universal and accessible to almost everyone. The CRTC decision threatens the universality of this essential service without benefiting the vast majority of Canadians. Michael Janigan, PIAC/PATS, 1994.

Most importantly eighty percent of those Canadian homes with incomes of under fifteen thousand dollars will experience higher telephone bills. Many people simply cannot afford such increases. Marie Vallée, FNACQ/PATS/CSTA, 1994.

Chapter six used class structuration analysis to show that the telecommunications unions, consumer and public interest organizations, and many of the provincial governments, were successful in influencing the CRTC not to introduce long distance telephone competition in 1985. But the CRTC only rejected the particular application put before it by

CNCP Telecommunications, not long distance telephone competition per se.

What happened after the CRTC's rejection of entry liberalization for long distance telephone services was the intensification and proliferation of pro-liberalization and pro-competition forces. Public and private funded research institutes, new and existing telecommunication user organizations, the Department of Communications, and the CRTC held conferences, or produced reports and policy position papers, to convince the federal government and the Canadian people that what the country needed was competition in public long distance service.

Continuing with class structuration analysis this chapter examines how and why these same agents kept working toward creating an environment of telecommunication hegemonic consent. The chapter shows that consent was not always universal, it was resisted for different reasons, by Bell Canada, BC Telephone, and a commissioner at the CRTC who did not agree with all aspects of the new hegemonic project of neo-liberalism. Concurrently, the project was strongly resisted by alternative hegemonic agents from labour, consumer organizations, public interest advocates, indigenous peoples, women's groups, senior organizations, teacher and student federations, among others. The alternative hegemonic forces strengthened their position by forming coalitions to fight against the neo-liberal policies. But because the federal

state redefines subscribers and customers as consumers, the national Consumers' Association of Canada (CAC)'s position with its emphasis on telecommunication consumption, undermined the opposing forces. As social organization the CAC stands out because, in many of the important telecom hearings such as the second long distance completion hearing, and local service pricing options, its evidence and testimony advanced the neo-liberal telecommunication position. This is a marked departure from the old more progressive stand the CAC took regarding the first long distance telephone competition hearing where it supported all phone consumers including the poor, the disabled, the unemployed and those on fixed incomes (see Chapter Six). It was the Regulated Industry Programme, within the CAC, that moved the organization towards the continentalist neo-liberal position that included consumer choice and cheaper rates for all services including gas rates, air travel, as well as phone service. The action of these organizations reveals that although groups may appear to share the same values or represent similar constituents, social coalitions are not homogeneous.

Advancing telecommunication neo-liberal reform also required a neo-conservative policy solution in order to centralize federal jurisdiction and regulation. Neo-liberal policy solutions, as they are practised by the federal state in Canada, have emphasized the decentralization of power and control of more areas such as employment and immigration,

among others to the provinces. Centralizing telecommunications jurisdiction and regulation required a neo-conservative policy approach to consolidate federal power and control over telecommunications. Essentially it reversed the decentralized and fragmented aspect of Canadian telecommunication policy that, until 1989, was shared by three different levels of government, federal, provincial and municipal. This move by the federal government created a one-stop with the federal regulator, as well as a less regulated environment, for the domestic and foreign multinational corporations making it easier for them to carry out continental trade and investment activities in an unfettered telecommunication environment.

A. Federal State Agency and the Centralization of Telecommunication Regulation

The Supreme Court ruling, *Alberta Government Telephone and the CRTC and CNCP Telecommunications et al*, (1989), was another aspect of federal state agency that was necessary to bring all telecommunications under federal regulation before more extensive policy liberalization could be carried out in Canada. Chapter Four mapped the fragmented⁴² nature of telecommunication jurisdiction and regulation that evolved shortly after Confederation. Basically regulation and jurisdiction was spread among federal, provincial and municipal levels of government. By the mid-1980s this divided

⁴² The telecom user organizations refer to this as "regulatory balkanization" (CBTA, Telecom Alert, Issue 2, p. 2) or a "patch-work of policies" (ITAC, 1989).

jurisdiction had become troublesome for new challengers, such as CNCP, and the telecommunication users. When the CRTC granted CNCP permission to interconnect its private line voice and public data services to the public switched telephone network it only applied to the areas under CRTC jurisdiction; that is British Columbia, Ontario, Quebec and both northern territories. This was also the case for terminal equipment and business services.

In 1982 CNCP Telecommunications applied to the CRTC to interconnect its private and data network services to that of Alberta Government Telephone (AGT). The CRTC sent the request to the Federal Court of Appeal because of its jurisdictional and constitutional implications. By 1984 the Federal Court ruled that telephone companies who are members of Telecom Canada constitutionally fall under federal jurisdiction because they offer interprovincial phone service. This meant they would also be subject to regulation by the CRTC under the *Railway Act*. AGT appealed the decision to the Supreme Court of Canada. Five years later, in 1989, the Supreme Court upheld the Federal Court ruling agreeing that provincially regulated telephone companies came under federal jurisdiction (Supreme Court of Canada, 1989).

In this land mark ruling the Supreme Court stated that each of the members of Telecom Canada operated a single integrated inter-provincial undertaking and were therefore subject to federal regulation by the CRTC. As the file

indicates each of the provincial telecommunications companies in the Atlantic and Prairie provinces were now subject to CRTC regulation. Alberta Government Telephone was privatized in 1990 and was immediately subjected to federal regulation. In an agreement reached with the federal government, the regulation of Manitoba Government Telephone transferred to the CRTC in 1993.⁴³ Although the government of Saskatchewan was strongly opposed to federal regulation it was given a few years of grace, until 1998, before it too would fall under the regulation of the CRTC.

This structural reorganization of telecommunication jurisdiction and regulation centralized power and control with the federal government, away from the previous fragmented and decentralized telecommunication environment that was shared among federal, provincial and municipal governments. Although neo-conservatism is concerned with moral issues, values, and less state intervention in the economy, neo-conservative policy also places great emphasis on social control, authority, and stability.⁴⁴ For important areas such as telecommunications neo-conservative policy changes requires centralization and strong federal state action, rather than decentralization. Consequently, the Supreme Court

⁴³ The Manitoba Government Telecom corporation was privatized by the conservative government in December of 1996 despite strong resistance from the opposition parties and numerous grass root organizations formed to resist the privatization of MTS (E. Black and P. Mallea, 1987).

⁴⁴ For further discussions see Clark, 1991; Cox, 1993; Howlett and Ramesh, 1992; and Langille, 1987).

decision provided the control and uniformity necessary in the telecommunication sector to further advance liberalization, neo-regulation, and the expansion of continental free trade. This neo-conservative policy approach effectively shifted control and power away from the municipal and provincial governments who, in the past, had more concern over the social or political aspects of telecommunications, than just economic ones. Essentially this structural reorganization created a one-stop regulatory environment for the large telecom users and the new telecom challengers. That is, the large telecommunication users and all the telecommunication providers would, as far as policy and regulatory matters were concerned, only have to deal with one level of government, rather than two, or in some cases three.

B. Long Distance Telephone Policy Liberalization and Competition

What is noteworthy about the Telecom Decision 92-12 *Competition in the Provision of Public Long Distance Voice Telephone Services and Related Resale and Sharing Issues*, among other things, is that after numerous submissions, evidence, and expert witnesses, the final decision is written in such a way that there appeared to be little political opposition, other than that of the established telephone companies. With this decision the CRTC has given up the pretence of pluralism. From this point on the Commission rarely gives recognition to the progressive forces that

challenge the now dominant neo-liberal position. As the following assessment of the decision shows, this was not the case; it was strongly contested.

In this liberalization hearing two challengers, Unitel Communications (Unitel - CNCP Telecommunications and Rogers Communications) and B.C. Rail Lightel (B.C.R.L. - Call-Net and B.C. Rail Telecommunications) applied to the CRTC to interconnect their networks to the public switched telephone networks⁴⁵ so that they could compete in the long distance telephone market. Appendix XV provides a complete list of participants as well as the presiding CRTC commissioners. The appendix shows that many of the participants appeared at the first long distance hearing, with the exception of two additional user organizations, the Canadian Bankers Association, and the newly formed Communications Competition Coalition.

Unitel came well prepared with an extensive business plan and a phased roll-out on a region-by-region basis that would take place over a six year period. The company planned to offer various pricing options that would provide long distance savings from fifteen to thirty five percent below the established telephone companies. Promises were made of efficient services at lower costs, rapid introduction and diffusion of new services and facilities, and that entry would

⁴⁵ Unitel wanted permission to interconnect its system to Bell, BC Telephone, Island Tel, MT&T, NB Telephone, and Newfoundland Tel. B.C.R.L. wanted permission to interconnect its system to BC Telephone and Unitel.

not threaten affordable universal service. Unitel proposed that it be allowed a twenty five percent discount on its contribution payments for the first three years of operation (1993-95); fifteen percent in 1996; and ten percent in 1997 (Telecom Decision CRTC 92-12, 1992:28). Unitel's rationale for its contribution plan was that it only expected to obtain limited market coverage and not roll out of a second national telecommunication network (Ibid:84). B.C.R.L., on the other hand, wanted entry to interconnect its voice and data telephone service networks to provide alternative telecommunication services to large corporations in the province of British Columbia (Ibid:8).

Early in 1992, before the long distance competition hearing, Telecom Canada was reorganized and renamed Stentor. The Stentor alliance of the major telephone companies includes Bell Canada, BC Telephone, AGT, SaskTel, MTS, MT&T, NB Tel, Newfoundland Tel, Island Tel and Telesat. Stentor has moved to a more formal complex organization in order to exercise its influence domestically, continentally and internationally.⁴⁶ The organization's visions, strategies, and policy direction is made by the Council of CEO's from the member companies. Decisions at the Council are arrived at based on member consensus. According to G. van Koughnett, the reorganized

⁴⁶ It is important nonetheless to point out that Stentor does not always speak with one voice. Contrary views are held for example by AGT as evidenced in the local measured service hearing (Rideout, 1996). It would appear that within Stentor new or contradictory positions are advanced by the organization with a more frontier attitude, AGT.

Stentor benefits from the synergy created by the Council, greater efficiencies, and now has the ability to speak as one powerful organization, with one voice, at both domestic and international levels (Interview with Greg van Koughnett, V.P. for Stentor Legal and Corporate Affairs, 1997; Stentor, 1993).

Stentor now has three main components made up of the Stentor Resource Centre, Stentor Canadian Network Management, and Stentor Policy Inc. (see Figure 6.1). The Stentor Resource Centre (STC) acts as the centralizing agent for the member companies. STC is responsible for engineering, research and development, and marketing. Stentor Canadian Network Management (SCNM) continues to manage and monitor all interprovincial networks within Canada and to the United States and Mexico. SCNM also administers the revenue sharing plan for all the North American interconnections. Stentor Telecom Policy Inc. develops the strategies and policy positions as set out by the Council (Industry Canada, 1996:43). Stentor Telecom Policy also represents the members interests in ongoing government relations, lobbying, and at public CRTC hearings, including the long distance telephone competition hearing of 1992.

Stentor opposed Unitel and B.C.R.L.'s entry to compete in the long distance telephone service market because a multiple supplier environment would require higher production costs. According to Stentor these costs would inevitably be passed onto customers (Telecom Decision 92-12, 1992:19-20). The

Figure 7.1

Stentor Structure and Decision Making as of 1996

Source: Based on information from Stentor Telecom Policy Inc., G. van Koughnett, 1997 and Industry Canada, *The Telecommunications Service Industry*, 1996.

Stentor members also argued that Unitel's proposed levels of contribution would not be sustainable in a competitive environment and that rate rebalancing would be inevitable. Bell estimated that just to bring Canadian toll changes in line with those in the United States would require an additional line charge of \$8.75 on top of the monthly local service charge (Ibid:47).

Numerous submissions from pro-competition supporters

included the Director's submission conducted by Robert Crandall⁴⁷ from the Brookings Institute, as well as membership surveys carried out by the Canadian Business Telecommunication Association and the Canadian Federation Independent Business's (CFIB). These submissions supported open entry liberalization and long distance telephone competition (the Director, 1991; CBTA, 1991; CFIB, 1991). The Director's report went further and recommended that liberalization be followed with a plan to deregulate Canadian telecommunication policy (Director, 1991:1). The Canadian Bankers Association (CBA), in addition to participating through its membership in the CCC, also submitted their evidence in *American Long distance Competition: The Power of Choice* (1991) (for a list of partial members see Appendix XVII). The CBA took the position that Canadian telephone monopolies had outlived their usefulness and that competition could only have positive effects for users. This report focused on the positive effects of competition in the United States including lower telephone rates, volume discounts, and increases in telecommunication shareholders dividends (CBA, 1991:6). Evidence submitted by the Communications Competition Coalition (CCC) showed that Canadian users wanted long distance telephone rate parity with the United States. The CCC

⁴⁷ These ideas are also put forward in *Talk is Cheap: The Promise of Regulatory Reform in North American Telecommunications* by Robert Crandall and Leonard Waverman in the 1995 Brookings Institution publication.

even provided evidence that revealed that businesses operating in Canada paid anywhere from 1.8 to 4.5 times more for telecommunication services, including long distance services, than in the United States (CCC, 1991:19). However, a major research study conducted by the Organization for Economic Co-Operation and Development (OECD), the *Performance Indicators for Public Telecommunications Operators* (1990), revealed that when a total basket of telecommunication goods⁴⁸ was compared on a country by country basis, Canadian rates for all business services (based on fixed and usage charges) were lower than prices in Australia, Britain, Germany, Italy, Japan and the United States (OECD, 1990:51). Additionally, Canadian residential rates were fifteen percent lower than the OECD average as was the price of international business calls (Ibid: 51, 60). Although this evidence was presented by the Communications, Energy and Electrical Workers of Canada it was glossed over or entirely ignored by the CRTC. Certainly the CCC's evidence was very selective, comparing only long distance rates between Canada and the United States in the largest cities with the heaviest telephone traffic.

The Communication and Electrical Workers of Canada (CWC)

⁴⁸ The OECD survey examined the prices for all types of services including the fixed charges for business telephone lines, local charges, long distance service, international long-distance service and mobile communications. Prices for each area are then indexed against the OECD average. Using this extensive comparison, rather than the selective one used by the CCC, Canadian business subscribers paid less for their basket of services than subscribers in many of the other countries (1990:51).

and the Telecommunications Workers Union (TWU) both argued that allowing long distance telephone competition would not be in the best interest of the Canadian public. In its submission, the *Final Argument for the Communications and Electrical Workers of Canada before the Canadian Radio television and Telecommunications Commission on Telecom Public Notice 1990-73* (1991), the CWC argued that long distance telephone competition would be very costly. Evidence presented by V. Mosco on behalf of the CWC revealed that the United States federal and state governments had tried to pass the cost burden of competition onto residential and rural subscribers. The compromise that was reached was the replacement of universality with national and state telephone welfare programs, Link Up America and Lifeline, targeted subsidy programs for the deserving poor. As the Mosco evidence shows, as of 1990 the program was not very successful because it did not reach even a majority of the eligible subscribers. Link Up membership as of 1990 was a mere three percent and Lifeline had only thirty three percent subscribership (Mosco, 1991:4).

The TWU submission, *The Future of Canada's Telecommunication System: Canadians Have a Choice* (1990), explained that the new competitors were not interested in serving the whole Canadian population. In a similar vein to the United Kingdom competitor Mercury, Unitel and B.C.R.L. were only interested in the lucrative telecommunicaton

markets. TWU evidence presented by J. Hills, showed that Mercury only rolled out its network in the city of London and some of the urban midlands, a far cry from the promise of a second national network. Consequently, the majority of residential, rural, and small business subscribers received no benefits, neither lower telephone rates nor any improvement in access once competition was introduced (Hills, 1991:5).

Both the National Anti-Poverty Organization (NAPO) and the BCOAPO et al were very concerned about the effects this so-called long distance competition would have on affordability and accessibility of local services. What made more sense to these organizations, considering the geographic size of Canada and its relative small population, was the continuance of a single telecommunication supplier providing it was adequately regulated. In NAPO's view this would prevent the cost of duplicate facilities. Otherwise, the cost of multiple systems would lead to increases in local telephone rates (Telecom Decision 92-12, 1992:42-43 and Interview with Lynn Toupin, director of National Anti-Poverty Organization 1997).

The incongruous position of the Consumers Association of Canada (CAC) in this long distance competition hearing was certainly at odds with the other consumer and public interest organizations. Although the organization claimed to represent all Canadian residential telephone subscribers, in its submission *Residential Telephony* (1991), the CAC took an

ambivalent position claiming not to support the telephone monopoly or oppose competition. According to the CAC it was looking for the best possible deal it could get for consumers (CAC, 1991:1). This is a far cry from the more progressive position the CAC took in the first long distance competition hearing in 1985 or its position one year later in the report "Emerging Telecommunications Issues: The CAC Perspective" (1986). The CAC's evidence in 1991 focused on the "total telephone bill". The rationale behind the total bill was that people pay telephone bills, not rates (CAC, 1991:3). According to the CAC submission, looking exclusively at the basic monthly charge distorts policy making because it disguises the consumption patterns of residential telephone subscribers. Consumption of telephone service had been rising throughout the 1980s in relation to declining relative basic prices. Consequently, for the CAC, consumption patterns are identifiable once the components of local service are broken down into basic local services, optional services, and repair and installation (Ibid:3). The CAC further stated that when the consumer price index (CPI) is applied to the total telephone bill the telephone component of CPI rose by nineteen percent whereas telephone consumption throughout the 1980s advanced to twenty seven percent (Ibid:5). Using this logic CAC then went on to show that the average telephone bill only represented one to one and a third percent of household income for residential subscribers. Countering its previous position

in the first long distance telephone competition hearing, in this hearing the CAC stated that the total telephone bill only needed to be stable, not affordable (CAC, 1991:2). The CAC stated that residential telephone subscribers, not just the large telecom users, should be able to take advantage of lower long distance telephone rates (Ibid:2). With its focus on consumption and the total bill, the CAC moved towards selective representation of middle and upper class wealthier consumers, consumers who make many long distance calls and subscribe to an array of optional services (Ibid:44). This move by the CAC excluded its poorer constituents who are on fixed incomes, or have low incomes. The CAC Director of Policy Research, M. McCall stated that the organization tended to support the other consumer groups on technical issues such as inside wiring but were not aligned with these groups regarding the costs to consumers such as the total telephone bill and affordability issues such as local measured service and lifeline (Interview with M. McCall, Director of Research, CAC, 1997). The CAC's advice to residential consumers, once long distance competition was implemented, was to shop around and ask for savings from the equal access providers such as Unitel and B.C.R.L. (Sprint Canada) or switch back to Stentor if they are not happy with their telephone service (CAC, Tips', 1996).

There were a number of important repercussions that resulted from the CAC's position on the total bill. The CRTC praised the 'total bill' concept stating that the CAC had

provided a useful measure for assessing affordability (Telecom Decision 92-12:49-50). Consequently the basic portion of the telephone bill was unbundled to reflect, basic service, optional services, and repair and installation charges. What this did in effect was broaden the affordability measure for residential telephone subscribers and helped to contribute to residential telephone "haves" and "have nots" based on individual consumption patterns. Redefining affordability came not only from the business user organizations, the new competitors, and the CRTC, but from a consumer organization that was supposed to represent all residential telephone subscribers, and with out consultation with the other provincial consumer organizations (Interview with M. Vallee, FNACQ, 1997).

The CRTC decided to grant Unitel and B.C.R.L.'s application to enter the public long distance voice service market because it concluded that the introduction of competition would provide benefits to consumers by lowering toll rates and increase the choice of products. According to the CRTC this was very important for improving the international competitiveness of Canadian businesses. The CRTC stated that competition would not jeopardize universal access to local services as long as the new entrants made adequate contribution payments to the Stentor member companies to cover access costs, among other things (CRTC, Consumer Friendly Competition: The Facts, 1992:1). Not only was Unitel and

B.C.R.L.'s entry into the public long distance telephone service market approved, the CRTC also permitted total open competition so that resellers could also compete in the long distance market. The CRTC stated that now long distance telephone rates would be able to drop, which would have particular interest for the heavy long distance service users (Telecom Decision 92-12, 1992:10-14). The CRTC further stated that it did not believe that a single supplier environment (telephone monopoly) would be able to meet the needs and demands of the multiple users (Ibid:59).

With regard to the issue of neo-regulation, the CRTC stated that regulatory constraints should not "be so burdensome so as to mitigate the beneficial effects of competition (Telecom Decision 92-12:132)". According to the CRTC, regulatory standards were put in place to prevent anti-competitive policy practices. This meant that the Stentor member companies would still be subject to tariff filings and rate of return regulation (Ibid:132-3). In what would be one of many unusual temporary agreements among the competitors such as Unitel, the consumer and public interest groups CAC and NAPO all agreed that the Stentor member companies should be subject to more stringent regulation.

On the other hand, regulation for the competitors and the regulators was quite a different matter. Unitel and B.C.R.L., were subject to far less regulation. They could set telephone rates they considered appropriate as long as they submitted

them to the CRTC in advance. All the CRTC would then do is ensure that the rates for the services offered complied with the Railway Act (Telecom Decision CRTC 92-12:141). Whereas resellers would totally rely on market regulation and be able to enter and exit the long distance market at will (Ibid:141). According to the current CRTC vice-chairman, David Colville, this decision was the first of a number of liberalization and neo-regulation decisions that affected public telecommunication policy in which the Commission would oversee a managed transition to a competitive environment (Interview with the vice-chairman of the CRTC, David Colville, 1996).

Most CRTC telecommunication decisions are arrived at based on a consensus from the Commissioners after they take into consideration submissions, interrogatories, the cross-examinations of participants in the public hearings, and a review and analysis is completed by CRTC staff. Occasionally a commissioner may informally record his or her dissent with the other commissioners in the final decision (D. Colville, 1996). Even more infrequently a commissioner may make a formal objection and attach it to the original decision. A dissenting statement will not change the outcome of a decision once made, but it changes it from a unanimous to a majority decision. Commissioner Edward Ross issued a formal dissent statement for Telecom Decision 92-12. Ross did not hold the view that, as did the Commission Chairman, that local telephone rates would not go up once competition was introduced to long distance

telephone service (D. Colville, 1996). Ross went on to explain that he thought that the public interest would be best served by allowing the single supplier (Stentor) reference plans. The commissioner explained:

[i]n conclusion, I reiterate that I consider the cost of allowing these applicants to be too high because of the increase in the cost of basic telephone service, something that is a necessity not a luxury for Canadians, including the millions of Canadians living on pensions and fixed incomes. We have been well served to date and the proposals put forward by the Stentor members would see further improvements to assist all users, including business (Telecom Decision 92-12:206).

C. Intended and Unintended Policy Liberalization Consequences

One of the Stentor members, Bell Canada, challenged the contribution portion of the long distance competition decision to the Federal Court of Appeal. Bell, now on behalf of the six federally regulated telephone companies, appealed the decision on two grounds. First, Bell claimed that the CRTC exceeded its jurisdiction in ruling that seventy percent of the competition start up costs should be borne by the telephone companies. Second, Bell argued that the CRTC also exceeded its jurisdiction in ruling that the contribution discounts, to keep local rates low, were far too generous. Despite Bell's complaint the appeal was denied (Federal Court of Appeal, File A-900-92, July 22, 1992).

Bell subsequently responded by applying to the CRTC to increase its local rates⁴⁹ and reduce its local calling

⁴⁹ Bell proposed two phases of local rate increases. The first an interim increases of \$1.40 a month for residential subscribers and \$3.25 a month for business subscribers was slated to take effect April 1, 1993.

areas (Bell Canada, 1993A). Although the CRTC initially denied this rate increase, it approved what became a politically explosive two dollar a month rate increase one year later (discussed in section d). Bell responded by taking what seemed an unlikely pro-competition position as outlined in its report *Freedom to Compete: Reforming the Telecommunications Regulatory System*, written by R. Shultz and H. Janisch (1993).⁵⁰ In this seminal report Bell publicly embraces competition and states that now that the telecommunication market structure has been reorganized a corresponding change was also required for the regulation of the established telephone companies. The report advocated "focused regulation" where regulation for all the telecom providers, not just the new players, be reduced as much as possible (Shultz and Janisch, 1993:7). As the report stated, the existing regulatory environment needed to be loosened to give the telephone companies the freedom to compete for the acceptance of the shareholder rather than the subscriber (Shultz and Janisch, 1993:8). Bell's supposed altruistic concern for the principles of universality was

The second rate increase was scheduled for September 1, 1993 with residential subscribers paying an increase of \$7.65 a month and business customers increase of \$15.35 a month (Bell, 1993:2-3).

⁵⁰ Although Bell's pro-competition position appears to completely contradict its previous position on liberalization and competition it will be recalled that in the first long distance competition hearing, and the Macdonald commission submission, Bell actually favoured competition as long as regulatory constraints and obligations were loosened and it could rebalance rates to reflect true costs (see Chapter Six, page 8 and Chapter Five page 68).

short-lived in the new competitive milieu that favoured shareholders at the expense of subscribers.

As Bell noted, the CRTC long distance competition decision ushered in a fundamental change to the telecommunication market structure. This change was from a monopoly to an oligopoly market structure.⁵¹ In an oligopoly environment one firm controls forty to less than one hundred percent of the market, and the other leading firms along with the dominant firm control sixty to up to one hundred percent of the market (Trebbing, 1995:1). By 1996 a tight oligopoly market structure had unfolded in Canada resulting in the Stentor companies retaining seventy two percent of the market. The alternative long distance suppliers AT&T Canada (formally Unitel) and Sprint Canada (formally Call-Net) both hold nine percent each of the market, while Fonorola has three percent. Although there was an influx of long distance resellers, from eighty in 1993 to two hundred in 1994, by 1996 only four resellers had significant market share. They included ACC Long Distance Corp., Westel, London Telephone, Distribute Tel, and Cam Net who together accounted for seven percent of the long distance telephone market (see Figure 7.2) (Comments of AT&T Canada, Telecom Public Notice CRTC 96-26: 16, 1997; Industry Canada, 1996:14).

⁵¹ Harry Trebbing in "Adapting Regulation to Tight Oligopoly" argues that the telecommunication policy changes have in fact not achieved a competitive market place but a tight oligopoly with industry specific barriers to entry, common corporate control of a differentiated market, and the continued dominance by the incumbent firms (1995:2).

Figure 7.2

Long Distance Market Shares as of 1996

Telecommunication continentalization has intensified as foreign players such as AT&T, and Sprint U.S., increased their investment activities in Canadian telecommunications. For Unitel a transfer of ownership was concluded in January of 1996 which saw the corporation change its financial and corporate structure as well as undergo a name change to AT&T Canada. Under the new structure thirty three percent of the voting shares of the holding company, Unitel Communications Holding Inc., are now held by its subsidiary AT&T Canada. The other shares are held by the Bank of Nova Scotia with twenty eight percent, the Toronto Dominion with twenty three percent

and the Royal Bank with sixteen percent (Industry Canada, 1996:14). Although share ownership of AT&T Canada is held by domestic and foreign multinationals involved in banking and telecommunications, essentially corporate decision making and management rests with AT&T Canada (see Figure 7.3). Moreover,

Figure 7.3

AT&T Canada Share Ownership as of 1996

as a private company, AT&T Canada is not obliged under Canadian corporate law to issue public information such as annual reports other than the information it posts on the Internet on its home page on the world wide web (Interview with Peter Chaves, AT&T Canada, 1997).

Sprint Canada, the other major alternative long distance supplier, is one hundred percent owned by Call Net Enterprises Inc., a former reseller. Call Net also has a nineteen percent ownership in Micro Cell Telecommunications with a national licence to provide digital wireless telecommunications services. Sprint Communications Corporation (Sprint U.S.) holds a twenty five percent equity in Call Net Enterprises

Figure 7.4

Sprint Canada Share Ownership as of 1995

(see Figure 7.4). This has provided Sprint Canada with Sprint U.S. technology as well as direction and decision making that comes from the three executives from the U.S. corporation.

They also sit on the board of directors of Call-Net Enterprises. Through numerous acquisitions, which took place from 1993 to 1996, Sprint Canada now has a national and continental network, that includes links in major cities from British Columbia to Newfoundland with interconnections to Seattle, WA; Detroit, MI; Buffalo, NY; Vermont; and Massachusetts (Annual Report, 1995, 1996). Bell Canada has also begun investing outside Canada by purchasing a five percent interest in MCI (Crandall and Waverman, 1995:9). With liberalization has come a substantial amount of continental integration among Canadian and U.S. carriers.

D. Consumer and Public Interest Activism

After the CRTC telecom policy liberalization decision, which allowed all incumbents to enter to compete in long the distance telephone service market, the Commission accelerated liberalization process and the move to neo-regulation. The neo-regulation regime was further extended by the CRTC through regulatory policies that split the base rate and prepared for price cap regulation; a continental regulatory regime that would be compatible with the one in the United States. In a split rate base regime the utility (access and local service) portion of the Stentor member telephone companies is separated from the competitive side (long distance services). It is the utility side that continues to be regulated under the rate of return method until 1998. After that date it will be replaced by price cap regulation. The CRTC also freed the competitive

side of the Stentor companies from cost based rate of return regulation replacing it with a much lighter form of regulation through tariff filings and imputation tests. The Commission mandated a carrier access tariff (CAT) which applies to both the Stentor member companies and the interexchange competitors (IXC). CAT is based on a per-minute charge on each call rather than the previous charge that was based on long distance trunk line connections to each of the long distance telephone companies (Telecom Decision CRTC 94-19:133, 163). CAT was subsequently appealed by AT&T Canada and Sprint Canada, and denied by the CRTC.

The CRTC sent out a public notice late in 1992 to examine whether the existing regulatory framework should be modified in light of developments in the telecommunication industry (Telecom Public Notice 92-78, 1992). Consumer and public interest groups made their submissions for the upcoming public hearing but were surprised with the final decision which also included the liberalization of local telephone service and dramatic rate increases for basic local telephone service.

Recalling the CRTC vice chairman's statement that long distance telephone competition would not increase local telephone rates, in less than two years the Commission mandated local rate increases (Telecom Decision CRTC 94-19:22)(see Appendix XVI for a complete list of participants). The decision sparked a public outcry from the consumer organizations, public interest advocates, as well as from the

new long distance competitors. The consumer and public interest groups mobilized into a broader alliance, called People for Affordable Telephone Service (PATs), creating an alternative hegemonic telecommunication force.

In this decision the CRTC made its first move to eliminate the cross-subsidization of local telephone service. The Commission stated that all telecommunication markets should be open to competition (Telecom Decision CRTC 94-19:32). Concurrently the CRTC approved a rate increase of two dollars a month for basic local services which would begin January the first in each of the following years 1995, 1996, 1997 (Ibid:22). The Commission chairman claimed:

[w]ith the introduction of local competition and policies promoting open access between network suppliers we believe that customers will have much greater choice in selecting a service package to meet their specific communication requirements. ...We want to create a network of networks to serve a variety of different consumer demands at prices that are fair and reasonable (CRTC, News Release, September 16, 1994).

No one bothered to tell the local customers that greater choice would also carry a heavy price tag of seventy two more dollars per year nor explain how fair and reasonable this was.

The non-profit organization, the Public Interest Advocacy Centre, had been conducting alternative telecommunication research and representing clients such as NAPO, the Federation Nationale des Associations des Consommateurs du Quebec (FNACQ), and other organizations, at the public CRTC telecommunication hearings. These organizations and PIAC formed People for Affordable Telephone Service/Coalition pour

un Service Telephonique Affordable (PATS/CSTA). As a coalition of citizen groups, PATS represented the largest coalition of consumer groups ever assembled in Canada with sixty organizations representing over two million members. It included national and provincial consumer organizations, national and provincial women's organizations, national and provincial anti-poverty organizations, welfare equal rights groups, teacher and student federations, the Council of Canadians, rural Canadians, and the Canadian Legion (for a complete list of members see Appendix XVIII) (PIAC Hotwire, March 1995).

The PIAC report, *Consumer Coalitions: Three Case Studies*, explains that many groups, with different interests, have been able to form into political action collectives which are based on shared values, have commonly agreed upon objectives, and have developed a collective consciousness that recognizes their increasing disadvantaged social position (PIAC, 1996:6). The immediacy of the local telephone rate increase helped to form a collective that tended to transcend class as well as organizational barriers. As a social group PATS members share one common grievance; that the cost of telecommunications competition was being passed on to ordinary residential telephone users, to those with fixed, stagnant, or declining incomes, those least able in society to bare the cost of such a major overhaul of Canadian telecommunicaton policy.

The glaring inequality arising out of the local telephone rate increases further politicized the various organizations to form PATS where they could pool resources and strategically fight the erosion of affordable basic telephone service. PATS/CSTA subsequently launched a petition to the federal cabinet to reverse the portion of the CRTC decision that increased local telephone rates. PATS argued that there were strong procedural arguments that supported its petition. The initial CRTC public notice did not indicate that rate rebalancing or any other rate issues would be dealt with in the hearing. Consequently, the consumer and public interest groups were not prepared, either in their submissions, evidence, or arguments, to counter local phone rate increases (PIAC, 1996:16). In addition to its petition PATS/CSTA lobbied key government officials, members of the government, and the opposition parties briefing them on the PATS position. PATS members also faxed the Minister of Industry and publicized its efforts in an organizational newsletter and through mass media advertising (PIAC, 1996:17).

Parallel efforts were made by the newly formed Competitive Telecommunications Association (CTA). Acting on behalf of the interexchange competitors such as Unitel (AT&T Canada), Sprint Canada, and ACC, and others, the CTA petitioned the federal cabinet to reverse the rate rebalancing portion of Telecom Decision 95-21 and the two dollar a month rate increase in Telecom Decision 94-19 (for a complete list

of members see Appendix XIX). The CTA's petition explained it paralleled the PATS petition and sought an appeal of the largest CRTC ordered rate increase in Canadian history, because it occurred without a proper public hearing (CTA, 1994:3).

Although both petitions dealt with the same issue it is important to point out, nonetheless, that co-operation only took place in terms of sharing essential facts. Both coalitions maintained their independence and what happened in this parallel effort and other subsequent ones with the new competitors, the Stentor companies, and other organizations, in what seems like unlikely coalition alliances, only occurs over single and shifting telecommunication issues.

One year later, on the recommendation of the Minister of Industry (John Manley), the federal cabinet delivered its response to the PATS and CTA petitions through a federal government order-in-council. The order granted the Stentor companies local rate increases of two dollars per month which would take effect January the first 1996 and 1997. Additionally the rate rebalancing review was declined (P.C. 1995-2196, December 19, 1995). There were major differences between the order-in-council policy and that of the CRTC decision, aside from what at first appears to be a lower consumer cost, of forty eight compared to seventy eight dollars. In the CRTC decision the basic local rate increase was to be offset by the carrier access tariff (CAT). That is,

it was to be strictly used to lower the long distance rates of the Stentor companies for the small users until price cap regulation came into effect (Telecom Decision CRTC, 94-19:23). As PATS demonstrated in its research, the majority of Canadian residential Stentor customers, in any given month, did not receive any savings as a result of long distance competition. The average long distance bill for sixty six percent of Bell Canada's residential subscribers was eleven dollars a month. Bell's minimum level to qualify for discount applied to customers whose long distance charges were fifteen dollars a month or more (PATS, 1996A:7). The order-in-council decision on the other hand, stated that significant price reductions in the long distance market had already occurred and further price reductions would compromise telecommunication investment in research and development and innovation telecommunication services (P.C. 1995-2196:2).

The order-in-council not only gave the Stentor member companies a substantial local rate increase it did so unconditionally. The direct political intervention of the Minister of Industry gave the Stentor companies what Michael Janigan refers to as "the biggest corporate bailout in Canadian history, worth \$1.6 billion dollars where ordinary Canadians would make up the declining profits of the telephone companies in a competitive environment" (Interview with the Executive Director and General Council, Michael Janigan, PIAC, 1997).

According to PATS and Stentor Policy Inc., Stentor out-lobbied the consumer and competitive interests (Interview with Richard Cavanagh, Stentor Policy Inc., 1996; PIAC, 1996). The Stentor companies presented a counter petition to the federal cabinet requesting that regulatory rate rebalancing should simply consist of local rate increases with no accompanying decrease in the direct distance dialed (DDD) rates (long distance rates). Stentor accused the CRTC of tinkering with prices set by the open market (PIAC, 1996:18). The petition was followed up with a letter from Stentor Policy Inc. to the clerk of the privy council, with copies to the CRTC and the Minister of Industry, in which Stentor threatened to put a hold on research and development spending which in turn would affect thousands of jobs in the advanced knowledge-based sector of the Canadian economy⁵² (Stentor, 1995:2).

PATS recommended to its members that the only way most long distance residential Stentor customers (with the exclusion of Sask Tel) would receive lower long distance rates would be to switch to alternative long distance telephone service suppliers such as: ACC Long Distance; Cam-Net; City Dial; CTI Telecommunications, Distrubutel, Fonorola, Funday Cable Ltd., London Telephone, Rogers Network Services, Sprint Canada, Unitel (AT&T Canada), or Westel (PATS, 1996B:2,9).

⁵² Stentor claimed that for every one million dollars of investment in the industry it generated approximately 18 to 20 jobs (Jocelyne Côté-O'Hara, President and CEO of Stentor Telecom Policy Inc, December 15, 1995:2).

Although the order-in-council implemented local rate increases, concurrently the order and the Minister of Industry made a public concession to the consumers for a lifeline program to ensure that universal access would continue for all Canadian subscribers, regardless of where they lived (P.C. 1995-2196:2). The CRTC however, did not hold this view.

E. The for and Telephone Affordability, Access, and Universality

As previously discussed, liberalization policies for long distance services have put pressure on the existing so-called subsidization of local/access telephone service. Additionally liberalization and competition for both toll and local services have, as requested by the established and new telecommunication providers, meant that local rates would have to move closer to costs. What this meant for the ordinary Canadian residential subscriber is that their basic local telephone rates were already increasing forty eight dollars, with more planned increases to take place before price cap regulation set in 1998.

As the CRTC stated in its review of regulatory framework, under the new liberalized regime the provision of telecommunications services would include placing greater reliance on market forces (Telecom Decision CRTC 94-19:3). The Commission noted that the regulatory reform could not continue with the existing subsidy scheme to keep rates for local/access service low. The CRTC even went further and stated that the current subsidy was much larger than it needed

Table 7.1

**Summary of Lifeline Programs in
Australia, New Zealand and the United States as of 1994**

	Australia	New Zealand	United States
Flat Rates	No	No	Yes 1
Budget	Yes (Easy Pay trial)	No	Yes 2
Lifeline	Yes	Yes	Yes 3
Federal Targeted Subsidy Available	Yes	Yes	Yes 4
Means Tested	Yes 5	Yes	Yes 6
Administration	Telecom (Telstra)	N.Z. Federation of Family Budgeting Services	NECA 7
Source of Funding	Telecom (Telstra)	Telecom	IX 8 Carriers

1. except Wisconsin, 1994; 2. except Maine, 1994; 3. except: Arkansas, California, Florida, Georgia, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, New Hampshire, New Jersey, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, 1994; 4. except Delaware, 1994; 5. Contact (soft dial tone) has no means test; 6. except Delaware and California, 1994; 7. National Exchange Carrier Association; 8. with at least 0.05 percent of nationwide pre-subscribed lines.

Source: Response to Interrogatory SRCI (CRTC) 4Apr96-701, Attachment 1, page 1.

to be to keep basic local telephone service affordable. In the regulatory review decision, and a subsequent one on splitting the rate base, the CRTC stated that targeted subsidy or lifeline was not necessary at the time in light of mandated rate rebalancing that was already in progress (Telecom Decision CRTC 96-10, 1996:1). The CRTC held the view that a

lifeline program for Canada was not necessary despite the fact that other countries, such as Australia, New Zealand and the United States, had, as part of their telecom policy liberalization process, introduced lifeline programs to make sure that low income and rural residential subscribers would not drop off the existing telephone system (see Table 7.1).

Late in 1995 AGT and the other Stentor member companies (excluding Sask Tel) applied to the CRTC with proposals which would essentially redefine basic local service. The CRTC responded to the request by issuing a public notice to hold a public hearing on local service pricing options. In the public notice the Commission stated that it would select a local service pricing approach that would comply with subsection 7b of the *Telecommunications Act 1993*. This meant that the local service approach that was selected would have to ensure that with the prospect of further local rate increases, particularly for residential subscribers, local services would remain universally accessible and affordable for all Canadians regardless of what region they lived in, whether an urban or rural areas (PN 95-49).

Two approaches were put forward: a budget service model by the Stentor companies; and, a targeted subsidy (lifeline) program which was developed by the *Fédérations Nationale des Associations de Consommateurs du Québec (FNACQ)*, the *National Anti-Poverty Organization (NAPO)*, *One Voice* (the *Canadian Seniors Network*) with support from the other public interest

groups such as BCOAPO et al and provincial and the national consumer organization the Consumers' Associations of Canada (CAC).

One very important issue that was dealt with at the public hearing was whether telephone service in Canada was affordable, and whether basic local telephone service would continue to be affordable in the future. Most parties such as Stentor, AGT, the Director, CCTA, the new competitors, the governments of British Columbia and Saskatchewan, and the CAC maintained that the nation-wide telephone penetration rate computed by Statistics Canada is the most appropriate and reliable indicator of affordability. Stentor pointed out that overall penetration rates had increased from 97.6 percent in 1983 to 98.5 percent in 1995. Moreover penetration rates for Canadians earning \$10,000 or less was 93.9 percent and for those earning \$10,001 to \$14,999 penetration levels were 97.6 percent as of 1994 (Statistics Canada, 1994:46-47). Stentor also provided evidence to show that out of 11.2 million households only 169,000 did not have telephones. Of the 169,000 that had no phones approximately 60,000 gave up their service because it was too expensive. The other sixty five percent were without a telephone because they were either in the process of moving or did not want a telephone (Stentor submission, 1996:12).

FNACQ et al on the other hand argued that penetration rates are helpful but are limited as an indicator because the

telephone is considered by most people, an essential service. For people on fixed or with low incomes faced with difficult financial circumstances will give up other consumption items, even food and medication, in order to keep their phone service (FNACQ, M.Vallée, 1997; NAPO, L. Toupin, 1997). BCOAPO et al, and FNACQ et al noted that the Statistics Canada penetration rate methodology is problematic because the survey is only conducted every two years, that it excludes Canadians who live on Indian reservations, those living in the Yukon and Northwest Territories, as well as people who live in rooming and boarding houses (hotels). Evidence presented by the Manitoba Keewatinowi Okemakanak (MKO) communities, representing over 29,000 indigenous peoples living on twenty six northern Manitoba First Nation Reserves shows that household penetration rates of residential telephone service in the average MKO community is 69.1 percent compared with the Manitoba average of 98.3 percent or the national average of 98.5 percent. Moreover penetration rates ranged from a high of seventy seven percent in the community of Cross Lake to a low of 42 percent in Shanattawa (MKO, 1996:1, Table A.1). What FNACQ et al proposed was in addition to using penetration rates, a bench mark of \$15.00 needed to be established as a reasonable indicator of affordability for low income households (FNACQ et al, 1996).

The Commission explained in its final decision that there was no consensus among the various submissions on a definition

of affordable rates. The CRTC further stated that it did not believe that the previous approved forty eight dollar increase (1996, 1997) would create an affordability problem. One concessions made, however, to extend payments for installation charges, security deposits, and toll blocking. The CRTC did express some concern that forthcoming rate increases needed to be monitored through an Affordability Monitoring Plan. The plan was to be implemented by the telephone companies, the Stentor member companies, AGT and Edmonton Telephone (Telecom Decision CRTC 96-10, 1996:8). The CRTC directed the telephone companies to file quarterly monitoring reports to the Commission based on Statistics Canada Labour Force Survey (LFS). The LFS statistics are to include penetration rates, non-subscription and disconnection questions. This information is to be cross-filed with an annual supplementary report containing affordability analysis which is based on the socio-demographic statistics reported in Statistics Canada HIFE microdata file and HIFE based penetration rates broken down at national and provincial levels and by income (Telecom Decision CRTC 96-10, 1996:31-2). Essentially the Affordability Monitoring Plan puts the fox in charge of the hen-house. As part of the CRTC's vision of managed regulation, this elaborate technocratic scheme was favoured over the simpler low income fifteen dollar benchmark. According to the CRTC such a benchmark would still provide too broad a subsidy; one that was estimated at 1,000,000 telephone subscribers rather

than a more directed one of 200,000 (Rideout, 1996:10). In the CRTC's view, current penetration levels revealed that at all income levels local telephone services were still affordable. The Commission also held the view that local telephone competition would lower basic rates helping to keep them affordable (D. Colville, 1996). Yet the recent tracking by PIAC of residential telephone service rates reveal that the average basic rate increase in selected cities across Canada is 62 percent (see Table 7.2).

In the local service pricing options hearing the CRTC was looking for an affordability solution should local rates become non-affordable. The Stentor member companies and AGT proposed, through various budget optional service packages, to offer discounts for local subscribers, below the standard basic rate. The Stentor companies tended to offer their customers lower rates in exchange for a reduced level of service. Depending on the particular company, offers were made for different forms of local measured service that included: limits on free calling; reduced local calling areas; and, restrictions and/or pay-per use access to long distance networks (Telecom Decision CRTC 96-10:9).

A coalition of consumer and public interest groups, the Fédération nationale des associations de consommateurs de Québec (FNACQ), the National Anti-Poverty Organization (NAPO) and One Voice, referred to in the decision as FNACQ et al, proposed a targeted (lifeline) subsidy program. The

Table 7.2
Selected Basic Residential Service Rate Increases
For Years 1992 and 1997

City	Rates 1992 \$	Rates 1997 \$	Percent Increase %
Bell			
Toronto	13.70	21.30	55
Kingston	9.85	16.15	64
Arnprior	7.10	16.15	127
BC Telephone			
Vancouver	14.90	21.25	43
Victoria	11.65	16.00	37
Prince George	9.85	16.00	62
Telus (formally AGT)			
Calgary	12.18	20.90	72
Lethbridge	11.27	20.90	85
Bolye	10.47	20.90	100
Manitoba Telephone System			
Winnipeg	13.70	17.30	26
NB Telephone			
Fredericton	12.85	20.00	56
Maritime Telegraph & Telephone			
Halifax	15.15	23.00	52
Island Telephone			
Charlottetown	13.60	20.20	49
Newfoundland Telephone	12.75	17.45	37
Total rate increase			62

Source: PIAC *Hotwire*, vol. 4, no. 2, August 1997,

targeted subsidy proposal would make local service available at a reduced rate to subscribers with low incomes. The

proposal received support not only from other consumer and public interest groups but from indigenous peoples, the large user organizations and the long distance competitors.⁵³ Although it would appear that the new long distance competitors and FNACQ et al make strange bed fellows the new competitors supported the subsidy program because they would be able to access the universal connection fund.

FNACQ et al proposed that a universal connectivity fund be established where subsidies would be provided to eligible low income customers. Low income would be based on Statistics Canada LICO (low income cut off) and subscribership would be based on a self-certification basis to avoid the humiliation of any means testing. Eligible subscribers would receive a flat local service rate and access to long distance services which would be capped at a rate of fifteen dollars a month. Similarly, installation charges would also be capped but at twenty five dollars a month. All telecommunication providers would contribute to the universal connection fund through a revenue surcharge on all telecommunication services. An independent administrative body would oversee the operation of the program (FNACQ/NAPO/One Voice, 1996). FNACQ et al also

⁵³ Support for the targeted subsidy proposal came from the Alberta Council on Aging, the British Columbia Old Age Pensioners' Organization and others referred to as the BCOAPO et al, the Consumers' Association of Canada (Manitoba and the Manitoba Society of Seniors Inc. (CAC/MSOS), the Canadian Cable Television Association, the Information Technology Association of Canada (ITAC), ACC Tel Enterprises, Sprint Canada and Unitel Communications (now AT&T Canada) referred to as the competitors, and the Manitoba Keewatiniwo Okimakanak (MKO) community.

included, as part of its evidence, a detailed report from D.A. Ford and Associates on the estimated cost to Canadians for the targeted subsidy plan (D.A. Ford, 1996). Other evidence included a survey of consumer perceptions about Canadian telephone service commissioned by a broader coalition among labour, public interest advocates and consumer groups.⁵⁴

This survey countered the surveys conducted for AGT and Stentor because respondents stated that they considered the telephone an essential service, that Canadians were very concerned about telephone affordability, and that low income subscribers should be subsidized (Ekos Research Associates, 1996).

It was expected that the Stentor member companies, AGT, Edmonton Telephone (now owned by Telus, the privatized AGT), Télébec (owned by BC Telephone) and the Ontario Telephone Association (independent telephone companies) would not directly support the targeted subsidy plan. But an unexpected set of events occurred at the public hearing when the national Consumers' Association of Canada (CAC) once again broke ranks with the other consumer and public interest groups. The CAC was of the view that FNACQ et al's proposal was cast too broadly and was not necessary at the time. According to the

⁵⁴ The Survey of Consumer Perceptions Surrounding Telephone Service was conducted for, and funded by, the Public Interest Advocacy Centre, Communications, Energy and Paperworkers Union of Canada, Telecommunications Workers Union, B.C. Public interest Advocacy Centre, the Consumer Association of Canada (national), and Fédération des Associatins des Consommateurs du Québec.

CAC, based on Canadian telephone penetration rates, local affordability was not a problem. The CAC suggested that one way to narrow subsidy eligibility would be to use welfare levels, which do require levels of means testing. NAPO countered CAC's welfare proposal by explaining that welfare schemes would pose a serious problem because most recipients only receive benefits for two years, only twenty five percent get jobs, and welfare programs do not address the low income status of the working poor. In addition many provinces do not include an explicit amount to pay for telephone service (Rideout, 1996:10 and Appendix Six). In fact NAPO, One Voice, and FNACQ felt betrayed by CAC. Although the CAC shared in the targeted subsidy submission and survey in its final submission to the CRTC, much to the surprise and amazement of the other consumer and public interest groups, the CAC publicly withdrew its support for a Canadian lifeline program.

The CRTC rejected the Stentor and AGT proposals and agreed that a targeted subsidy program would be the best way to address local residential telephone affordability should a serious affordability problem arise in Canada in the future. But instead of implementing a lifeline program the CRTC mandated the established telephone companies to set up the monitoring program. If an affordability problem developed in the future, the CRTC stated that it would develop a narrow based subsidy program, although no details have been provided as to what the criteria would be to trigger the subsidy or

what the CRTC would use as a targeted subsidy, bench-mark.

Once again the national Consumers' Association of Canada helped to thwart putting in place a lifeline program for low income Canadians. Other affordability mechanisms, supported by both the established telephone companies and all the consumer and public interest groups, were approved by the CRTC. Other obstacles for low income subscribers to access and remain on the telephone network were addressed by making allowances for a six month payment plan for installation charges, a three month plan for security deposits, and free bill management tools (Telecom Decision CRTC, 96-10, 1996: 19-24).

In addition to the other major telecommunication policy changes, the effects of policy liberalization on local basic residential subscribers redefines, narrows, and reduces telecommunications affordability and universality. Affordability is redefined as fair and reasonable but with the existing basic local rate increases and planned increases it is neither. In addition the elimination of the ostensible subsidy to local telephone service has adversely affected subscribers with low and fixed incomes. Moving local rates closer to cost has also meant that people living in rural or remote regions of Canada will experience major rate increases on top of the existing increases, and will advance inequality further to the creation of a society of telecommunication 'haves' and 'have nots'.

Neo-liberal telecommunication policy changes identify the

past objectives of affordability and universality as too broad. It is replaced with a narrower subsidization program that targets those who can show that they are poor. Unlike other countries, Canada has decided to take a wait and see approach before implementing a telephone targeted subsidy program for low income people. Such an approach begs the question: how many people will have to lose their telephone service before the federal government is willing to introduce some form of subsidization to those most adversely affected by its neo-liberal policy changes? Already 'phoneless' people have been forced to rely on the charity of groups such as the United Way and the benevolence of the private sector for those who can not afford a phone and whose only connection to Canadian society is through a very low cost voice mail service (*Toronto Star*, May 15, 1997:B6). But such localized solutions are inadequate in dealing with the growing inequality developing in the Canadian neo-liberal telecommunication environment.

Summary

This chapter shows that before further liberalization and competition policy changes could occur in Canada telecommunication regulation needed to be centralized with the federal government. Centralizing telecommunication regulation helped the next long distance competition hearing because the final CRTC decision applied to the telephone companies operating in each of the provinces except Manitoba and

Saskatchewan.

Despite many objections, submissions and evidence from the telecommunication unions, the public interest advocates, some consumer organizations, and the government of Saskatchewan, what tended to fractionalize these alternative hegemonic forces was the Consumers' Association of Canada (CAC). Instead of representing all consumers the CAC choose to represent only the middle and upper class telecommunication subscribers, those more able to pay for the unbundled local services and local rate increases. The CAC supported the neo-liberal position regarding the elimination of the local telephone subsidy and the issue of affordability. All the other consumer groups, public interest organizations, telecommunication unions as well as the alternative long distance competitors, the telecommunication users, and the national cable television association supported the targeted subsidy program for low income Canadians. It was the CAC, nonetheless, that pointed out to the CRTC that the proposed lifeline program was too broad and too generous. This does not mean that the CAC is so powerful that it could influence the CRTC. What it indicates instead is, to implement neo-liberal policy changes, the CRTC took advantage of divisions in the consumer and public interest groups.

What this neo-liberal policy shift did for Canadian telecommunication subscribers was pit urban customers against rural ones. By labeling subscribers as consumers, these policy

changes also pit those with more disposable income against people on fixed or with low incomes. Essentially the Canadian neo-liberal policy changes have helped to create an unequal environment of telecommunication 'haves' and 'have nots' where residential telephone consumers are already paying sixty two percent more for basic service, and over one hundred percent in smaller cities and towns.

Liberalizing the public long distance telephone market and the other previously mentioned these policy changes have shifted Canadian telecommunications from a monopoly to an oligopoly market. Nevertheless, the existing telecommunication provider, Stentor, is still dominant. What liberalization and competition has ushered in are two alternative telecommunication providers, Sprint Canada and AT&T, who continue to fight with the Stentor member companies, and with each other, to gain market share. In addition, structural changes have occurred to the organization that represents the established telecommunication industry, Stentor. This structural reorganization helped to make the organization more unified to deal with domestic as well as continental and international issues. Continentalization was also advanced as foreign share ownership and equity investment continued to increase as Unitel Communication sought a new partner, AT&T and is now called AT&T Canada. The reseller Call-Net has also benefited from investment and management by Sprint U.S. and has also undergone a name change and is now known as Sprint

Canada. Bell Canada has also begun to invest in an American telecommunication company, MCI.

The next chapter examines how and why the continentalization processes has been advanced through further Canadian telecommunication policy changes as well as federal state restructuring. These policy changes include the introduction of the *Telecommunication Act*, the Canada-U.S. Free Trade Agreement, and the North America Free Trade Agreement. Federal state restructuring resulted in the elimination of the Department of Communication after which telecommunication policy issues were dealt with by the Departments of Industry and Foreign Affairs. These policy changes were, however, resisted by domestic and continental coalitions in the telecommunication union movement in Canada, the United States, and Mexico.

8. THE CONTINENTALIZATION OF CANADIAN TELECOMMUNICATION POLICY: POLITICAL INTEGRATION INTO THE NORTH AMERICAN BLOC

Canadians still look to their governments to insulate them from international economic forces, despite the fact that Canadian governments, including the federal government, have been emphasizing the need to adapt and adjust to market forces. Privatization, deregulation, the Free Trade Agreement, the Mexican trade initiative and reinforced attempts to achieve expanded General Agreement on Tariffs and Trade arrangements are all cases in point. As a result, many [Canadians] feel betrayed and bereft, and are confused and angry. Part of this is due to their sense that traditional Canadian values are being usurped by anonymous market forces and that governments are doing nothing to deal with these. Canada, *Report to the People and Government of Canada, Citizens' Forum on Canada's Future*, 1991.

We believe that our success in the past and our viability in the future are rooted in our ability to organize and build alliances with other unions, community organizations, consumer and public interest groups, and, in some cases, even governments. Rod Hiebert, President of the Telecommunications Workers Union, *Building Alliances - The Key to the Future of the Labour Movement*, to the Postal, Telegraph & Telephone International XIV Inter-American Congress, 1996

To deal more effectively with common employers and similar anti-union strategies, union members in different countries must find ways to overcome the barriers of organizational bureaucracy, geography, nationalism, and language which separates them.... The new labor internationalism that's needed to meet the challenges of organizing and bargaining in the next century must be built from the bottom up as well as the top down. L. Cohen and S. Early of the CAW, *Defending Workers Rights in the Global Economy: the CAW Experience*, 1997

Chapter Seven showed that the second long distance telephone competition hearing and subsequent hearings on local competition and targeted subsidies were strongly opposed by labour, consumer and public interest groups. The federal government was able to take advantage, however, of the

Consumers' Association of Canada who broke ranks with the other opposing forces supporting instead the neo-liberal position on choice and consumption. The extension of the neo-liberal telecommunication policy regime also required a neo-conservative policy solution. Before the federal government could proceed with telecommunication continentalization it needed to centralize jurisdiction and regulation, power and control, with the federal government. The chapter demonstrated that telecommunication continentalization was also furthered by continental share ownership and equity investment activity as Bell Canada invested in MCI, U.S. Sprint in Call-Net (B.C.R.L.), and AT&T in Unitel.

This chapter concentrates on the federal government's role in advancing political continentalization through integrative telecommunication policies. The state introduced new telecommunication legislation that foregrounds increased reliance on market forces. It restructured federal structures giving more power to those departments concerned with industry and international trade issues. The chapter also shows that a specific sub-department was created within the Department of Foreign Affairs and International Trade to specifically help produce consent for continental free trade with the United States and Mexico. Through these endeavors the federal government attempted to silence resistance from those forces still opposed to the neo-liberal project and its continental expansion.

I. Federal State Restructuring and Reorganization

A. The Canadian Telecommunications Act, 1993

In 1992 the Department of Communications presented a third telecommunication bill, C-62, to Parliament. Communication subcommittees were set up by the House of Commons and the Senate to examine the bill. These subcommittees served as the final semblance of pluralist input and participation for groups representing different social interests. But many of these groups were only successful in influencing minor wording changes in the final Telecommunication Act.

Bill C-62 was supported by the Stentor member companies, the alternative long distance competitors, and the two major telecommunication user organizations; the Canadian Business Telecommunication Association (CBTA), and the Information Technology Associations of Canada (ITAC). ITAC supported the bill because it would consolidate and modernize the Railway Act. It also supported a more open domestic market which, in ITAC's view, would improve telecommunication equipment trade and increase the competitiveness of the telecommunication users (ITAC, 1993:3). Similarly the CBTA supported the Bill because it helped to restructure the telecommunication environment so that it would be more favourable to a competitive marketplace. The CBTA was also pleased that the federal cabinet (Governor in Council) and the Minister overseeing telecommunications were given the power to override

CRTC rulings (Canada, Bill C-62, Section 8:4). Concurrently, the CRTC would have more scope to design regulation to suit specific purposes and offer more regulatory flexibility (CBTA, *Issues*, 1-5).

Despite objections from two provincial governments, consumer organizations, public interest advocates, and two of the largest telecommunication unions, Bill C-62 received royal assent in June 1993. In October of the same year the *Telecommunications Act* was added to the array of Canadian federal communication legislation. The objectives of the new Act were written to reflect the economic changes that had occurred to Canadian telecommunication policy throughout the 1980s and 1990s. Section seven of the Act lists these objectives:

(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;

(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;

(c) to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications;

(d) to promote the ownership and control of the Canadian carriers by Canadians;

(e) to promote the use of Canadian transmission facilities for telecommunications within Canada and between Canada and points outside Canada;

(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that the regulation, when required, is efficient and effective;

(g) to stimulate research and development in Canada in the field of telecommunications and to encourage innovation in the provision of telecommunications services;

(h) to respond to the economic and social requirements of users of telecommunications services; and

(i) to contribute to the protection of the privacy of persons (Telecommunications Act, 1993, Chapter 38:1478).

These objectives reveal that the new *Telecommunications Act* was much more than an innocuous updating of the Railway Act or paying attention to telecommunication housekeeping, as indicated by the Minister of Communications (1993:2-3). Essentially the Act establishes an economic set of rights for the largest telecommunication users, namely the conglomerates and multinationals. Section 7 (f) in particular, which establishes reliance on market forces, is not so much a policy objective as a means to an end. Moreover, these economic rights are juxtapositioned with vague watered down social objectives in which the previous affordability objective is replaced with reliable, affordable, high quality accessibility. The universality objective, that is the concern that all Canadians will be guaranteed access to the telecommunication system, has been abrogated by a form of

regionalism. What this really means is that people living in different regions, or those who live in different urban or rural areas, could be offered different levels of service at different rates, rather than a universal and affordable common level of service. From a policy point of view Canadians would be going back again to the future reverting to a similar telecommunication market model that existed prior to 1905. The difference is that in 1905 regulation was introduced to curb unfair market practices, whereas now there is very little left in the way of regulation to protect residential subscribers. These contradictory objectives have already increased conflicts as the various policy players use the specific objective that best suits their position. A good example of this was Stentor's use of Section 7 (f), reliance on market forces, as the rationale for its budget service offering as a way to address the increasing affordability problems resulting from liberalizing policies in local basic telephone service. Whereas consumer and public interest groups (FNACQ et al) used Section 7 (b), the affordability objective, at the same public hearing on local measured service (see Chapter Seven).

The Communications and Electrical Workers of Canada (CWC) and the Telecommunications Workers of Canada (TWU) were strong opponents of Bill C-62 because it would allow the federal government to use its jurisdictional powers and the new legislation to implement the pro-competition and neo-regulation policy agenda (CWC, 1993; House of Commons, Issue

4). The negotiating effects of these policies would result in a major loss of telecommunication jobs. The governments of Saskatchewan and Quebec held opposing views because the bill would limit provincial input into any future national telecommunication policy (House of Commons, 1993, Issue 4:4-43-57).

What was surprising was the position taken by the International Brotherhood of Electrical Workers (IBEW). The IBW supported Bill C-62 because, in their view, the bill would enable the telecommunication industry to create a level regulated playing field and remove all intercontinental and interprovincial barriers. The union's position was so surprising to the Senate Subcommittee on Transportation and Communications that one of the senators commented that the organization sounded more like the pro-competition business lobby, the Chamber of Commerce (Senate of Canada, 1992, Issue No. 17, 17:58). Internal divisions like this one within the Canadian telecommunication union movement have been continuously exploited by the state. The general thrust of the federal government, whether it is involved in changing specific telecommunication policy, or in this case introducing neo-liberal and neo-regulatory legislation, is to take advantage of any divisions and fractionalization that appeared within the major consumer and union organizations who continued to resist these changes.

The national umbrella union organization, the Canadian

Labour Congress (CLC) countered the IBEW's position, as did the CWC and the TWU. The CLC, the CWC, and the TWU were all strongly opposed to Bill C-62 because it would eliminate or lessen the regulation of the telecommunication industry and because the bill helped, along with the North American Free Trade Agreement, to entrench legislation, policies and a trade agreement that would further the continentalization of telecommunications. The CLC was concerned that reliance on market forces and competition would result in the skyrocketing of local rates, that poor Canadians would drop off the telephone system, and that Canadian's living in rural and remote areas would find access to the telecommunications systems unaffordable (Senate of Canada, 1992, Issues No. 18: 18-62).

The CWC and the TWU also were concerned about the changes to the foreign ownership and investment rules in Section 16 (3) (Telecommunications Act, 1993, Chapter 38:1483). Although the Act continues to emphasize that Canadian ownership must be eighty percent, clauses (b) and (c) provide ways around this. The new legislation makes concessions to what constitutes Canadian control of a carrier where only eighty percent of the board of directors need be Canadian. Foreign ownership has also increased to thirty three and one third percent, either through a holding company, or through direct or indirect ownership of a corporation's issued voting and outstanding shares (Ibid:1483). In addition to this, the inventive and

creative way corporate lawyers and accountants set up these holding companies effectively allows these foreign companies to hold up to fifty three percent of a carrier (Interviews with: Doug McEwan, Industry Canada Telecommunication Policy, 1997; Bob Triff, Stentor, National Director of International Affairs, 1997). No one is quite sure how the Canadian increase of foreign ownership to forty six point seven percent (46.7%) was arrived at the World Trade Organization negotiations. It would appear on the face of it that the federal government negotiated something less than fifty percent. In addition the prospect of an electronic information highway where telecommunication carriers, broadcasters, cable television operators, and the computer industry are converging anything more than fifty percent foreign ownership would unravel the foreign ownership limits as specified in the Canadian Broadcasting Act.

These foreign ownership and management control changes have furthered telecommunication continentalization as demonstrated in Chapter Seven. Both unions were very concerned that these changes in ownership rules would result in enormous job losses in the telecommunication sector (Senate of Canada, 1992, Issue No.18:18-61-62). In its testimony to the House of Commons sub committee, the TWU provided evidence that job loss had already started to occur. At Telus (AGT) 1200 jobs (IBEW workers) were eliminated, 600 jobs were lost at BC Telephone, and 70 jobs were lost at the Canadian Association of

Communications and Allied Workers (House of Commons, Issue 4, 1993). The unions' concern about telecommunication job loss was well founded. Research conducted for the Department of Human Resources attempts to present a positive picture. Although there were employment losses in the telecommunication service sector there have also been job gains. The *Human Resources Study of the Canadian Telecommunications Industry* (1996) indicates that these job losses occurred to clerical, communication equipment installation and repair, managers, telephone operators and fabricating and assembly workers, between 1991 and 1995, amounting to the elimination of 13,000 jobs. The report states that these losses have been offset by significant growth, in the same time period, in sales and marketing, electrical and electronic engineers, and computer hardware and software specialists (Department of Human Resources, 1996:11; Interim Report, 1995:51-52). This so called job growth, however, only amounts to 2,800 jobs. The net loss amounts to approximately 10,000 workers. Recent figures compiled by the Department of Industry Canada paints a far bleaker picture. Over a six year period the traditional wired telecommunications carriers lost a total of 35,433 jobs (see Table 8.1). Jobs created as of 1995 by the alternative long distance carriers (2,800) and the resellers (220) have only amounted to 3,020. The net loss in the Canadian telecommunication service sector has amounted to 32,000 (Industry Canada, 1997:8).

Table 8.1

**Canadian Telecommunication Employment Figures
from 1990 to 1995**

Stentor Carriers	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
BC Tel	14997	15015	14524	13478	13797	13851
Bell Canada	56530	54632	52897	50982	51503	48333
Telus Corp (AGT)	10746	10201	9753	7739	7295	9539*
Sask Tel	4216	3981	3861	3699	3863	3845
MTS	4805	4739	4563	4408	4257	3956
NB Tel	2591	2432	2348	2283	NA	NA
MT&T	4300	4035	3899	3786	3703	3219
Island Tel	355	343	336	329	338	293
New Tel Ltd.	2141	2072	2037	1939	2128	2004
<u>Total Stentor</u>	<u>100681</u>	<u>97450</u>	<u>94218</u>	<u>88643</u>	<u>86884</u>	<u>84726</u>
<u>Total Independent Telephone Cos.</u>	<u>6617</u>	<u>6529</u>	<u>6542</u>	<u>6541</u>	<u>6476</u>	<u>4343</u>
Alternative Telecom Carriers						
AT&T Canada						1150#
Sprint Canada						1150
FONOROLA Inc.						500
<u>Total Alternative Carriers</u>						<u>2800</u>
Telecom Resellers						
ACC Tel Ltd.			62	126		220
Smart Talk			NA	NA		NA
Cam-Net Inc.			NA	NA		NA
<u>Total Alternative Long Distance Providers</u>	<u>0</u>	<u>0</u>	<u>62</u>	<u>126</u>	<u>0</u>	<u>3020</u>

Source: Employment figures compiled by Industry Canada, 1997.

* Includes Ed Tel; # Estimated number of employees based on market share of 9% which is equivalent to Sprint Canada.

The Public Interest Advocacy Centre (PIAC) and the Fédération National des Associations de Consommateurs du Québec (FNACQ), like the TWU and the CWC, were very concerned about Section 34 of Bill C-62. This section identifies another form of neo-regulation, forbearance. Essentially the forbearance section of the Act gives the CRTC the power to refrain from regulating a telecommunication service providing it considers the market competitive enough (Telecommunication Act, 1993, Section 34). In its regulatory review the CRTC cited Section 34 as justification to forbear from regulating the sale, lease, and maintenance of terminal equipment (Telecom Decision CRTC, 94-10, 1994). The Consumers Association of Canada lent its support to the bill and was not concerned about the forbearance clause. Forbearance would, in the CAC's view, give the CRTC the flexibility it needed to regulate, or deregulate, the telecommunications industry as necessary (Senate of Canada, 1992, Issue 17:17-25). PIAC, on the other hand, pointed out that forbearance would result in not enough attention being given to the role of regulation and that regulation was just as necessary in a competitive environment. PIAC explained that regulation serves many purposes other than just economic ones, such as the achievement of social goals - universal availability and affordability of basic service (House of Commons, 1993, Issue 7:7-9). Concern was also expressed by both PIAC and FNACQ that forbearance would give way to neo-regulation by the Director

of Competition and the Competition Act.

According to CRTC vice Chairman Colville, forbearance is the key element in the Act for the Commission (D. Colville, 1996). First of all forbearance is consistent with the overall neo-liberal approach taken by the CRTC to manage competition. If forbearance does not work, then according to Colville, the CRTC can step in at any time and reregulate. But as PIAC points out there is nothing specific or intrinsic in the Act about reregulation. The way the Act is written, public interest and consumer groups would have to rely on the magnanimity of the CRTC to reregulate.

Colville provides a useful neo-liberal map to explain how the Commission is now proceeding. First, the CRTC introduces competitive policies. Then the Commission must be flexible with the new entrants and keep a watchful eye on the dominant players. The next step involves de-tarrifing; this is the move to price cap regulation for telecommunication rates. The CRTC can then forebear, in part, or in whole. Once forbearance replaces regulation then the Director of Competition can oversee the competitive telecommunication marketplace (Interview with D. Colville, 1996). Regardless of how managed the transition to market regulation is handled by the CRTC, these neo-liberal policy moves still shift telecommunications services away from the public interest to market interests eroding the social and utility aspect of telecommunications.

B. The Competition Act and the Director of Investigation and Research

As indicated by the *Telecommunications Act* and CRTC commissioner Colville, neo-liberal regulation now requires more federal government structural management, not less. It includes the federal cabinet, the minister responsible for telecommunications, the Minister of Industry, the CRTC, the *Telecommunications Act*, the Director of Investigation and Research (the Director), and the *Competition Act*. Previous analysis of CRTC telecommunication decision in Chapters Five, Six, and Seven shows that the Director played a pivotal role on behalf of the federal state advocating a neo-liberal telecommunication policy environment and a pro-competitive telecom market place.

The Director's mandate comes from the *Competition Act* of 1986. The Act, as part of other larger federal initiatives such as the Macdonald Commission and the Canada - U.S Free Trade Agreement, was a major overhaul of the former *Combines Investigation Act*. According to the Director, competition is essential for an effective market economy. As such, the Act encourages competition through businesses that are productive, enterprising, and efficient. For consumers, the Act is supposed to provide competitive prices and more product choice (Director, 1993:1-2). The Director enforces the Act through the Bureau of Competition Policy. Until 1993 the Director and the Bureau were part of the Department of Consumer and

Corporate Affairs. This changed when Consumer and Corporate Affairs was folded into the Department of Industry, part of the massive federal government reorganization project to downsize the civil service. Within Industry Canada the Director sits as part of the management team holding a position equivalent to a Minister who takes part in policy discussions with the federal cabinet (Interview with Dr. Gerald Robertson, Coordinator - Regulatory Economics, Economics and International Affairs Branch, Competition Bureau, February 1997).

As previously indicated, the Director has shown a marked interest in the telecommunication policy issues (Director of Investigation and Research, *Annual Report*, 1995). The Director armed with the Competition Act, and the CRTC have been the most significant federal state agents that have helped to redefine telecommunication subscribers as users and consumers. Of particular importance is the attention the Director pays to the choice consumers now have in long distance telephone service and less regulation (Director of Investigation and Research, 1996:6). Whereas the CRTC tends to redefine subscribers as users and that all policy outcomes 'in the public interest' are favourable. When telephone subscribers are redefined as consumers/customers it helps, as Mosco writes, the:

commodification process at work in the society as a whole perpetuate communication processes and institutions, so that improvements and contradictions in

the social commodification process influence
communications as a social practice (1996:142)

This research indicates that the social practices of the large telecommunication users has shifted telecommunication policy to emphasize commodification. This has had a devastating impact on all other residential user/consumer. Within residential subscriber categories the focus on consumptive capabilities stratifies telecommunication consumers into large business consumers, upper and middle class consumers, and lower class or fixed income consumers, the position supported by the national Consumer Association of Canada. Lower income subscribers then are not significant in a telecommunication environment that is guided by the crassness of the market. Telecommunication commodification with its emphasis on commercialism encourages an individual consumption philosophy, and is more conducive to continentalization in general. Recent research conducted by Henry Mintzberg warns governments of the dangers of viewing its members of society using only market and economic criteria (customers and consumers). It ignores that fact that people are citizens with rights, and that they are also subjects to which the government has obligations (Mintzberg, 1996:76-78).

Because the Competition Bureau and the Director have been involved in moving telecommunication towards the neo-liberal competitive policy model it has also helped to further unleash political forces advocating that the CRTC is no longer necessary. This is the position that Bell Canada now takes,

recalling that after it lost the long distance telephone public hearing it whole-heartedly embraced competition. The Competition Bureau accommodated this position by holding a 'Telecom Antitrust Symposium' in the fall of 1995. The objective of the conference was to discuss the progress of regulatory reform and reflect reliance on the *Competition Act* rather than sector-specific regulation, by the CRTC. The conference brought together neo-liberal and pro-competition policy experts from Canada and the United States, provincial and federal bureaucrats, as well as representatives from the telecommunication industry.⁵⁵

The alternative long distance carriers, the CRTC, PIAC, FNACQ, CWC and TWU do not share this view. Certainly such a move would only benefit the dominant telecommunication companies of the Stentor group. For the unions, the consumer organizations, and public interest groups, such a move would end any pretence of pluralism. If the Competition Bureau were to replace the CRTC, telecommunication abuses would only be investigated using economic criteria, examining market dominance and anti-competitive behaviour. Complaints would be handled by one of the Bureau branches which investigates and

⁵⁵ Conference participants included Robert Crandall of the Brookings Institute; Lawson Hunter of Stikeman, Elliot; Tim Brenman of the University of Maryland; Marcel Boyer of the University of Montreal; Ian Angus of Angus TeleManagement; William Stanbury of the University of British Columbia; Greg Sidal of the American Enterprise Institute; Hudson Janisch of the University of Toronto; Bohdan Romoniuk from Alberta Government Telephone; and members of the telecommunication industry (Competition Bureau, *CompAct*, Issue 2, April-June, 1996).

determines if complaints are relevant. If complaints are relevant then they would go to the Competition Tribunal. This form of regulatory under-site would have the Director, the Competition Bureau, and the Tribunal acting as investigator, judge, and jury. First, moving to this form of market regulation would eliminate public participation in the telecommunication policy process, leaving residential subscribers with little, if any, recourse. Second, such a move would foreground the Competition Bureau and the Competition Act over the CRTC.

An example of how competition issues would be treated by the Director and the Bureau of Competition are already evident in how it dealt with the Hollinger takeover of Southam Press. In 1996 Hollinger Inc. purchased the Southam Press Inc. newspaper chain. This takeover resulted in Hollinger controlling over half of the daily newspapers in Canada, and over forty percent of the daily circulation (Mosco, 1997:163-4). The Director of the Competition Bureau approved the deal using economic criteria for its assessment. As a result of the Director's ruling the case did not even go on to be heard at the Competition Tribunal. Using only economic criteria to assess the effects of this merger, social and cultural impacts dealing with content issues were totally ignored.

C. Federal Government Reorganization and the Elimination of the Department of Communication

Neo-liberal and neo-conservative policies approaches both require that the size of the state be reduced as well as the

role that the state plays in the economy. One of the large telecommunication user organizations, ITAC made a strong recommendation in the early 1990s that the government of Canada act on its recommendation to:

move swiftly to streamline federal government operations by reducing the number of government departments by one half (ITAC, 1993:3).

ITAC and other telecommunication user organizations were part of the litany of pro-business lobby organizations such as the Business Council on National Issues, the Canadian Chamber of Commerce, the C.D. Howe Institute, and the Fraser Institute, among many others, who advocated that the federal government needed to be down-sized. By the mid 1990s the Canadian government department, the Treasury Board Secretariat, provided a structural reorganization of the state in its *Federal Regulatory Plan 1994* (1993). Under the plan the Department of Communications was eliminated. A new department was created called Canadian Heritage which included components of the former DOC covering the Broadcasting Act, the Department of Communications Act, the CRTC Act as well as other Acts that dealt with culture and the cultural industries (Treasury Board, 1993:25). Telecommunication, on the other hand, was 'taken over' by the enlarged department, Industry Canada.⁵⁶ Industry Canada is now responsible for a broad

⁵⁶ Although Treasury Board explains that the new department, Industry Canada was a merger of the former Industry, Science and Technology; Consumer and Corporate Affairs; and the telecommunication policy and programs of the Department of Communications, former DOC employees

range of acts that include: the Board of Trade Act; the Canada Business Corporations Act; the Canada Corporations Act; the Competition Act; the Competition Tribunal Act; and the Telecommunications Act, among others (Treasury Board, 1993:147). The mandate and the guiding principles of Industry Canada that affect telecommunication policy is now based on the "fair and efficient operation of the Canadian market place" (Ibid, 1993:146). Another important objective that applies to telecommunications is that the telecommunication industries are provided with the legislative and regulatory infrastructure to compete in the global market place.

II. Continentalizing Canadian Telecommunication Policy – Trade Agreements

D. Free Trade Support and Resistance

In response to the Canadian economic recession of the early 1980s, opposition to the perceived interventionist federal liberal policies into the economy and growing concern about United States protectionism, business lobbies led the way as political supporters for continental free trade. Political activists and supporters of free trade between Canada and the United States included the Business Council on National Issues (BCNI)(see Chapter Five), the Canadian Chamber of Commerce, the Canadian Federation of Independent Business

referred to the reorganization as a takeover.

and the Canadian Manufacturers Association.⁵⁷ The BCNI and the Chamber of Commerce in particular, with their counterparts in the United States, the American Business Round Table and the U.S. Chamber of Commerce, lobbied their governments for a bilateral trade agreement and the establishment of a North America trading bloc as a way to gain more leverage against the Asian and European blocs. The proposed trade agreement would remove continental barriers to investment and intellectual property, and add for the first time the liberalization of trade in services. These political pro-free trade agents and others such as the American Coalition for Trade Expansion, the C.D. Howe Institute, the Fraser Institute, the Economic Council of Canada and a spin off lobby of the BCNI, the Canadian Alliance for Trade and Job Opportunities⁵⁸ engaged throughout the 1980s and 1990s in advocating the benefits that would accrue to Canadians once a free trade agreement was reached with the United States. Free trade was also supported by the national Consumers' Association of Canada (CAC). A former employee of the CAC, David McKendry, stated that the organization supported

⁵⁷ Initially not all members of the Canadian Manufacturers Association supported free trade with the United States. Some, such as the beer industry and food manufacturers, among others, supported national policies to protect their markets. As free trade with the United States became a reality and their concerns were met the CMA endorsed the trade liberalization initiative.

⁵⁸ Members of the Canadian Alliance for Trade and Job Opportunities included the BCNI, the Canadian Federation of Independent Business, the Canadian Manufacturers Association, the Chamber of Commerce and the national Consumers Association of Canada (Doern and Tomlin, 1991:216).

unrestricted imports and free trade so that consumers could have access to products at cheaper prices (Interview, D. McKendry, June, 1997). This continentalist position, based solely on individualism and consumption, ignores the negative aspects that continental free trade would have on social policies as well as the loss of many jobs.

Most Canadians, however, were not supporters of the free trade initiative. Anti-free trade forces (see Chapter Five, *The Other Macdonald Report*) mobilized in 1985 forming two organizations the Council of Canadians and the Pro Canada Network renamed, the Action Canada Network. The Action Canada Network (see Appendix XXI for a list of members), is a broad coalition that includes experts, academics, women's organizations, religious organizations, labour, seniors, students, public interest groups, professionals and native peoples organizations from all parts of the country. Both organizations informed Canada's citizens that free trade would result in a loss of Canadian sovereignty and that social policies that dealt with health, education, welfare, unemployment, job training, regional policies and the environment would be challenged. Concerns about severe job losses and the loss of democracy were also raised in various publications by the Centre for Policy Alternatives and the Council of Canadians.

The Council of Canadians was involved in educational awareness and coalition building of local grass roots

organizations promoting citizen involvement to counter private forces and the neo-liberal remodelling of Canada national policy as well as its social system.⁵⁹ In the Council's view, free trade would deepen class disparities (Council of Canadians, 1994:3; Interview with Dave Robinson, Director of Research, 1995). Both organizations were successful in terms of informing the Canadian population that the major beneficiary of free trade would be big business. In the 1988 free trade election, despite the millions of dollars spent by big business, approximately fifty eight percent of the electorate voted against the incumbent conservative government who supported free trade. With only forty two percent of the popular vote and the Canadian federal parliamentary system of first past the post the conservatives were voted back in office. Their platform of trade liberalization was initiated soon after by two successive trade agreements, the *Canada - U.S. Free Trade Agreement* (CUSFTA) (1988) and the *North American Free Trade Agreement* (NAFTA) (1992). Both initiatives extended continental liberalization of investment and trade in services as well as goods.

E. The Federal Department of International Trade

Throughout this period the Department of External Affairs, now the Department of Foreign Affairs and

⁵⁹ At the time of the free trade election there were 13,000 Council of Canadian members. Concern for the neo-liberal policy shift has grown throughout the 1990s and is reflected in Council membership which as of 1997 is approximately 100,000 members (Interview with D. Robinson, 1997).

International Trade, was the instrumental state agent and organizing vehicle to create hegemonic consent for CUSFTA, NAFTA and the World Trade Organization. As early as 1986, two years before the free trade election, the Minister of External Affairs (now Foreign Affairs and International Trade) announced that an International Trade Advisory Committee would be headed up by Walter Light, then CEO of Northern Telecom; Wendy Dobson, the deputy Minister of Finance and former head of the C.D. Howe Institute; and Richard Lipsey, an academic economist who also played a key role in the pro-free trade lobby (Doern and Tomlin, 1991:110). Initially set up as a neo-corporatist committee that would operate based on consensus it was to:

[e]nsure that we pursue domestic policy initiatives that are complementary rather than antagonistic to trade policy objectives. Canadians - governments, business, labour and the academic community - need to cooperate and work toward a common agenda in order to forge the new relationships required to meet the competitive challenges of the global economy.... The challenge is to face future negotiations with a greater degree of preparedness... from the GATT, FTA, and NAFTA negotiations... (ITAC Task Force on Trade Policy).

The International Trade Advisory Committee set up sixteen Sectoral Advisory Groups on International Trade (SAGITs) to complement the work of the Committee. These groups were very important in providing sectoral view points on all matters in the CUSFTA and NAFTA negotiations. Sectoral groups included agriculture, fishing, mining, energy, chemicals, forest products, automobiles and aerospace, general and financial services, information industries as well as a SAGIT on

Information Technologies and Telecommunications (see Appendix XXII for a complete list of trade committees and sectoral advisory groups). Jim Kerr, the International Trade SAGIT director for Information Technologies and Telecommunications explained that most of the representatives were, however, from the private sector (Interview with J. Kerr, 1997; ITAC and SAGITs Background; Department of External Affairs, Communiqué, 1986). A closer examination of Appendix XXIII of current and past members reveals that these representatives are also chief executive officers, presidents and vice presidents of private corporations, with only token communication labour members. Members were selected by the federal government Department of International Trade. Once selected, members sit on the SAGIT for a two year term and may be renewed for successive terms. Kerr explained that the Information Technologies and Telecommunications SAGIT was a high level advisory committee that interacted directly with the Minister. It engaged in a two way flow of information between the federal government. It allowed the private sector to be privy to the free trade negotiations as well as provide input. Membership also required the signing of a security declaration to make sure that information exchanges remained confidential and classified. The exclusionary and secretive aspects of the advisory committee were obviously designed to prevent public input or accountability to the rest of the Canadian population. Rod Hiebert of the TWU explained that the

Information Technologies and Telecommunications SAGIT, of which he was a member, was preoccupied with how to get other countries to open up their markets for business to sell technology and technical expertise. Whereas concern about labour issues and jobs were continuously ignored. Hiebert explained that Canada's promotion of free trade in services would lead to more job loss in the telecommunication sector (Interview with Rod Hiebert, February, 1996; Comments by TWU President R. Hiebert at the Toronto SAGIT, May 1996). Needless to say the current SAGIT meetings are now preoccupied with the fallout of these neo-liberal trade policies and their effect on the work force, employment, education and training (J. Kerr, June 1997).

F. Free Trade Agreements and Telecommunication Policy

Both the *Canada U.S. Free Trade Agreement* and the *North American Free Trade Agreement* fulfil part of the wider neo-liberal agenda. Both trade agreements also advance the neo-liberal hegemonic project, contributing to the policy paradigm shift. Ostensibly, these policy changes in telecommunications created competitive markets. As this chapter and previous chapters revealed, as a capitalist state, the Canadian federal government was very active in creating a market economy in this sector allowing new telecommunication entrants into the market and relaxing, or only requiring, light regulation over the telecommunication service sector. At a broad policy level the federal government also redefined social relations as

market relations emphasizing their benefits for users and consumers.

The major objectives of both CUSFTA and NAFTA included reducing tariff and non-tariff barriers, strengthening corporate rights, relaxing restrictions on corporations and multinationals regarding continental activity in mergers, takeovers, investment and capital mobility. Viewed from this vantage point the move towards freer trade "represents both continuity and change" (Breton and Jenson, 1991:206). Certainly both trade agreements are a continuation of the institutionalization of post-war strategies to deepen and extend 'market forces'. In addition both trade agreements are a continuation of the past based on previous and on going struggles. Concurrently, CUSFTA and NAFTA mark a break for Canada, a move away from the notion that the federal government should promote a national development strategy. As Breton and Jenson write "[i]t marked Canada's allegiance to neoliberalism and enthusiasm for 'market-forces' as well as its integration into a North American bloc (1991:206)". While the CUSFTA and NAFTA are a continuation of past social practices, it is also new because it now locates Canada within a continental institutional framework. This institutional framework also locates the Canadian, American, and Mexican experience within a global context, as well as a continental one. It has resulted in additional policy layers that must be taken into consideration, layers that can supersede national

policies. Specific elements such as Canadian telecommunication policy changes, are the result of changes brought about by the social relations of domestic and foreign multinationals as they interact with the federal government in order to respond to a new reality of worldwide adjustments. Part of this adjustment is the substitution of national blocs with a continental bloc like the one in North America and its accompanying political continental policy arrangements.

The *Canada U.S. Free Trade Agreement* is another aspect of these continental policy arrangements (Canada, 1988). Article 102 of the CUSFTA puts forward the objectives and scope of the first broad continental agreement. Essentially these objectives strengthen economic rights for multinational businesses that includes: eliminating barriers to trade in goods and, for the first time, in services as well; facilitating fair competition; liberalization within the trade area; the establishment of efficient joint administrative procedures; and, lays the foundation for future bilateral and multilateral arrangements (Ibid:9). Articles 103 and 104 extend these obligations, in Canada's case, to national, provincial and local governments by giving CUSFTA precedence over these other levels of government. Another important aspect, Articles 105, 501 and 502 entrenches national treatment with respect to investments and trade in goods and services (Ibid:10, 197). For telecommunications this means that all telecommunications service providers, whether wired

or wireless carriers, domestic or foreign resellers, are to be treated equally. That is, national treatment must be offered to telecommunication businesses even if their link is only electronic.

The ground-breaking aspect of the CUSFTA is the introduction of trade in services. Trade in services is considered by capital the new frontier of international commercial policy. Chapter Fourteen of CUSFTA establishes the rules of trade in services. As the chapter points out, services are increasingly mingled with production, sales, and distribution, as well as the service of goods. Moreover reliance on advanced communications systems is required to facilitate trade in services. Consequently, Chapter Fourteen removes the barriers in both countries to trade in services. This chapter was developed simultaneously with the General Agreement on Tariffs and Trade which recently introduced the General Agreement on Trade and Services (1994) (Interview with B. Tritt, Stentor, formally the Chief Communication negotiator for the Department of Communications on CUSFTA, June 1997).

Chapter Fourteen section C deals with telecommunication networks and enhanced services. The objectives of the telecommunication Annex is to maintain and support open and competitive markets. Article 3 establishes just how these markets are to operate in terms of:

- a) access to, and use of, basic telecommunications transport services, including but not limited to, the lease of local and long distance telephone service, full-period, flat rate private line services, dedicated

local and intercity voice channels, public data network services, and dedicated local and intercity digital and analog data services for the movement of information, including intra corporate communications;

b) the resale and shared use of such basic telecommunications transport services;

c) the purchase and lease of customer premise equipment or terminal equipment and the attachment of such equipment to basic telecommunications transport networks;

d) regulatory definitions of, or classifications as between basic telecommunications transport services and enhanced services or computer services;

e) subject to Chapter Six (Technical Standards) standards, certification, testing or approval procedures; and

f) the movement of information across borders and access to the data base or related information stored, processed, or otherwise held within the territory of a Party (Canada, 1988:211-2)

Sections 2 and 3 of article 3 explain what is meant by a commercial presence and investment. Article 4 ensures that these commercial agents have access within and across borders for enhanced services. Whereas article 5 ensures that basic telecommunication transport facilities can continue even if it is a monopoly, but strict rules are laid out regarding how the monopoly must act. First of all it must act like a competitive enterprise. It cannot engage in any anti-competitive behaviour including predatory activity, involved in cross-subsidization, or deny access to its basic telecommunications networks or services (Ibid:1988:211-2).

The CUSFTA has put more pressure on Canadian telecommunication domestic policy to create a competitive

telecommunication market. Previous analysis of telecommunication policies and legislation, such as business services, competition in long distance and local basic telephone services, as well as the Telecommunications Act together help to create a domestic market. What the 1988 Free Trade Agreement does is add another policy layer that takes precedence over Canadian domestic policies to ensure that the conglomerates and multinationals operating in the North American bloc have unrestricted access to basic telecommunication networks and telecom business services. Their objective was to ensure that there would be no impediment to the free flow of information, regardless of whether it is voice or data, between the United States and Canada.

Although Article 2010 states that "nothing in this Agreement shall prevent a Party from maintaining or designating a monopoly" the agreement has influenced the Canadian federal and provincial governments to rethink their position concerning crown corporations or public monopolies (Canada, 1988:299-300). Responses from both levels of government included the privatization of the federal crown corporations, Teleglobe and Telesat. The provincial governments of Alberta and Manitoba privatized their crown corporations, Alberta Government Telephone (now Telus) and Manitoba Telephone System respectively. What Article 1605 does is prevent either government from ever establishing a public

monopoly again, once privatization has taken place unless there is "payment of prompt, adequate and effective compensation at fair market value (Canada, 1988:236)". These severe measures have certainly placed federal and provincial Canadian governments on an integrative policy path of telecommunication continentalization with the United States.

The North American Free Trade Agreement (NAFTA) broadens telecommunication continentalization further to include investments, intellectual property licensing, standards, and what the document calls transparency of rules and regulations. As the CUFTA before it, NAFTA identifies and recognizes the centrality of telecommunications services in the contemporary global economy. What has become critical to corporate needs is unhampered access to public telecom networks to transfer voice and electronic data across the borders in North America. Consequently the NAFTA devotes Chapter Thirteen to establish rules for cross-border telecommunication service and investment. As such, the provisions in this chapter expand the telecommunication commitments in the CUSFTA. Article 1302 establishes the protocol that allows business enterprises to have access to, and the use of, any telecommunication network or service, within a country or across the borders of Canada, Mexico, and the United States to conduct business (Canada, 1992:13-4, 230). Article 1302 section 2 (a) through (c) identifies the rights that business enterprises now have including: the purchase, lease, and attachment of their

terminal equipment or other equipment with the public telecom networks in each country; that their private leased or owned circuits can be interconnected with the public telecommunication networks within each country or across borders; and that corporations and multinationals may also perform their own switching, signalling, and processing functions. In essence the most important aspect of Chapter Thirteen that affects telecommunication policy is the right it gives to companies to access public networks to move information freely across North American borders through their own privately secured data bases. Moreover, the NAFTA also ensures these conglomerates and multinationals that the rate they pay to access these public telecommunication service networks will be based on economic costs, that is, the costs directly related to providing a telecommunication service such as basic local service (Canada, 1992: 13-1, 227). Where the CUSFTA was ambiguous about the economic costing method to be used to access public networks, the NAFTA establishes a method similarly to the one used in the United States of cost base pricing. What cost based pricing claims to do is eliminate all subsidies from long distance telephone service to basic local service and from residential urban basic telecommunication service to rural. Essentially this economic costing provision of Chapter Thirteen permits the institutionalization of reverse cross-subsidization to the large telecommunication users, whether they are multinational corporations, or

government users, at the expense of all the citizens in all three countries.

Another important aspect of the NAFTA is the investment chapter. Chapter Eleven on investment builds on the Canada U.S. Free Trade Agreement by imposing more extensive obligations and by creating a process for the binding settlement of investment disputes between NAFTA investors and the participating NAFTA governments. Fundamentally, the NAFTA investment chapter establishes common rules for the treatment of investment from investors of other NAFTA countries; it liberalizes existing investment restrictions; and it provides a mechanism to resolve investment disputes between investors and other NAFTA governments (Canada, 1992, 11-1, Article 1101). NAFTA does not end government requirements that a certain percentage of corporate directors be nationals. What it does provide are limits on government regulations and that the senior management of any state enterprises can be Canadian, Mexican, or American. It would appear that liberalizing investment regulation would allow telecommunication companies from Canada, Mexico and the United States to invest more freely in each others countries. But an interview with Bell Canada's vice-president of Law and Regulatory Matters, Bernard Courtois revealed that policy and legislative changes that include the long distance telecommunication competition decision (CRTC Telecom Decision 92-12), the Telecommunications Act, CUSFTA, NAFTA, and now the

World Trade Organization liberalization regarding telecommunication investment of 46.7 percent makes Canada a very open market to invest in. By contrast, although telecommunication investment in the United States appears to be open, a company has to get permission first from the Federal Communication Commission, then permission from each state. Not only is the process very costly it also takes a number of years (Interview with B. Courtois, June 1997). As previously noted in Chapter Seven American telecommunication companies have dramatically increased investment since liberalization. What Bell Canada and the Stentor member companies object to are policy, trade and legislative changes that treat foreign competitors favourably, without regulatory restrictions. In Stentor's view, its members are still hampered by regulatory constraints and favourable investment opportunities in the United States (Interview with Bob Tritt, National Director of International Affairs, Stentor, 1997).

Because NAFTA was negotiated by the chief executive officers of major multinational corporations from Canada, the United States and Mexico, as well as the government representatives of the respective countries (Japan Economic Institute, 1992 No. 39A) it has been touted as "a vehicle to do business more efficiently" (Shefrin, 1993:14). It has prompted critics such as Chomsky to call the NAFTA "an executive agreement" that was secretly negotiated and that the governments of each country refused to make drafts of the

agreements available for public comment (1993:414). Essentially this format of neo-liberal policy change silences opposition and resistance by excluding the oppositional forces. The NAFTA and the CUSFTA, as well as the World Trade Organization creates new continental and international government institutions that add additional telecommunication policy and regulatory layers. As discussed previously throughout this chapter, all the practices of these institutions are undemocratic and exclusionary: shifting decision making and regulation of the telecommunication policy to an elite group of business and government agents. Whereas the people most affected by these agreements citizens such as telecommunication workers, consumers, and public interest groups are not even allowed to intrude in this narrowed 'public arena'.

G. Labour's Response to Telecommunication Continentalization

The Canadian telecommunication unions responded to neo-liberal policy continentalization by reviving the Canadian Federation of Communication Workers. At a national Canadian conference of communication unions in 1992, an informal alliance was forged among the major telecommunication unions (see appendix XXIV for a list of members). 'The Alliance' as it is called, was established as a response to the Stentor reorganization and the devastating effect that would occur to telecommunication union jobs resulting from the liberalization of foreign investment rules. In the Alliance's statement of

unity, a common program was established to coordinate information from the various telecom industries, present a common union position to the Stentor member companies, and establish a common position for contract negotiations (Interview with S. Shniad of the TWU, 1996 and A. Simpson, ACTU, 1996). Rather than being a separate formalized structure, the Alliance is a political agent, one that has been active in fighting against the North American Free Trade Agreement. Other unions such as the TWU have forged wider alliances and coalitions with labour and other social organizations, domestically, continentally, and internationally.

Continental alliances have also been formed by the largest telecommunication unions in Canada, Mexico, and the United States (see Appendix XXV). In December of 1991 union presidents Fred Pomeroy, of the Communications, Energy Paperworkers Union of Canada (CEP); Francisco Hernandez Juarez, of Sindicato de Telefonistas de la Republica Mexicana (STRM); and Morton Bahr, of the Communications Workers of America (CWA) of the United States signed the first permanent continental labour coalition. Their agreement focuses on strengthening the ability of each union to bargain, support joint mobilizations if there is a strike, and defend unions' and workers rights in alliance with the international trade secretariats and other social movements in each country. This alliance is all the more extraordinary because the three

unions did not agree on the NAFTA. The CWA and the CEP along with the Canadian Alliance members strongly resisted the free trade agreements because it would contribute to the loss of unionized telecommunication jobs. The Mexican union leadership, on the other hand, supported the NAFTA. STRM leadership, like the Mexican government and private sector, supported the NAFTA because all three agents believed that the investment chapter of NAFTA would permit foreign investors to inject money to modernize Mexican telecommunications. STRM saw this as a way of creating more union jobs. This is why STRM also supported the government's sale of TELMEX, the publicly owned and operated telephone company, as well as technological up-grades, making the company more marketable (K. Moody and M. McGinn, 1992:69). Since the signing of NAFTA there has been job growth in the Mexican telecommunication industry but not at TELMEX. Some growth has occurred in non-unionised areas of wireless communications and telecommunication services. Major job losses of 27,000 TELMEX employees have occurred but have been explained away by TELMEX as technological upgrading and re-engineering⁶⁰ (STRM, TIE-North America, 1994:8). Moreover these changes have produced an opposition movement within

⁶⁰ Re-engineering is a term that is used in the telecommunication companies in each country in which the corporation uses technology to radically restructure the workplace - including working conditions, type of work, hours, locations and the number of workers needed. A key component of re-engineering is getting the workers to accept these changes. What it really does is eliminate approximately half of the workforce through mechanization by shifting programs and service functions to the consumers (CWA, TIE-North America, 1994:2).

STRM. In 1991 about 50 activists from the democratic movement within STRM formed a smaller union in Baja, California. This break-away STRM union is now a member of the international union organization, the Postal Telegraph and Telephone International (PTTI). Appendix XXV lists the North American and Caribbean affiliates. PTTI activities include extensive published research on conditions of employment and job related problems of telecommunication industries as well as an emphasis on telecommunication multinational activity. At the joint national, continental, and internationally sponsored union conference, the Transnationals Information Exchange (TIE), participating unions such as the CWA, the CEP, TWU, STRM and Baja California and Sonora Telephone Workers Union, and others, shared information concerning the result of the implementation of NAFTA. Recent developments include the rapid introduction of new technology and major industrial restructuring and its impact on workers in all three countries. What the TIE conference found is that there are similarities in plants closing, industry downsizing, the slashing of wages and benefits, and that work continues to be deskilled. Conference participants agreed to open new channels of communication, widen the focus of trade union activity beyond domestic concerns, and develop strategies that will challenge the power of the multinational telecommunication corporations (TIE-North America, 1994:1).

Summary

This chapter has argued that the continentalization of telecommunication policy and practice was a collaborative product of conglomerates, multinationals and the Canadian federal government. Within the federal government, specific departments, including Industry Canada, Foreign Affairs and International Trade, the Director of Competition, and the CRTC all played an important role in producing consent to facilitate neo-liberal telecommunication policy changes, legislation, neo-regulation, and trade initiatives which together have helped the political continentalization project. By reorganizing telecommunications into Industry Canada and the implementation of two continental trade agreements the federal government now has structural mechanisms in place to silence the neo-liberal opposing voices. The organizations that were deliberately excluded are the unions, consumer, and public interest groups, that is the general public. While the consumer and public interest groups are aware of these policy changes and challenges, and have the domestic competency to engage the major issues, they have not yet been able to engage in these issues on a continental level with their counterparts in the United States or Mexico. Labour has gone a bit further in terms of forging continental coalitions and alliances, however they are just beginning to react to the neo-liberal hegemonic project rather than develop progressive alternatives and political and economic strategies. As the TWU quote at the

beginning of this chapter points out, solutions will only surface if cross sectoral alliances are made not only with the unions, but with community organizations, consumer and public interest groups, across borders, with a common goal of effective progressive social change.

9. THE CONTINENTALIZATION OF CANADIAN TELECOMMUNICATION POLICY

This thesis provides a comprehensive examination of the major Canadian telecommunication policy changes that have occurred over the last twenty years. It examines the primary capital and state agents who were instrumental in initiating the policy shift to a neo-liberal telecommunication regime, and sustained by a neo-conservative policy approach to centralize telecommunication power with the federal government. The thesis foregrounds the tensions in the regime by concentrating on its domestic and continental instability. From the beginning the regime has been faced with strong opposition at many levels, but its strongest resistance has come from labour, consumer and public interest organizations. These opposing forces have been strengthened through class and social alliances and coalitions. But because these alliances contained significant disagreements, they were not successful in presenting a united front regarding long distance and local telephone competition, a lifeline program for Canada, and free trade. The federal government was able to exploit the divisions within these opposing forces.

Although this neo-liberal regime is a continuation of past liberal practices it also advances new practices. Many of the policy changes continue with the post war strategy to extend market forces by deepening and extending capitalism continentally and internationally. It did this by retreating from modern liberal policies, returning to a previous form of

liberalism, one with fewer controls, without tariff restrictions, and little or no regulation of capital activity. The regime has been aided by state and multinational capital, forming a North American continental bloc. The primary purpose of the continental bloc is to advance capital accumulation for the continental and international markets. As such the continental bloc is less concerned with the national economy, focusing more on the continental and global economy. This continental neo-liberal project was also advanced by the Canadian federal government and capital lobby organizations as they worked to change the existing ideas and practices of the national bloc.

The new, hence 'neo', aspect of this liberalism is evident in that it adds another policy layer, a continental layer - through bilateral and trilateral free trade agreements, to the existing national and provincial ones. What is significant about these continental agreements is that the policies they generate supersede any national, provincial or local policies, making these agreements very powerful. The continental trade agreements, the Canada-U.S. Free Trade Agreement (CUSFTA) and the North American Free Trade Agreement (NAFTA), provide the substance for part of this policy layering. Another new part of this layering is trade in services. The second agreement, NAFTA, removes more barriers to capital investment and introduces new rules and regulations for intellectual property rights. Recognizing the increased

importance of telecommunication services to economic continental development, NAFTA devotes an entire chapter to establishing new policy governing this sector. Both trade agreements locate Canada further within a continental and international policy framework.

New legislation such as the *Telecommunications Act* contributes to this continental policy layering in that it works in conjunction with the trade agreements. This domestic telecommunication legislation furthers continentalization processes and practices by foregrounding economic rights and emphasizing that Canada must rely on market forces. It also paves the way for further continental telecommunication corporate integration by increasing foreign ownership rules. Other layers include the neo-conservative policy approach used to concentrate telecommunication power and control with the central state by transferring jurisdiction and regulation of all telecommunications, away from municipal and provincial governments, to the federal government.

The development of a neo-liberal telecommunication continental regime has benefited large telecommunication users, the new telecommunication competitors, and the established dominant telecommunication providers. Corporate rights are strengthened within the North American continent through CUSFTA and NAFTA. Both agreements ensure that multinational corporations will have access to, and use of, any telecommunication networks or services so that they can

exchange business information freely, be it voice or data, across the borders of the member countries. Multinational corporations headquartered in Canada, Mexico, and the United States have been guaranteed that the telecommunication market will prevail, and that the rates these corporations pay will be based on economic costs, devoid of any subsidies that may try to address social needs. Telecommunication multinationals operating in these countries can further integrate their businesses because all three countries have weakened their previous foreign investment restrictions.

Telecommunication competitors have benefited by entering the market, obtaining market share, and they can leave the market whenever they wish, often leaving consumers stranded. By and large, the new competitors also benefit by not having their activities regulated by the state. The established telecommunication service providers also have benefited from the neo-liberal regime; though they have lost some market share, their profits have continued to rise. What is also striking for the dominant carriers is that they are now subject to very little state regulation. In addition, they have been released from much of the 'public good' aspect of a telecommunication utility, primarily universality and affordability objectives that ensured that all telecommunication subscribers were treated fairly and equally.

The cost for the neo-liberal telecommunication regime, on the other hand, has been born by the majority of the people

living in Canada. One of the outcomes of following a neo-liberal policy agenda is massive job losses. A large number of telecommunication workers in Canada, the United States, and more recently Mexico, have lost their jobs. Most of these are union jobs that, until recently, paid a decent wage and benefits. New jobs created in this sector have been largely part-time or contracted-out work. Although the new telecommunication competitors have created some employment, most of the work is non-union and low paying. Furthermore, the jobs created by the competitors do not offset the jobs cut by the established telecommunication carriers. In a neo-liberal environment where all telecommunication competitors fight for market share, profits, and return on investment for their shareholders, corporate objectives involve keeping all expenses low whatever the cost. Labour expenses then become an easy target.

The regime also redefines 'public interest' to mean choice for users of a number of providers and different services. This has had a devastating effect on many residential telecommunication subscribers. Subscribers are now referred to as users or consumers. Only economic criteria are taken into consideration regarding these users/consumers, and their importance is based on their individual consumption capabilities. It creates a hierarchy or stratification of users and consumers. At the top of the hierarchy are the large business users/consumers. They are best able to take advantage

of long distance service discounts, bulk attachment rates, and the array of new technological products and services. Next come the upper class and middle class consumers. With more disposable income they are able to take advantage of long distance discounts and are able to subscribe to and pay for the vast array of new services. At the bottom are those who are least able to afford competition, choice, and new services; the poor, the working poor, the unemployed, those on fixed incomes such as seniors and the disabled, indigenous peoples, and others living in the rural or remote areas of Canada. These are the people who, as a result of neo-liberal telecommunication policy changes, now pay on average sixty two percent more for their basic local service than in 1992.

Concurrently, the previous state objective of affordability, based on a broad system of cross-subsidization, has been narrowed or targeted to those most in need. Although many countries have introduced some form of a telecommunication targeted subsidy program, Canadian neo-liberalism, to date, has not. The Canadian regulator is on record stating that affordability is not a problem and a targeted subsidy is not necessary. What has been substituted instead is an affordability tracking program. Ironically it is being tracked by the Stentor member companies, Bell Canada and the provincial telephone companies.

Neo-liberal telecommunication policy is characterized by the rule of the market and policy changes that include

liberalization, neo-regulation, privatization, and continentalization. Policy liberalization helps to create markets where before only telecommunication monopolies existed. The federal government changed existing policies to allow new competitors to enter the long distance and local telephone service markets to compete with the established telecommunication providers. But eliminating the telecommunication monopolies in the long distance and local service areas has not really resulted in a competitive market place. The established telecom corporations such as Bell Canada and the provincial telephone companies, for example, continue to dominate the market. Although other smaller telecom companies have obtained some market share it has definitely not resulted in a competitive market. What has occurred instead is that the monopoly environment has been replaced with a telecommunications oligopoly.

Neo-regulation, rather than deregulation better explains the nuances of regulation in the new regime. Where dominant telecommunication providers prevail they continue to be regulated by the state, but only lightly. Other areas, where a competitive market has been created, such as business services and telecommunication equipment, state regulation has been replaced with market regulation or self regulation. New Canadian telecommunication legislation also allows the communication regulator to forbear from regulating if it deems a market competitive enough. Although forbearance does not

explicitly describe what happens if market failure were to occur, it infers that the state may step in to re-regulate.

Privatization policies have, with one exception in the province of Saskatchewan, ended Canada's mixed public and privately owned telecommunication system. Federal crown corporate holdings for the international telecommunication network and satellites have been sold to the private sector. The two provincial governments of Alberta and Manitoba have also sold their telecommunication companies to the private sector.

Liberalization, neo-regulation and privatization reorganizes domestic policies. Continentalization, on the other hand, introduces another policy level through bilateral and trilateral trade agreements to address the regime's external activity. Although these agreements are defined as free trade agreements and supposedly make the rules and regulations for continental trade more transparent they are primarily limited to economic issues. Both the CUSFTA and the NAFTA broaden the rules governing the trade of goods and, for the first time, introduce trade in services. They also include tempering restrictions on foreign investment, establishing the framework for intellectual property rights, and applying telecommunication standards and definitions established in the United States to Canada and Mexico as well.

Telecommunication policies established through these

continental agreements supersede national or provincial ones. This means that domestic policy, legislation and regulation must reflect the continental neo-liberal thrust. Consequently, economic rights and objectives have been placed in the foreground to address the market needs of multinational corporations so that goods, services, and information can move freely across the borders of the member countries. On the other hand, continentalization downplays and ignores social or cultural objectives and rights.

Continentalization places the rights of multinational corporations above the rights of citizens and states. Continentalization as a social practice is at the same time inclusive and exclusive. Both continental agreements were made in secret by state and business policy agents. What this does, in addition to a number of other things, is provide a way to silence the extensive opposition there was in Canada to the neo-liberal project. This is evident in the lack of any state institutions or structures to accommodate political participation from interested social agents. These continental agreements excluded all other voices and points of view whose concerns were social ones rather than economic, such as labour, public interest advocates, consumer organizations, and community groups. It is these exclusionary factors that contribute to the regime's vulnerability and reveal that the project is incomplete.

Different positions in the telecommunication policy

literature offer divergent explanations on how and why this policy area changed. One argument explains that policy changes such as liberalization, deregulation, and privatization are the result of a shift in values. This shift in values now supports specific capital interests, the restoration of free enterprise, reliance on private markets, and a reduction of big government. Technological advances have also occurred as new telecommunication delivery systems, and products and service proliferate. In this view telecommunication policies have changed because of the technological revolution and a major shift in values. These policy changes will invariably lead to a reduction in telecommunication costs, and more product and service choice for consumers and businesses. Throughout this process the state only acts as a neutral arbitrator, balancing the policy demands of equal competing groups, organizations, and corporations.

Another explanation for telecommunication policy changes sees the state, along with other corporate users, new telecommunication competitors, and the dominant telecommunication providers, taking an active role in pursuing specific policy strategies and initiatives, including liberalization and continentalization. Beliefs in the merits of liberalization allow new competitors to enter the telecommunication market while the old monopoly regime comes to an end. These stakeholders also advocate the liberalization of continental trade. And the state plays an important role in

managing the transition to continental telecommunication policy even though it means that these continental policies will take precedent over national ones.

More critical explanations of telecommunication policy changes arise from activities that are situated within a social, political, and economic context. In this view a new order of global capitalism has resulted in the transformation of the state. The state changes its structures, as well as its domestic and international policies to help integrate its economy into the global system of production and trade. Multinational capital, and their powerful international lobby organizations, apply political pressure on national governments to change key policy areas such as telecommunications because it plays such a decisive role in the internationalization project. This view sees the Canadian government acting as an agent for the international capital class. The theoretical treatment of the state and the dynamic interplay involved in changing telecommunication policy are decidedly incomplete in the first two views. And, all three approaches do not provide an adequate account of the conflicts that developed in Canada as a result of the changes to federal telecommunication policy.

What this research has done in a unique way is concentrate on the important role the federal state played in implementing a neo-liberal telecommunication policy regime, and on instability of the regime. It reveals that the state

was not a neutral player and that its primary concern was not just the management of conflicts among competing capital elites. It also shows that the state did not implement neo-liberal policies because it was an agent for the international capital class. The research shows that the state was an important actor, along with capital fractions and their political lobby organizations, in producing hegemonic consent for a continental neo-liberal policy regime. What highlights the regime's instability, however, is its limited hegemony. This limited hegemony is the result of not garnering support from the entire population by making material concessions or providing rewards. Rather, the neo-liberal project has contributed to and intensified resistance and opposition to it. There are two major reasons why the project has increased resistance. First, because it is primarily concerned with the specific sectors such as transportation, finance and telecommunication services, the cost of the project has been passed on to the other economic sectors and all the people living in Canada, Mexico, and the United States. Second, state and capital agents, citing secrecy and expediency, deliberately excluded all other society members, particularly any opposing forces.

The neo-liberal telecommunication regime was continuously contested and strongly opposed by the majority of Canadians, including labour, consumer organizations, and public interest advocates representing the anti-poverty organizations,

seniors, and those living in the rural areas of the country. These organizations fought against competition in public telecommunication services (long distance and basic), the pro-business telecommunication legislation, the lack of public accountability through neo-regulation, the establishment of multinational rights in two continental trade agreements, and warned about the massive job loss that would occur in the telecommunication sector. Once competition was introduced these organizations formed broader alliances and coalitions, including even more members of Canadian society who were opposed to these changes. These class and social political actors continued to oppose the dramatic basic local telephone rate increases that followed competition. In addition, they attempted to introduce a narrow subsidy program to prevent the poor from dropping off the telecommunication network.

Capitalist class fractions formed broad domestic alliances as well, within Canada and the United States. Alliance membership was primarily Canadian and United States multinationals who benefited from a complex web that included cross-membership in sectoral lobby organizations, as well as cross-directorships in the multinational corporations. These alliances were extended to include large telecommunication user organizations, among others. The purpose of these general and specific capital lobby organizations was to produce consent, within their membership, the state, and the general public for the neo-liberal project. Extensive strategies were

developed and an inordinate amount of capital and human resources were used to fund private research institutes, hold conferences, produce policy position papers, participate in public telecom policy hearings, and appear before legislative standing committees. The view put forward by the various capital lobby organizations included the benefits of liberalization, neo-regulation, privatization, and continental free trade and investment.

The state, in particular, played a very important role in the production of consent. It helped produce consent for the neo-liberal project domestically, continentally, and internationally. What is important to keep in mind is that the state facilitated continentalization and internationalization because it is a capitalist state. The Canadian federal government attempted to produce wide consent for the project by holding a public royal commission on the country's economic prospects. This first attempt at building consent only succeeded in heightening opposition. Other federal strategies included the involvement of specific major government departments, such as Foreign Affairs and International Trade, Industry Canada, the former Department of Communications, among others, to advance the neo-liberal project and continental free trade. A sub-department within Foreign Affairs and International Trade, the International Trade Advisory Committee with a number of sectoral advisory groups was created with the sole purpose of producing consent for

continental free trade. The previous resistance to free trade was silenced by state bureaucrats who only invited the chief executive officers of businesses and the presidents of the business lobby organizations. The only other participants were the few token labour representatives. Negotiating both continental trade agreements proved to be even more exclusive. Only Canadian, Mexican and United States bureaucrats and multinational business leaders participated in formulating agreements that affected so many people in all three countries. Enshrouded in secrecy and political intrigue this negotiating process provided all three states with another important vehicle to silence the opposing voices.

As the neo-liberal telecommunication regime developed further the Canadian state created a number of ways of silencing domestic opposition. By setting a competitive public policy agenda, and rapidly advancing the number of hearings dealing with competitive and regulatory reform issues the federal communication regulator put more unrealistic time constraints and economic burdens on the groups and organizations fighting to preserve the social aspects of public policy. Throughout the 1990s many public telecom decisions have been written up as if competition was not opposed by trade unions, consumer organizations, anti-poverty organizations or seniors, among others. Even the rare opposition from government bureaucrats (CRTC Commissioner Ross) tended to be discounted and ignored. The greatest

attempt to silence and confuse resistance occurred as a result of a specific federal strategy to keep the opposing groups divided. This strategy was used not only by the federal cabinet and departments, but by the federal communication regulator with some success as one of the opposing groups, the Consumers' Association of Canada, was co-opted and exploited. Blending the telecommunication operations of the Department of Communication and the Department of Consumer and Corporate Affairs into a super-ministry not only reduced the size of the state it also removed or narrowed entry points or the means for labour, and public and consumer groups to address their concerns.

Although the Canadian government has gone to great lengths to silence resistance to the neo-liberal telecommunication regime, it has, to date, not succeeded in producing complete silence. Contradictions continue to surface regarding the imagined competition, the new forms of regulation, quality of service, further basic local rates increases, price increases for customers in rural and remote areas, and increases in the number of people dropping off the system. The uncertainty about whether consent for the regime will continue from capital fractions in communications, particularly if the major competitors in the cable or telephone industry experience market failure, also contributes to the instability of the regime.

The stability of the continental telecom neo-liberal

regime is still an open question. To date, the regime has benefited from the fact that no serious market failure has occurred, and that consumer groups and public interest advocates have not formed any cross border or international coalitions. Telecommunication labour organizations on the other hand, have formed continental alliances and have begun to hold continental conferences, in which information is shared among the unions in all three countries, to fight downsizing in the telecommunication sector, and wage and benefit losses. In addition these unions are also involved in aggressive organizing campaigns, not only within the North American bloc, but internationally as well. Some of the unions continue to build alliances with the progressive community, consumer and public interest organizations. Whether the domestic and continental tensions and increased conflicts will contribute to an unravelling of the continental regime only time and further research will tell.

Further research needs to be carried out. It could begin with questions such as: are there other sources of instability? And, where is this instability likely to come from? Already as telecommunication internationalization continues to proceed through the World Trade Organization, new tensions to the North American bloc, from the European and Asian blocs, are beginning to emerge. Only through extensive research can the stability of the continental regime be assessed as conflicting telecommunication policy outcomes

emerge domestically, continentally, and internationally.

GLOSSARY OF ACRONYMS

ACTWU	Atlantic Communication & Technical Workers Union
AGT	Alberta Government Telephone (Telus Corporation)
BCE	Bell Canada Enterprises Ltd.
BCNI	Business Council on National Issues
BCOAPO	British Columbia Old Age Pensioners' Organization
BCRL	British Columbia Rail Lighten Ltd.
BC Tel	BC Telephone Company (BC Telephone)
BRC	Board of Railway Commissioners
BTC	Board of Transport Commissioners
CAC	Consumers Association of Canada
CADPSO	Canadian Association of Data and Professional Software Service Organization
CAT	carrier access tariff
CBC	Canadian Broadcasting Corporation
CBEMA	Canadian Business Equipment Manufacturers Association
CBTA	Canadian Business Telecommunications Alliance
CCC	Communications Competition Coalition
CCF	Cooperative Commonwealth Federation
CCL	Canadian Congress of Labour
CCTA	Canadian Cable Television Association
CCT	Canadians for Competitive Telecommunications
CCWC	Canadian Communication Workers Council
CEP	Communication Electrical & Paper Workers Union
CFCW	Canadian Federation of Communication Workers
CFIB	Canadian Federation of Independent Business
CICA	Canadian Industrial Communications Assembly
CIPS	Canadian Information Processing Society
CLC	Canadian Labour Congress
CMA	Canadian Manufacturers Association
CNCP	Canadian National Canadian Pacific Telecommunications (CNCP Telecom)
COTC	Canadian Overseas Telecommunication Corporation (Teleglobe)
CPA	Canadian Petroleum Association
CRC	Communication Research Centre
CRTC	Canadian Radio-television Telecommunications Commission
CSTA	Coalition pour un Service Telephonique Affordable (PATS)
CTC	Canadian Transport Commission
CTEA	Canadian Telephone Employees' Association
CTG	Canadian Telecommunications Group
CUSFTA	Canada-U.S. Free Trade Agreement
CUC	Communication Union of Canada
CWA	Communication Workers of America
CWC	Communication Workers of Canada
DDD	direct distance dialed (long distance direct dial)
DOC	Department of Communications
EEO	Electrical Employees' Organization
FAPG	Federated Anti-Poverty Groups of British Columbia

FNACQ	Federation Nationale des Associations des Consommateurs du Quebec
FNP	First National Policy
FTU	Federation of Telephone Workers Union
GTE	General Telephone & Electronics Corp.
IBEW	International Brotherhood of Electrical Workers
IDIA	Industrial Disputes Investigation Act
IRDIA	Industrial Relations Disputes Investigation Act
IRPP	Institute for Research for Public Policy
ITAC	Information Technology Association of Canada
IXC	interexchange competitors
LICO	low income cut off
LFS	Labour Force Survey
LMS	local measured service
TELMEX	Teléfonos de México
MTS	Manitoba Telephone System
MTS ²	message toll service
MT&T	Maritime Telegraph & Telephone (Nova Scotia)
NAFTA	North American Free Trade Agreement
NAPO	National Anti-Poverty Organization
NB Tel	New Brunswick Telephone (NB Telephone)
Newfoundland Tel	Newfoundland Telephone Co.
NorTel	Northern Telecom Ltd. (Northern Electric)
OHA	Ontario Hospital Association
PATS	People for Affordable Telephone Service
PIAC	Public Interest Advocacy Centre
PSTN	public switched telephone network
RIP	Regulated Industry Program (part of CAC)
SaskTel	Saskatchewan Telephone
SNP	Second National Policy
TASC	Telephone Answering Service of Canada
TCTS	Trans Canada Telephone System (Telecom Canada - Stentor)
TLC	Trades and Labour Congress
TWU	Telecommunication Workers Union
UTW	United Telephone Workers of Canada
VANs	value added networks
WATS	wide area telephone service

APPENDICES

Appendix I

Business Council on National Issues (BCNI) Membership as of 1986

Abitibi Price Inc.	Consumers' Gas Co.
Alberta Energy Co.	Continental Bank of Canada
Alcan Aluminum Ltd.	Continental Can Canada Ltd.
Algoma Steel Corp. Ltd.	Cooper Canada Ltd.
Allied Signal Canada Ltd.	Coopers & Lybrand
American Express Canada Ltd.	Co-Steel International Ltd.
Atco Ltd.	Crown Life Insurance
Bank of British Columbia	CSL Group Ltd.
Bank of Montreal	Deloitte Haskins & Sells
Bank of Nova Scotia	Dofasco Inc.
Peter Bawden Drilling Ltd.	Dominion Securities Ltd.
Bechtel Canada Engineers Ltd.	Dominion Textile Inc.
Bell Canada Enterprises Inc.	Domtar Inc.
Benson & Hedges (Canada) Inc.	Du Pont Canada Inc.
Bow Valley Industries Ltd.	ERCO
BP Canada Inc.	Ethyl Canada Ltd.
Brascan Ltd.	Federal Industries Ltd.
BC Forest Products Ltd.	Flec Manufacturing Inc.
BC Resources Investment	Ford Motor Company
BC Telephone Company	Fraser Inc.
Burns Foods Ltd	General Foods Inc.
Burns Fry Ltd.	Genstar Corp.
CAE Industries Ltd.	General Mills Canada Inc.
Canada Cement Lafarge Ltd.	Goodyear Canada Inc.
Canada Life Assurance Co.	Gulf Canada Ltd.
Canada Packers Inc.	Hedwyn Communications Inc.
Canada Wire and Cable Ltd.	Honeywell Inc.
Canadian Chamber of Commerce	IBM Canada Ltd.
Canadian Corporate Management Co.	Imasco Ltd.
Canadian Depository for Securities	Imperial Oil Ltd.
Canadian General Electric Ltd.	Inco Ltd.
Canadian Imperial Bank of Commerce	Inter-City Gas Corp.
Canadian Liquid Air Ltd.	Interprovincial Pipe Line Ltd.
Canadian Manufacturers Association	The Investors Group
Canadian Pacific Ltd.	IPSCO Inc.
Canadian Superior Oil Ltd.	ITT Canada Ltd.
Canadian Tire Corp. Ltd.	Kodak Canada Inc.
Canfor Corporation	John Labatte Ltd.
Canron Inc.	Laurential Group Corp.
Cargill Ltd.	3M Canada Inc.
Cassels Blaikie & Company Ltd.	MacMillan Bloedel Ltd.
Celanese Canada Ltd.	Manalta Coal Ltd.
Chieftan Development Co.	Manufacturers Life Insurance
CIL Inc.	Marsh & McLennan Ltd.
CIP Inc.	McLeod Young & Weir Ltd.
Commonwealth Construction Co.	William M. Mercer Ltd.
Conseil du Patronat du Quebec	Merrill Lynch Canada Inc.
Consolidated Natural Gas Ltd.	Metropolitan Insurance Co.

Mollenhauer Ltd.
Molson Companies Ltd.
Montreal City and District Savings
Bank
Mutual Life Assurance of Canada
Nabisco Brands Ltd.
National Bank of Canada
NB Telephone Ltd.
Ontario Paper Co. Ltd.
Noranda Inc.
Norcen Energy Resources Ltd.
Northern Telecom Ltd.
Ontario Paper Co. Ltd.
Oshawa Group Ltd.
Placer Development Ltd.
Power Corporation of Canada
Provigo Inc.
Prudasco Inc.
Quaker Oats of Canada
RCA Inc.

Source: BCNI Annual Report 1986.

Appendix II

BCNI Executive and Policy Committee 1988, 1994

<u>Enterprise & Head Office</u>	<u>SIC * Code</u>	<u>Type of # Business</u>	<u>1988</u>	<u>1994</u>
Executive				
BCNI (2 members)		L	x	x
Canfor Corp.	m	M	PC	x
Canadian Pacific Ltd.	t/c	M	PC	x
Dominion Textiles	t	M		x
Nova Corp.	m	M		x
Policy Committee				
Abitibi-Price	m	M	x	
Alcan Ltd.	m	M		x
Bank of Montreal	f	M		x
Bell Canada Enterprises	c	M	x	x
Burns Fry Ltd.	m/w	M	x	
Cargill Ltd.	m	M		x
CIBC	f	M		x
CIL Ltd.	m	M		x
Co-Steel Inc.	m	M	x	
Domtar	m	M	x	
Dupont	m	M		x
DMR Group	s			x
Federal Industries Ltd.	t/w	C	x	
Ford of Canada	m	M	x	
Fortis Inc.	u	C		x
Ganong Bros. Ltd.	m	C		x
General Electric	m	M	x	
Guillevin International	m	M		x
IBM	m	M		x
Imasco Ltd.	m	M		x
ITT Canada	m	M		x
Laurentian Group	f	M	x	
Loran Corp. (Exxon)	r	M		x
Maclean Hunter	c	M	x	x
Manalta Coal Ltd.	r		x	
Molson Co. Ltd.	m	M		x
National Bank of Canada	f	M	x	x
Noranda Inc.	r	M		x
Northern Telecom Ltd.	c/m	M		x
PanCanadian Petroleum	r	M		x
Price Waterhouse	s			x
Revalstoke Co.	r	M	x	

Royal Bank of Canada	f	M	x	
Sears Canada Ltd.	w	M	x	
Shell Canada	r	M	x	
Stelco Inc.	m	M	x	x
Sun Life Assurance	f	M		x
Trans Alta Utilities	u	M		x
Westcoast Energy Inc.	r	M		x
Wood Gundy	s		x	
Canadian Chamber of Commerce		L	x	x
Canadian Manufacturers Assn.		L	x	x
Counseil du Patronat du Québec		L	x	x

Source: Business Council on National Issues, 1988, 1994/5

Legend: * m=manufacturing, f=finance, m=manufacturing, c=communication,
r=resource, s=service, t=transportation, u=utilities, w=wholesale
L=Lobby, M=multinational, C=corporation

Appendix III

Business Council on National Issues - Finance Membership *

<u>Business</u>	<u>Finance Code</u>	<u>1986</u>	<u>1994</u>
Bank of British Columbia	B	x	
Bank of Montreal	B	x	x
Bank of Montreal Investment Council	Iv		x
Bank of Nova Scotia	B	x	x
Canadian Life Assurance	I	x	x
Canadian Imperial Bank of Commerce	B	x	x
Continental Bank of Canada	B	x	x
Crown Life Insurance	I	x	x
Culinar Inc. #	I	x	x
Great West Life Assurance	I		x
Hongkong Bank of Canada	B		x
Investors Group (Power Corp. 74%)	Iv	x	x
Laurentian Bank of Canada (Group)	B/Iv	x	x
London Insurance Group (Trilon Corp. 56%)	I		x
Manufacturers Life Assurance	I	x	x
McLeod Young and Weir	Iv	x	
Montreal City and District Savings Bank	B	x	
Mutual Life Assurance Company of Canada	I	x	x
National Bank of Canada	B	x	x
National Trust Company	T	x	
Nesbit Burns Inc. (Bank of Montreal)	B		x
Power Corporation	I/Iv	x	x
Prudential Assurance Company Ltd.	I		x
Royal Bank of Canada	B	x	x
Royal Insurance Company of Canada	I	x	x
Royal Trust Company (Royal Bank)	T	x	
Scotia McLeod Inc. (Bank of Nova Scotia)	Iv		x
Standard Life Assurance Company	I	x	x
Sun Life Assurance Company of Canada	I	x	x
Toronto-Dominion Bank	B	x	x
Traders Group Ltd	Iv	x	
Travelers Canada	I	x	

Source: Business Council on National Issues 1986, 1994.

* Finance = Banking (B), Insurance (I), Investment (Iv), Other (O).

Culinar Inc. (Government of Quebec, Confédération des Caisses Populaires et d'Economic Desjardins).

Appendix IV

A Partial List of Members of the C. D. Howe Institute as of 1994

Alcan Aluminium Ltd.	IPSCO Inc.
BC Tel	London Life Insurance Co.
BCE Inc.	Maclean Hunter Ltd.
Bank of Montreal	MacMillan Bloedel
Bank of Nova Scotia	Manufacturers Life Insurance Co.
Bell Canada	MT&T
Bombardier Inc.	Molson Companies Ltd.
Brascan Ltd.	Montreal Trust
Burns Fry Ltd.	Mutual Life Assurance (Canada)
CAE Inc.	National Trust
La Caisse de dépôt et placement du Quebec	Noranda Inc.
Canada Life Assurance	NOVA Corp. of Alberta
Canada Trust	Ontario Hydro
Canadian Petroleum Producers	Power Corporation of Canada
Canadian Bankers' Association	Price Waterhouse
Canadian Chamber of Commerce	Richardson Greenshields of Canada
Canadian Federation of Independent Business	Royal Bank of Canada
Canadian Imperial Bank of Commerce	Shell Canada Ltd.
Canadian National	Southam Inc.
Canadian Pacific Ltd.	Standard Life Assurance Company
Canadian Pulp & and Paper Association	Sun Life Assurance of Canada
Ciba-Geigy Canada Ltd.	Suncor Inc.
Consumers Gas	TELUS Corp.
Coopers & Lybrand	3 M Canada Inc.
Co-Steel Inc.	Toronto Dominion Bank
Crown Life Insurance Co. Ltd.	Toronto Stock Exchange
Thomas d' Aquino (BCNI)	TransCanada Pipelines Ltd.
Deliotte & Touche	Unilever Canada Ltd.
Dominion of Canada General Insurance Co.	Via Rail Canada Ltd.
Empire Life Insurance Co.	Westcoast Energy Inc.
Export Development Corp.	Wood Gundy Inc.
Ford Motor Company of Canada	Xerox Canada
Four Seasons Hotel	
Great-West Life Assurance Co.	
Hewlett-Packard (Canada)	
Hydro-Quebec	
IBM Canada Ltd.	
Imasco Limited	
Imperial Oil Ltd.	
Inco Ltd.	

Source: C.D. Howe Institute *The NAFTA Policy Study* 21, 1994.

Appendix V**Partial List of Board of Trustees of Fraser Institute, 1994**

Argus Corporation
BCA Publications Limited
Bank of Nova Scotia
Bata Limited
CAE Industries
Canadian General-Tower Ltd
Canadian Hunter Exploration
Canadian Imperial Bank of Commerce
Canadian Pacific Limited
Candor Investments
Delcan Corporation
Hollinger Inc.
Inwest Developments
IPSCO Inc.
Loblaw Companies Ltd.
MacMillan Bloedel Ltd.
Noranda Mines
Prospero Realty International Inc.
Royal Bank of Canada
University of Manitoba

Source: The Fraser Institute, 1994 Board of Trustees.

Appendix VI

**Partial List of Briefs and Interventions for
Challenges and Choices (Macdonald Commission), 1984**

Action travail des femmes du Québec	Canadian Labour Congress
Agriculture Institute of Canada	Canadian Manufacturers Association
Alliance of Canadian Cinema, Television and Radio Artists	Canadian Pensioners Concerned Inc.
Anglican Church of Canada	Canadian Teachers Federation
Asia Pacific Foundation of Canada	Canadian Textiles Institute
Association of Canadian Distillers	Canadian Union of Public Employees
Association of Canadian Financial Corporations	Celanese Canada
Associations of Universities and Colleges of Canada	Communications Workers of Canada
Atomic Energy of Canada	Confédération des caisses populaires et d'économie Desjardins du Québec
Bank of Montreal	Council for Yukon Indians
Bell Canada	Council of National Ethnocultural Organizations of Canada
Bell Canada Enterprises Inc.	Dene Nation of the NWT
B.C. Federation of Women	Dominion Textile Inc.
Burns Food Ltd.	Dow Chemical Canada
Burns Fry Ltd.	Economic Council of Canada
BCNI	Environment Canada
C.D. Howe Institute	Falconbridge Ltd.
CNCP Telecommunications	Federated Anti-Poverty Groups of B.C.
Canada West Foundation	Federation of Canadian Municipalities
Canadian Advisory Council on the Status of Women	Governments of Alberta, Manitoba, Sask., Quebec, N.B., N.S., P.E.I., Nfld., Yukon, N.W.T
Canadian Association of University Teachers	Gulf Canada Ltd.
Canadian Business and Industry International Advisory Council	N.B. Telephone Co.
Canadian Business Equipment Manufacturers Association	North-South Institute
Canadian Chamber of Commerce	Northern Telecom Ltd.
Canadian Chemical Producers Association	Petro-Canada
Canadian Conference of Catholic Bishops	Placer Development Ltd.
Canadian Export Associations	Public Interest Advocacy Centre
Canadian Federation of Agriculture	Science Council of Canada
Canadian Federation of Communication Workers	SNC Group
Canadian Federation of Independent Business	Social Action Commission, Roman Catholic Diocese
Canadian Federation of Labour	Ultramer Canada
Canadian Federation of Students	United Church of Canada, Working Unit on Social Issues & Justice
Canadian Gas Association	United Mine Workers of America
Canadian General Electric	United Steelworkers of America
Canadian Hospital Association	Vanier Institute of the Family
	Via Rial Canada Inc.

Source: *Challenges and Choices*

Appendix VII**Participants in The Other Macdonald Report, 1985**

Canadian Conference of Catholic Bishops
Canadian Institute for Economic Policy
Canadian Mental Health Association
Canadian Union of Public Employees
Confederation of National Trade Unions
Makivik Corporation
Manitoba Political Economy Group
National Action Committee on the Status of Women
National Council of Welfare
National Farmers Union
Ontario Public Service Employees Union
Quebec Teachers Federation
Social Planning Council of Metropolitan Toronto
United (Canadian) Auto Workers
United Church of Canada
Vanier Institute of the Family
Women Against the Budget

Source: *The Other Macdonald Report*, 1985.

Appendix VIII**Selected Members of the
Institute for Research on Public Policy, 1982****Board of Directors**

The Honourable John Aird
Bank of Nova Scotia
Burns Fry Ltd.
Chamber of Commerce (Calgary)
Employers' Council of British Columbia
Laurentian Fund Inc.
McCarthy & McCarthy
McCuaig, Desrochers
Molson Companies
Newfoundland Fishermen, Food and Allied Workers' Union
University of New Brunswick (Finance & Administration)
University of Montreal (Department of Economics)

Executive Committee

The Honourable Robert Stanfield
Louis Desrochers

Investment Committee

The Honourable Donald Macdonald (Macdonald Commission)
Tom Kierans

Members at Large

Council of Maritime Premiers
Dalhousie University
Economic Council of Canada
Osgoode Hall Law School
St. Mary's University
Science Council of Canada
Status of Women Canada
Telesat Canada
Universities and Colleges of Canada
University of Calgary
University of Laval
University of Manitoba
University of Montreal
University of Ottawa
University of Toronto
University of Saskatchewan

Source: *Regulatory Reform in Canada*, 1982, pp. 131-133.

Appendix IX

**CNCP Telecommunications: Interconnection with Bell Canada
Public Hearing Participants, February 1978 (Decision 79-11)**

Telecommunication Carrier Agents
 Alberta Government Telephone
 The Atlantic Telcos (Newfoundland
 Tel, Island Tel,
 Maritime Telephone & Telegraph,
 New Brunswick Tel)
 Bell Canada
 BC Telephone
 CNCP Telecommunications
 Manitoba Telephone
 Saskatchewan Telephone

Union Agents

Canadian Federation of
 Communication Workers
 Canadian Railway Labour
 Association

State Agents

CRTC
 The Director of Investigation &
 Research, Combines
 Investigation Act
 Government of British Columbia
 Government of Ontario
 Government of Quebec
 Governments of Atlantic Provinces

Business Lobby Agents

Canadian Airlines
 Telecommunications Association
 Canadian Association of
 Broadcasters
 Canadian Association of Data
 Processing Service Organizations
 Canadian Business Equipment
 Manufacturers Association
 Canadian Cable Television
 Association
 Canadian Federation of Independent
 Business
 Canadian Information Processing
 Society
 Canadian Industrial Communications
 Assembly

**Business Intervenors Society of
 Alberta**
 Canadian Manufacturers'
 Association
 Canadian Petroleum Association
 Canadian Press
 Canadian Trucking Association
 National Association of Canadian
 Credit Unions
 Pharmaceutical Manufacturers
 Association of Canada
 Retail Council of Canada

**Business Agents-Telecom Users &
 Equipment Manufacturers**

Aquila BST Ltd.
 Bank of Nova Scotia
 Banque Canadienne Nationale
 la Banque d' Epargne de la Cité
 et du District de Montréal
 Calgary Chamber of Commerce
 Canadian General Electric Ltd.
 Comshare Ltd.
 Control Data Canada Ltd.
 Domtar Ltd.
 Durcos
 Fédération des Caisses s'entraide
 économique du Québec
 IBM Canada Ltd.
 Industrial Life-Technical Service
 Inc.
 Interprovincial Pipelines Ltd.
 Informaticiens Associés de
 Montréal Inc.
 La Coopérative Fédérée de Québec
 Inc.
 Les Auto-Parts Reliés par Télex
 Meilleur
 Métro-Richelieu Inc.
 Multipal Access Ltd.
 National Data Co.
 Provigo Inc.
 Richardson Securities of Canada
 Ltd.
 Roy & Associés

Royal Bank of Canada
Simpson-Sears Ltd.
Systems Dominions Ltd.
Traders Group Ltd.
Westinghouse Canada Ltd.

Source: CRTC, Decision 79-11, *CNCP Telecommunications: Interconnection with Bell Canada*, May 1979

Appendix X

Telecom Decision CRTC 85-19 Interexchange Competition and Related Issues Participants

Telecom Canada Members

Alberta Government Telephone
(AGT)
Bell Canada
British Columbia Telephone (B.C.
Tel)
Maritime Telephone & Telegraph
(MT & T and Island Telephone)
Manitoba Telephone Systems (MTS)
New Brunswick Telephone (NB Tel)
Newfoundland Telephone
Telesat

Challengers

B.C. Rail
CNCP Telecommunications

Other Telephone Companies

Edmonton Telephone
Hurontario Telephone Ltd.

Other Communication Competitors

CMQ Communications Inc.
NorthwestTel
Telephone Answer Association of
Canada
Tera Nova

User Organizations

Association of Competitive
Telecommunications Suppliers
Broadcast News Ltd.
Canadian Bankers Association
Canadian Business Equipment
Manufacturers Association
Canadian Business
Telecommunications Alliance
(CBTA)
Canadian Cable Television
Association
Canadian Independent Telephone
Association
Canadian Petroleum Association
Canadian Press
Canadian Radio Common Carriers
Association

Cantel Cellular Radio Group
CTG Inc.
Hotel Association of Canada Inc.
Ontario Hotel and Motel
Association (OHMA)

Government Organizations

Director of Investigation and
Research, Combines Investigation
Act (the Director)
Government of Ontario
Government of Quebec
Ontario Municipal Electric
Association (OMEA)

Unions

Canadian Federation of
Communication Workers (CFCW)
Communications, Electronic,
Electrical, Technical and Salaried
Workers of Canada (CWC)
Telecommunications Workers' Union
(TWU)

Public Interest and Consumer Groups

Consumers' Association of Canada
(CAC)
Federated Anti-Poverty Groups of
B.C., B.C. Old Age Pensioners'
Organization, Kennedy House
Senior Recreation Centre, Lower
Mainland Alliance of Informaiton
Referral Services, Save
Our Shores, Society for
Promoting Environmental
Conservation, the
British Columbia Provincial
Council of Women, United Elders'
Association of British Columbia,
and West End Seniors Network
(FAPG et al)
National Anti-Poverty Organization
(NAPO)

CRTC Commissioners

John Lawrence (Chairman to May
1985)

André Bureau

Monique Coupal

Paul H. Klinge

Jean-Pierre Mongeau

Source: CRTC Telecom Decision 85-19, *Interexchange Competition and Related Issues*, August 1985, pp. 4, 5.

Appendix XI**Canadians for Competitive Telecommunications
Membership List, 1986**

Association of Competitive Telecommunications Suppliers

Canadian Association of Data & Professional Services
Organizations

Canadian Bankers' Association

Canadian Business Equipment Manufacturers Association (CBEMA)

Canadian Business Telecommunications Alliance (CBTA)

Canadian Federation of Independent Business (CFIB)

Canadian Organization of Small Business

Canadian Radio Common Carriers Association

Hotel Association of Canada

Ontario Hotel and Motel Association

Source: Canadians for Competitive Telecommunications, February, 1986.

Appendix XII

Information Technology Association of Canada
ITAC Members as of 1995

* 3M Canada Inc.	Technologies
Acorn Partners	de l'Information
Agensys (Canada) Ltd.	* CGI Group Inc.
* Alias Research Inc.	Cisco Systems Canada Ltd.
Alliance for Converging	City of Fredericton
Technologies	Clinicare Corp.
* Ambrex Technologies Inc.	CM Inc.
* Amdahl Canada Ltd.	* Compaq Canada Inc.
* Anderson Consulting	ComputeChan Computer Systems Corp.
Anne McKague & Associates	* Computer Methods
* Apple Canada Inc.	Computer Servicenters Ltd.
Arnott Design Group Inc.	* Comshare Ltd.
Arthur Anderson & Co.	ComTel Plus Inc.
* Atlantic Computer Institute	Conseillers en Gestion GRV
* AT&T Canada Inc.	Contractors Network Corp.
* AT&T Global Information	Control Data Systems Canada Ltd.
Solutions Canada Ltd.	Corporate Personnel Recruiters
* Auto-Trol Technology Ltd.	Ltd.
A.D. Parker & Associates	Cray Research (Canada) Inc.
AV International Inc.	Crossley Mann
Baker Harris & Partners Ltd.	Dart C.P. Services Ltd.
BMC Group/Canada	Datacor/ISM Atlantic Corp.
BDP Business Data Services Ltd.	* Data General (Canada) Ltd.
Blake, Cassels & Graydon	Deeth Williams Wall
Borden & Elliot	Delphax Systems
* Brant Interprovincial	DeVry Institute of Technology
Systems Ltd.	* Digital Equipment of
* Bull HN Information	Canada Ltd.
Systems Ltd.	Ditek Software Corp.
Burwell Information Services	* DMR Group Inc.
Callstream Communications Inc.	Durnford Management Corp.
Canada NEWSWire Ltd.	Dymaxion Research Ltd.
Canada Post Corporation	* EDS Canada
Canadian Industrial Innovation	Effectivation Inc.
Centre/Waterloo	* Elan Data Makers
Canadian Music Industry Database	Enterprise Network Inc.
Canadian Standards Association	Ernst & Young
Canadian Tire Corporation Ltd.	Espial Productions Ltd.
Canadore College	* Evans Technologies Inc.
CANARIE	Eyepoint Inc.
Cannex Financial Exchanges	Faxfirst Canada Inc.
Carswell Electronic Publishing	Fraser & Beatty
CCH Canadian Ltd.	Fulcrum Technologies Inc.
CDSL	F/X Corporation
CEDROM-SNI Inc.	Global Information Services
Centennial College	Globestar Systems Ltd.
Centre d'Innovation en	

G.T.C. Transcontinental
 Group Ltd.
 Harris Donovan Systems Ltd.
 * Hewlett-Packard (Canada) Ltd.
 Hill and Knowlton Canada Ltd.
 * IBM Canada Ltd.
 InContext Corporation
 Industrial Research &
 Development Institute
 Info J.E.D
 Information Highways
 Information Technology Research
 InGenius Engineering Inc.
 Inquix Consulting Ltd.
 Interactive Image Technologies
 Inc.
 International Data Corp.
 (Canada) Ltd.
 * ISM Information Systems
 Management Corp.
 * IST Computer Service Co.
 IT Systems Group
 Johnson Lake Software Ltd.
 KAO Infosystems Canada Inc.
 KBS Technology Inc.
 Lang Michener Lawrence & Shaw
 LANServe Technologies Inc.
 * LGS (Group) Inc.
 Lightstone & Associates
 * Linktek Corporation
 * Lotus Development Canada Ltd.
 Lyons Technology Group Inc.
 Management Dimensions Ltd.
 Management Services Corp.
 Manufacturing Concepts
 Manulife Financial
 Marcia Olmsted & Associates
 Maritime Information Technology
 Inc.
 McCarthy Tetrault
 McGraw-Hill Ryerson Ltd.
 Medco Data Systems Ltd.
 Medisoft Inc.
 Megalith Technologies Inc.
 * Metcan Information
 Technologies Inc.
 Micromedia Ltd.
 * Microsoft Canada Ltd.
 Miller Thomson
 Mildred and Trebilcock
 Minicom Data Corp.
 Mortice Kern Systems Inc.

MPACT Immedia
 Multi-Health Systems
 Neill and Gunter Ltd.
 Network Data Systems Ltd.
 New Paradigm Learning Corp.
 Newcourt Credit Group Inc.
 Newton Associates
 * Northern Telecom Canada Ltd.
 Novatec Systems
 Numetrix Ltd.
 Oak Technologies Inc.
 * Oracle Corp. Canada
 ORTECH Corporation
 OTEC Software Corp.
 P & P Data System Inc.
 Peat Marwick Thorne,
 * Pitney Bowes of Canada Ltd.
 * PMP Associates Inc.
 Proactive Technology and Trading
 Prodigm Inc.
 PSC, The Public Sector Corporation
 Pythonic Management Corp.
 Research in Motion
 Riley Informaiton Services Inc.
 * Rogers Communications Inc.
 Ross Hutchison & Associates Inc.
 Rust Associates
 Ryerson Polytechnic University
 R. J. Pritchard & Associates
 S & S Scftware Ltd.
 SAP Canada Inc.
 SAS Institute (Canada) Inc.
 Servacom
 Services Documentaire Multimedia
 Inc.
 Sextant Software
 * SHL Systemhouse
 * Siemens Electric Ltd.
 * * Sierra Systems Consultants
 Inc.
 * Silicon Graphics Canada Inc.
 Sim*Pax Systems Inc.
 Sim, Hughes, Ashton & McKay
 SIRIT Technologies Inc.
 Skillbase Resources Ltd.
 Smith, Lyons, Torrance,
 Stevenson & Mayer
 SMW Advertising
 SoftCapital Corp. Development Inc.
 * Software Brokers Ltd.
 Software Human Resources Council
 * Softworld

- * Southam City & Community Newspapers
- Southam Information & Technology Group
- * Spar Aerospace Ltd.
- Sprint Canada
- Stanley L. Jacobs Research Ltd.
- Star Data Systems Inc.
- * Stentor Canadian Network Management
- * Stentor Resource Centre Inc.
- * Stentor Telecom Policy Inc.
- Storm Technical Communications Inc.
- Strategic Decisions Inc.
- Stratus Computer Corp.
- * Sun Microsystems of Canada Inc.
- Sunnybrook Health Science Centre
- Switchview Inc.
- Sykes Enterprises Inc. of Canada
- * Tandem Computer Canada Ltd.
- Tektronix Canada Inc.
- Teleglobe Canada Inc.
- Telezone Corp.
- Teranet Land Information Services Inc.
- * Unisys Canada Ltd.
- * Unitel Communications Inc.
- University of Windsor
- Videoway Communications
- Virtual Corporation
- * Wang Canada Ltd.
- Ward Associates
- Watcom Corporation
- Webcom Technical Documentation
- * Xerox Canada Inc.

Source: ITAC Members List and *Annual Reports*, 1993, 1994, 1995.

- * Board of directors of ITAC.

Appendix XIII

**Canadian Business Telecommunications Alliance - CBTA
Members as of 1991**

Companies & Crown Corporations

3M Canada Inc.	Canadian General Insurance
Abitibi-Price Inc.	Canadian Healthcare Telematics
Account-a-Call Canada	Canadian Hunter Exploration
Aetna Life Insurance Co.	+ Canadian Imperial Bank of Commerce
Agropur Co-Op, Agro-Alimen	Canadian National Railways - CNR
Air Canada	Canadian Pacific Hotels/Resort
Alberta Energy Co. Ltd.	Canadian Pacific Ltd.
Alcan Aluminum Ltd.	Canadian Red Cross Society
Allstate Insurance	Canadian Satellite Comm. Inc.
Amdahl Canada Ltd.	Canadian Tire Acceptance Ltd.
American Express Canada Inc.	# Canadian Tire Corp.
Amoco Canada Petroleum Co. Ltd.	Canadian Utilities Ltd.
Answer Plus Corporation	Canadian Wester Natural Gas
Aviscar Inc.	* Cancom Satlink Business Service
B.C. Ferry Corporation	Canon Canada Inc.
B.C. Gas Inc.	Cargill Ltd.
B.C. Hydro	CCL Industries Inc.
B.C. Lottery Corporation	Celanese Canada Inc.
* + B.C. Systems Corporation	Centra Gas
Bank of Canada	Central Guaranty Trust Co.
+ Bank of Montreal	Chedoke-McMaster Hospitals
- Bank of Nova Scotia	CIBA-Geigy Canada Ltd.
Banque Nationale du Canada	CIBC Investment Bank
Baxter Corporation	Citibank Canada
Bell & Howell Canada Ltd.	Co-Operators Data Services
* Blackburn Media Group	Co-Operators Financial Services
Block Bros. Industries Ltd.	Coca-Cola Beverages
Bull Hein Info. Systems Ltd.	Cognos Inc.
Burns Fry Ltd.	Comark Services Inc.
Call-Net Telecommunications	Comdisco Disaster Recovery Service
Campbell Soup Company Ltd.	- Comdisco Ltd.
Canada Life Assurance Co.	Confederation Life Insurance
Canada Mortgage & Housing Corp.	* Consumers Gas Co. Ltd.
Canada Newswire Ltd.	Consumers Glass
Canada Packers Inc.	Continental Canada
Canada Post Corp.	Crane Canada Ltd.
Canada Steamship Lines Inc.	Crown Life Insurance Co.
Canada Trust Co.	Crowntek Business Centre Inc.
Canada Wire & Cable Ltd.	Cue Datawest
Canadair Ltd.	Datacor Atlantic Inc.
Canada ADP Services Ltd.	Dataline Inc.
Canadian Airlines Int'l	Deere & Co.
+ Canadian Bankers Association	Delta Hotels
Canadian Broadcasters Corporation	+ Digital Equipment of Canada
Canadian Depository/Securities	Dofasco Inc.
Canadian General Electric Co.	

Dominion Textile Inc.
 Dow Chemical Canada Inc.
 Du Pont Canada Inc.
 Dun & Bradstreet Canada Ltd.
 Dylex Ltd.
 * + E.D.S. of Canada Inc.
 Equifax Canada
 Ernst & Young
 Euro Brokers Canada Ltd.
 Export Development Corp.
 Falconbridge Ltd.
 Fax People (The)
 Finning Ltd.
 First City Trust Co.
 Foothills Hospital
 Gandalf Technologies Inc.
 Gaz Metropolitan
 Gemini Group (The)
 General Datacom Ltd.
 Glaxo Canada Inc.
 Goldman Sachs Canada
 Goodyear Canada Inc.
 Grace Hospital - CGS Site
 Grand & Toy Ltd.
 Great-West Life Assurance Co.
 GTL Transport (1989) Inc.
 * + Hewlett-Packard Canada Ltd.
 Hibernia Management & Development
 Hoechst Canada Inc.
 Home Oil Co. Ltd.
 Honeywell Ltd.
 Hongkong Bank of Canada
 Hospital for Sick Children
 Household Financial Corp. Ltd.
 Hudon et Deaudelin Ltee.
 Hudson's Bay Co.
 Human Resources Secretariat
 Husky Injection Molding System
 ~ # + IBM Canada Ltd.
 ICI Canada Inc.
 IIS Technologies
 Imperial Oil Ltd.
 Inco Limited
 Indal Computer Services
 Infonet Computer Sciences Canada
 Infotron Canada Ltd.
 * Insurance Corp. B.C.IST
 Janssen Pharmaceutica
 John Labatt Ltd.
 Kimberly-Clark Canada Inc.
 Kodak Canada Inc.
 Kraft General Foods Canada Inc.

LDN Communications
 Levesque Beaubien Inc.
 Levi Strauss & Co. Canada Inc.
 Leviton Telecom
 Livingston International Inc.
 Loto Quebec
 MacKenzie Financial Corp.
 Maclean Hunter Limited
 Manufacturers Life Insurance
 ~ Manulife Financial Canadian
 Maritime Life Assurance Co.
 Matsushita Electric of Canada
 McMillan, Binch
 Merck Frosst Canada Inc.
 Merrill Lynch Canada Inc.
 Milgram & Company Ltd.
 Mitel Corporation
 Mobile Oil of Canada
 Montreal Trust
 Motorola Canada Ltd.
 Motorola Informaiton Systems
 Mutual Life of Canada
 Nabisco Brands Ltd.
 National Arts Centre
 National Data Corporation
 National Research Council of
 Canada
 National Sea Products
 National Trust
 NEC Canada Inc.
 + Nesbit Burns
 Nesbitt Thompson Inc.
 Nestle Enterprises Ltd.
 Newbridge Networks Corp.
 Newfoundland & Labrador Hydro
 Newfoundland Light & Power Co.
 Noranda Inc.
 Norex Leasing Inc.
 North American Life
 # Northern Telecom Canada Ltd.
 Nova Corporation of Alberta
 * Nova Scotia Power Corporation
 Novacor Chemicals (Canada) Ltd.
 Ogilvy, Renault
 Olympia & York Developments Ltd.
 Ontario Hospital Association/Blue
 Cross
 # + Ontario Hydro
 Ortho Pharmaceutical Canada
 Oshawa Group
 Peat Marwick Stevenson Kellogg
 Peat Marwick Thorne

Peel Memorial Hospital
 Petro-Canada Inc.
 PHH Canada Inc.
 Phillips Electronics Ltd.
 Pillsbury Canada Ltd.
 Pitney Bowes Canada Ltd.
 Polysar Rubber Corp.
 * Pratt & Whitney Canada Inc.
 Prenor Trust Co. of Canada
 * Procor Ltd.
 * Provigo Inc.
 Prudential Assurance Co. Ltd.
 Prudential Insurance Co. of
 America
 Purolator Courier Ltd.
 Quaker Oats Co. of Canada
 Reader's Digest Association
 of Canada
 Reckitt & Colman Canada Inc.
 Regie L'Assurance Auto de Quebec
 Richardson & Greenshields
 Ricoh Canada Ltd.
 ~ * # # + Royal Bank of Canada
 Ltd.
 Royal Insurance Co. of Canada
 Royal Trust
 Royal Victoria Hospital
 S.C. Johnson and Son Ltd.
 S.I.T.A
 Safety Supply Canada Ltd.
 Saskatchewan Property Management
 Corp.
 Science North
 ScotiaMcLeod Inc.
 Scott Paper Ltd.
 Seaboard Life Insurance Co.
 Sears Canada Inc.
 Shell Canada Ltd.
 Sherriitt Gordon Ltd.
 * SHL Systemhouse Inc.
 Sidbec-Dosco Inc.
 Societe G.R.I.C.S.
 Southam Business Information
 * + Southam Inc.
 Spar Aerospace Ltd.
 St. Michael's Hospital
 State Farm Insurance
 Steinberg Inc.
 Stelco Inc.
 * STM Systems Corp.
 StorageTek Canada Inc.
 ~ Sun life Assurance Co.

Sunoco Inc.
 Syncrude Canada Ltd.
 T. Eaton Company
 Technologie la Laurentienne
 Telerate Canada Inc.
 + Thomson Newspapers
 TNT Management Service
 Toronto Hydro
 Toronto Star (The)
 Toronto Stock Exchange
 Toronto Transit Commission
 + Toronto-Dominion Bank
 Toyota Canada Inc.
 Transalta Utilities Corp.
 TransCanada Pipelines
 Trust General Canada
 Ultramar Canada Inc.
 Union Carbide Canada Ltd.
 Union Gas Ltd.
 Unisys Canada Inc.
 * # Unitel
 United Co-Operators of Ontario
 United Grain Growers Ltd.
 + United Parcel Service
 Vancouver Stock Exchange
 Venture Inns Inc.
 VIA Rail Canada Inc.
 Victoria Hospital Corp.
 Warner-Lambert Canada
 Inc. Wellington Insurance
 Wester Canada Lottery Corp.
 Westinghouse Canada Inc.
 Weston Foods Ltd.
 William Mercer Ltd.
 Woman's College Hospital
 Woodward Stores Ltd.
 Woolworth Corp.
 Workers' Compensation
 Board of B.C.
 Workers' Compensation
 Board of Ontario
 Xerox Canada Inc.
 York-Finch General Hospital
 Zurich Canada
Federal Government of Canada
 Department of Communications
 Employment & Immigration
 Energy, Mines & Resources
 Department of Fisheries & Oceans
 Revenue Canada - Customs & Excise
 Revenue Canada - Taxation
 Transport Canada

Provincial Governments

* Provincial Government
of Alberta
Provincial Government of New
Brunswick
+ Provincial Government of N.W.T.
Provincial Government of Nova
Scotia
Provincial Government of Ontario
Provincial Government of Quebec

Education

Carleton Board of Education
Carleton University
Centennial College
Humber College
McGill University
McMaster University
* Memorial University of
Newfoundland
Niagara College of Applied Arts
Northern Alberta Institute
of Technology
Queen's University
* Ryerson Polytechnical Inst.
Sheridan College
Simon Fraser University
University of Alberta Hospital
University of British Columbia
University of Calgary
University of Guelph
* University of Manitoba
University of Ottawa
University du Quebec
University of Toronto
University of Waterloo
University of Western Ontario
York University
Municipalities
City of Calgary
City of Mississauga
City of Saskatoon
* Corp. of the City of Toronto
Corp. of Town of Markham
+ Regional Municipality of Peel
Regional Municipality of York

Past Presidents, * Board of Directors, 1991-1999-1995, ~ Executive
Council, + Telecom Public Policy Committee

Source: Canadian Business Telecommunications Alliance, *Roster of Members*,
June 1991, and *Annual Reports*, 1990-95.

Appendix XIV

Communications Competition Coalition (CCC)
Membership as of 1991

Abitibi Price
ADT Canada Inc.
Alliance of Canadian Travel Associations
B.A. Seville and Associates
Bourse de Montreal
BP Canada
Bank of Nova Scotia
Bryker Data
Canadian Alarm and Security
Canadian Bankers Association
Canadian Bankers Association
Canadian Manufacturers Association
Canadian Imperial Bank of Commerce (CICB)
Canadian Press
Central Guaranty Trust
Comdisco Disaster Recovery Services
EDS of Canada
Federal Industries of Canada
Frederick Transport
Gemini Group
General Motors
Gesco Industries
Great West Life
Grifcold
IBM
Imperial Oil
Indal Computers
Lawson Morrison Group
Manufacturers Life
Midland Walwyn Ltd.
Moore Corporation
National Bank of Canada
Rex Aviation
Royal Bank
Royal Trust
Sears (Canada) Ltd.
Southam Inc.
STM Systems Corp.
Sun Life
Syscor
Toronto Dominion Bank
Valley City Manufacturing

Source: CRTC Telecom Public Notice 1990-73, *Unitel Communications Inc. & B.C. Rail Telecommunications/Lightel Inc. to Provide Public Long Distance Voice Telephone Services and Related Resale & Sharing Issues*, 18/4/1991.

Appendix XV

Telecom Decision CRTC 92-12
Competition in the Provision of Public Long Distance Voice
Telephone Services and Related Resale and Sharing Issues
Participants

Stentor Members (formally
Telecom Canada)

Alberta Government Telephone Ltd.
 (AGT)
 British Columbia Telephone
 (B.C. Tel)
 Bell Canada
 Island Telephone (Island Tel)
 New Brunswick Telephone (NB Tel)
 Newfoundland Telephone
 (Newfoundland Tel)
 Maritime Telephone & Telegraph
 (MT&T)

Challengers

B. C. Rail Telecommunications
 Call-Net Telecommunications
 and Lightel Inc. (joint venture
 BCRL)
 Unitel (CNC Telecommunications
 and Rogers Communications)

Other Communication Companies and
Associations

Association des Compagnies de
 Téléphone du Québec
 BCE Mobile Communications Inc.
 Canadian Cable Television
 Association (CCTA)
 Canadian Independent Telephone
 Association and the Ontario
 Telephone Association
 (CITA/OTA)
 Edmonton Telephones Corporation
 (Ed Tel)
 fonorola Inc.
 Northwestel Inc.
 Québec Téléphone (Québec Tel)
 Telecom Networks International
 Limited of New Zealand (TNI)
 U.S. Intelco Networks Inc.
 (Intelco)

Communication User Organizations
Canadian Business

Telecommunications Alliance
(CBTA)

Canadian Federation of Independent
 Business (CFIB)
 Communications Competition
 Coalition (CCC)

Government Organizations

City of Toronto
 Director of Investigation and
 Research, Bureau of Competition
 Policy (the Director)
 Government of Alberta
 Government of British Columbia
 Government of Manitoba
 Government of Ontario
 Government of Québec
 Government of Saskatchewan

Universities

McMaster University and
 the University of Toronto

Public Interest and Consumers
Organizations

Association des Consommateurs du
 Québec Inc.
 B.C. Old Age Pensioners's
 Organization, Council of
 Senior Citizens' Organizations
 West End Seniors' Network,
 Senior Citizens' Organizations,
 West End Seniors' Network,
 Senior Citizens' Association,
 Federated Anti-Poverty Groups
 of B. C., and Local 1-217 IWA
 Seniors (BCOAP0 et al)
 Canadian Association of the Deaf
 Consumers' Association of Canada
 (CAC)
 National Anti-Poverty Organization
 and Rural Dignity of Canada
 (NAP0/RDC)

Unions

Atlantic Communications and
Technical Workers' Union
Communications and Electrical
Workers of Canada (CWC)
Telecommunications Workers' Union
(TWU)

CRTC Commissioners

Louis R. (Bud) Sherman (Chairman)
Fernard Bélisle
David Colville
Beverly J. Oda
Edward A. Ross (dissented)

Source: CRTC Telecom Decision CRTC 92-12, *Competition in the Provision of Public Long Distance Voice Telephone Services and Related Resale and Sharing Issues*, 12 June 1992, pp. 5, 6.

Appendix XVI

Telecom Decision CRTC 94-19
Review of Regulatory Framework Participants

Stentor Members

AGT Limited
 British Columbia Telephone
 Bell Canada
 Island Telephone Co. Ltd.
 Maritime Telephone & Telegraph
 New Brunswick Telephone
 Newfoundland Telephone
 Northwestel Inc.
 Stentor Resource Centre Inc.

Competitors

Smart Talk Network
 Sprint Canada Inc. (formally
 Call-Net Telecommunications Inc.)
 Unitel Communications Inc.
 (Unitel)
 Telecommunications Inter-Cité
 2000
 Telecommunications Terminal
 Systems (TTS)

**Other Communication Companies
and Associations**

Allarcom Pay Television Ltd.
 Canadian Association of
 Broadcasters (CAB)
 Canadian Cable Television
 Association (CCTA)
 Canadian Satellite
 Communications Inc.
 Changing Concepts of Time (CCOT)
 Rogers Cable T.V. Ltd. (RCTV)

Communication User Organization

Association of Competitive
 Telecommunications Suppliers
 Canadian Business
 Telecommunications Alliance
 (CBTA)
 Canadian Daily Newspaper
 Association (CDNA)
 Canadian Federation of Independent
 Business (CFIB)
 Canadian Independent Telephone
 Association (CITA)
 Canadian Satellite Users
 Association (CSUA)
 Competitive Telecommunications
 Association
 (CTA)

Government Organizations

Director of Investigation and
 Research,
 Bureau of Competition Policy
 (Director)
 Government of British Columbia
 Government of Ontario
 Gouvernement du Québec
 University of Toronto

Unions

ACTRA
 Communications, Energy and
 Paperworkers
 of Canada (CEP/SCEP)
 Telecommunications Workers' Union
 (TWU)

**Public Interest and Consumers
Organizations**

B.C. Public Interest Advocacy
Centre, for B.C. Old Age
Pensioners' Organization,
Council of Senior Citizen's
Organization
West End Seniors' Network
Senior Citizen's Association
Federated Anti-Poverty Groups of
B.C.
Local 1-217
IWA Seniors (BCOAPO et al)
Fédération des Nationale
Consommateurs du Québec and ACQ
(FNACQ)
National Anti-Poverty Organization
(NAPO)

Source: CRTC Telecom Decision, 94-19, 1994.

Appendix XVII

Canadian Bankers Association Partial Membership As of 1994

Domestic Members

Bank of Montreal (Mbank)
 Bank of Nova Scotia
 Canadian Imperial Bank
 of Commerce (CICB)
 Canadian Western Bank
 Citibank of Canada
 Hongkong Bank of Canada
 National Bank of Canada
 Royal Bank of Canada
 Toronto Dominion Bank

Foreign Members *

ABN AMRO Bank of Canada
 Amex Bank of Canada
 Banco Commerciale Italiana
 of Canada
 Banca Nazionale del Lavoro
 Banco Central Hispano-Canada
 Bank Hapoalim (Canada)
 Bank Leumi Le-Israel (Canada)
 Bank of America Canada
 Bank of Boston Canada
 Bank of China (Canada)
 Bank of East Asia (Canada)
 Bank of Tokyo Canada
 Banque Nationale de
 Paris (Canada)
 Barclays Bank of Canada
 BT Bank of Canada
 Chase Manhattan Bank
 Chemical Bank of Canada
 Cho Hung Bank of Canada
 Citibank Canada
 Crédit Lyonnais Canada
 Credit Suisse Canada
 Dai-Ichi Kangyo Bank (Canada)
 Daiwa Bank of Canada
 Deutsche Bank of Canada
 Dresdner Bank of Canada
 Fugui Bank of Canada
 Hanil Bank of Canada
 Hongkong Bank of Canada
 Industrial Bank of Japan (Canada)
 International Commercial Bank
 of Cathay (Canada)
 Israel Discount Bank of Canada
 Korea Exchange Bank of Canada

Mellon Bank of Canada
 Mitsubishi Bank of Canada
 Morgan Bank of Canada
 National Bank of Greece (Canada)
 National Westminster Bank of
 Canada
 NBD Bank of Canada
 Overseas Union Bank of Singapore
 (Canada)
 Paribas Bank of Canada
 Republic National Bank
 of New York (Canada)
 Sakura Bank (Canada)
 Sanwa Bank of Canada
 Société Générale (Canada)
 Sottomayor Bank of Canada
 Standard Chartered Bank of
 Canada
 State Bank of India (Canada)
 Sumitomo Bank of Canada
 Swiss Bank Corporation (Canada)
 Tokai Bank of Canada
 Union Bank of Switzerland
 (Canada)
 United Overseas Bank (Canada)
 U.S. Bank (Canada)

Source: CBTA, *Bank Facts 1994*, pp.
 21-23.

* There are 9 domestic bank CBA
 members and 58 foreign bank
 members, 43 foreign members are
 listed.

Appendix XVIII

**People for Affordable Telephone Service/
Coalition pour un Service Telephone Abordable
Member Organizations as of March 1995**

Association coopérative d'
économie familiale (ACEF)
de l'Estrrie
ACEF de Granby
ACEF de Québec
ACEF de la Rive-Sud de Montréal
ACEF Centre de Montréal
ACEF de l' Outaouis
ACEF de Sud-Ouest de Montréal
ACEF de Thedford-Mines
Action Centre for Social Justice
Alberta Council on Aging
ALERT P.E.I.
Association des Consommateurs
de Québec
Canadian Federation of Students
Canadian Grey Panthers
Canadian Pensioners Concerned
Canadian Pensioners Concerned
(Alberta)
Canadian School Library
Association
Canadian Teachers' Federation
Centrale de l' Enseignement
du Québec
Centre de Pastorale en Milieu
Ouvrier
Coalition for Public Informaiton
(CPI)
Comité des travailleurs et des
travailleuses de l'Estrrie
Confédération des Syndicates
Nationaux

Consumers' Association of Canada
(CAC)
CAC Alberta
CAC British Columbia
CAC Manitoba
CAC Newfoundland
CAC Nova Scotia
CAC North West Territories
CAC Quebec
CAC Saskatchewan
Council of Canadians
CYBER Québec
Fédération des ACEF
Fédération des associations de
familles monoparentales du
Québec
Fédération de l'Age d'Or du
Québec
Fédération des Femmes du
Québec
Fédération Nationale des
Associations de Consommateurs
du Québec
Friends of Canadian Broadcasting
Front d'action populaire en
réaménagement urbain
Income Security Action Committee
L'R des centres de femmes du
Québec
Manitoba Society of Seniors
Mouvement d'éducation populaire
et d'action communautaire du
Québec

National Action Committee on the
 Status of Women (NAC)
 National Anti-Poverty Organization
 (NAP0)
 National Pensioners and Senior
 Citizen Federation
 One Voice: The Canadian Seniors'
 Network
 Ontario Coalition Against Poverty
 Ontario Coalition of Senior
 Citizens' Organizations
 People on Welfare for Equal Rights
 Public Advisory Council on
 the Information Highway
 Regroupement des Comités
 logements et des associations
 de locations
 Rural Dignity of Canada
 Senior Link (Toronto)
 Service budgétaire populaire
 de l'Estrie
 Service d'aide au Consommateur
 de Shawinigan
 Table d'action contre
 l'appauvrissement de l'Estrie
 The Royal Canadian Legion
 Vie ouvrière
 Yukon Council on Aging

Source: *PIAC Hotwire*, Issue 1, March 1995, p. 1

Appendix XIX

Competitive Telecommunications Association (CTA)
Membership as of November 1996

ACC Long Distance Ltd.

AT&T Canada LDS

CamNet Communications Inc.

City Dial Network Services Ltd.

Consolidated Technologies Inc.

FONOROLA

Funday Telecom

Hospitality Information Services Inc.

MetroNet Calgary

Northquest Telecom Inc.

Rogers Network Services

Sprint Canada Inc. (Call-Net Communications)

Smart Talk Network (STN)

TelRoute Communications Inc.

Unitel Communications Inc.

Westel Telecommunications Ltd.

Whistler Telephone Co. Ltd.

Source: CTA Petition to Governor in Council Government of Canada, "A Petition to Resend Portions of Telecom Decision CRTC 94-19 and Telecom Decision CRTC 94-24", November 23, 1994.

Appendix XXI

Action Canada Network as of 1994

Steering Committee

Community Organizations

Canadian Federation of Students
 Council of Canadians
 Ecumenical Coalition for Economic Justice
 National Action Committee in the Status of Women
 National Anti-Poverty Organization
 National Farmers Union
 National Federation of Nurses Unions
 National Pensioners and Senior Citizens Federation
 Oxfam/CUSO/InterPares
 Eastern Regional Coalition Representative
 Western Regional Coalition Representative
 Solidarité populaire Québec

Labour Organizations

Canadian Auto Workers
 Canadian Labour Congress
 Canadian Union of Postal Workers
 Canadian Union of Public Employees
 Confédération des syndicats nationaux
 National Union of Public and General Employees
 Public Service Alliance of Canada
 United Steel Workers of America

Regional Coalitions

Action Canada Network - Alberta
 Action Canada Network - B.C.
 Action Canada Network - P.E.I.
 Action Nova Scotia
 Alternative North
 Choices: a coalition for Social Justice
 Fredericton and Area Coalition for Social Justice
 Newfoundland Coalition for Equality
 Ontario Coalition for Social Justice

Saskatchewan Coalition for Social Justice
 Solidarité populaire Québec

Participating National Organizations

Alliance of Canadian Cinema, Television and Radio Artists
 Assembly of First Nations
 Canadian Auto Workers
 Canadian Centre for Policy Alternatives
 Canadian Environmental Law Association
 Canadian Federation of Students
 Canadian Labour Congress
 Canadian Peace Alliance
 Canadian Teacher's Federation
 Canadian Union of Public Employees
 Common Frontiers
 Communication Energy and Paperworkers Union
 Confédération des syndicats nationaux
 Confederation of Canadian Unions
 Congress of Union Retirees of Canada
 Council of Canadians
 CUSO
 Ecumenical Coalition for Economic Justice
 Graphic Communications International Union
 International Ladies Garment Workers Union
 InterPares
 Latin American Working Group
 National Action Committee on the Status of Women
 National Anti-Poverty Organization
 National Farmers Union
 National Federation of Nurses' Unions
 National Pensioners and Senior Citizens Federation

National Union of Public and
General Employees
Oxfam Canada
Public Service Alliance of Canada
Rural Dignity of Canada
Ten Days for World Development
Transportation-Communications
International Union
United Church - Division of
Mission in Canada
United Food and Commercial Workers
United Steelworkers of America
United Steelworkers of America -
District 6
Voice of Women

Source: Action Canada Network, October 1, 1994.

Appendix XXII**ITAC/SAGIT Task Force Names****International Trade Advisory Committee (ITAC)**

ITAC Task Force on International Business Development
ITAC Task Force on Trade and the Environment
ITAC Task Force on Trade Policy

Sectoral Advisory Group on International Trade (SAGIT)

Advanced Manufacturing Technologies SAGIT
Agriculture, Food and Beverage SAGIT
Apparel and Footwear SAGIT
Business, Professional and Educational Services SAGIT
Cultural Industries SAGIT
Energy, Chemicals and Plastics SAGIT
Environmental Products and Services SAGIT
Fish and Sea Products SAGIT
Forest Products SAGIT
Household Products SAGIT
Information Technologies and Telecommunications SAGIT
Medical and Health Care Products and Services SAGIT
Mining, Metals and Minerals SAGIT
Textiles, Fur and Leather SAGIT
Transportation Equipment SAGIT
Transportation Services SAGIT

Source: Department of International Trade 1995.

Appendix XXIII

**Information Technologies & Telecommunications
Membership List as of 1996 and former members**

Chairperson

Ms. Janice Moyer,
President, Information
Technology Association of Canada

Current Members

BCI, V.P. Peter Burn
Bell Canada, V.P. Bernard Courtois
Consortium UBI, Pres. Mme Sylvie
Lalande
DEVELCON, V.P. George Best
Digital Equipment of Canada Ltd.,
C.E.O. Graeme Woodley
Digital Renaissance Inc., Pres.
Keith Kocho
EyeTel Communications Inc., C.E.O.
Robert Calis
Global Business Alliance Inc.,
Pres. Peter Sandiford
Geomatics Industry Association of
Canada, Pres. Ed. Kennedy
C. G. James and Associates, Pres.
James Grant
MITEL Corporation. C.E.O. Dr. John
Millard
NewEast Wireless Technologies
Inc., Pres. Derrick Rowe
SHL Systemhouse International,
C.E.O. Jean-Pierre Soublier
Sierra Systems Inc., V.P. David
Hughes
SR Telecom Inc., C.E.O. Ronald
Couchman
Telecommunications Workers Union,
Pres. Rodney Hiebert
Teleglobe Inc., Executive V.P.
Guthrie Stewart
Telesat Canada, C.E.O. Larry
Boisvert
TXN Soullition Integrators
(subsidiary of Tandem
Computers), Pres. Janice Moyer

Former Members

Alberta Research Council, Senior
Scientist
Alcan Aluminum Ltd., Director of
Information Services
Bell Canada, V.P. Law and
Regulatory Matters
Canadian Cable Television
Association, Pres.
Communications, Computer Equipment
and Service SAGIT, former Chair
Communications, Energy and
Paperworkers Union of Canada,
Executive V.P.
Corporate Electronic Banking
Services, Executive V.P.
De Loitte and Touche, Consulting
Associate
DMR & Associates Ltd., Pres.
Dollard-des-Ormeaux, PQ
Financial Times of Canada,
Publisher
Fonorola Inc., Pres. and C.E.O.
Funday Cable Ltd., Pres.
Gandalf Technologies, Chair.
Global Business Alliance Inc.
Pres.
IBM Canada Ltd., V.P., Law and
Corporate Relations
International Brotherhood of
Electrical Workers,
International Representative
ISM-Information Systems Management
Corp., V.P. Finance
C.G. James and Associates, Pres.
Leblanc and Royle Telecom Inc.,
Chair.
NewTel Enterprises Ltd., C.E.O.
Novatron Information Corp., Pres.
Ogivar Technologies Inc., Pres.
Seabright Corp. Ltd., Pres. and
C.E.O.
Stentor Telecom Policy Inc., Pres.
and C.E.O.

Telecommunications Workers Union,
Pres.

Teleglobe Inc. Executive V.P.

Telesat Canada, C.E.O.

TGS Systems, Director, Finance and
Adm.

Zanthe Systems Division, Pres.

Source: Department of International Trade, 1996.

Appendix XXIV**The Alliance of Canadian Communications Unions
as of 1994**

Atlantic Communications and Technical Workers Union

Communications Energy and Paperworkers Union

Canadian Association of Communications & Allied Workers

International Brotherhood of Electrical Workers

National Federation of Communications Workers

Telecommunications Employees Association of Manitoba

Telecommunications Workers Union

Source: National Conference of Communications Unions, 1994 and Atlantic Communication & Technical Workers' Union, Five Statements of Unity, July 1992.

Appendix XXV

**AN ALLIANCE
COMMUNICATIONS AND ELECTRICAL WORKERS OF CANADA
COMMUNICATIONS WORKERS OF AMERICA
SINDICATO DE TELEFONISTAS DE LA REPUBLICA MEXICANA**

1. The three unions recognize the full autonomy and national rights of their members and organizations. This Alliance is meant to strengthen the respective organizations and help establish a precedent for international solidarity with full national autonomy.
2. The Communications, Electrical and Publishing Industries are increasingly dominated by Trans National Corporations (TNCs) based in North America, Europe and Asia. This Alliance shall unite our organizations, when necessary, in order to strengthen the abilities of workers in Canada, the United States and Mexico to organize and bargain collectively.
3. In order to strengthen the ability of our members and our respective unions to both organize and collectively bargain, when necessary and possible, we will support joint mobilization in the countries affected to support those efforts.
4. Expanding national support with other labor organizations including our national labor centers, the Canadian Labour Congress and the AFL-CIO, will often be an important part of our efforts. Therefore, the CWC agrees to coordinate the efforts of both unions with the CLC, the CWA agrees to coordinate the efforts of both unions with the AFL-CIO, and the STRM agrees to coordinate the efforts of other trade union centers in Mexico.
5. Expanding political support becomes increasingly significant as the North American and world markets become increasingly integrated for both trade and investment. Therefore, the CWC agrees to coordinate the political efforts of the three unions in Canada, the CWA will coordinate such efforts in the United States, while STRM will coordinate such efforts in Mexico.
6. CWC, CWA, and STRM agree to work together to defend union and workers' rights in North America, including Mexico, and throughout the world. We will work to expand coordinated collective bargaining and organizing through other alliances and the appropriate international bodies.
7. CWA, CWC and STRM agree to maintain a working relationship for the permanent exchange of trade union information, knowledge and experience in reference to the respective areas in which they work.

Morton Bahr, President
Communications Workers of America

Fred Poweroy, President
Communications and Electrical
Workers of Canada

Francisco Hernandez Inarez
Sindicato de Telefonistas de la Republica Mexicana

Appendix XXVI

Postal, Telegraph and Telephone International (PTTI) North American and Caribbean Members as of 1996

North American Affiliates

American Postal Workers Union (APWU)
Baja California and Sonora Telephone Workers Union
Canadian Union of Postal Workers (CUPW)
Communications Workers of America (CWA)
National Association of Letter Carriers (NALC)
National Mail Handlers' Union (NMHU)
Sindicato de Telefonistas de la Republica Mexicana (STRM)
Telecommunications Workers Union (TWU), British Columbia
Union of Postal Communications Employees (UPCE)

Caribbean Affiliates

Antigua Workers Union
Bahamas Communications and Public Officers Union
Bahamas Public Services Association
Bahamas Communications and Public Managers Union
Barbados National Union of Public Workers
Belize Telecommunications Workers Union
Public Service Union of Belize
Bermuda Public Service Association
Electricity Workers Union of Curacao
Sindikato di Trahadonan den Telekomunikashon, Neth. Antilles
Waterfront and Allied Workers Union of Dominica
Grenada Technical and Allied Workers Union
Guyana Clerical and Commercial Workers Union
Guyana Postal and Telecommunications Workers Union
Montserrat Allied Workers Union
St. Lucia Civil Service Association
Commercial, Technical & Allied Workers Union of St. Vincent
Public Services Union of St. Vincent and the Grenadines
Suriname Telephone and Telegraph Workers' Union
Suriname Postal Workers' Union
Communications Workers' Union of Trinidad and Tobago
Postal Workers' Union of Trinidad and Tobago

Source: Postal, Telegraph and Telephone International (PTTI) 1996.

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