#### For Whom the Bell Tolls: The Privatization of Manitoba Telecom Services and its Impacts

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### **Executive Summary**

IN A 1997 article on the politics of the privatization of the Manitoba Telephone System (MTS), Brandon writers Errol Black and Paula Mallea concluded that:

...it is important to document the outcomes of the MTS privatization: how high do local rates go? and how fast? does service decline? are large numbers of jobs lost or downgraded, or moved to larger centres, or out-of-province? who benefits financially from the privatization, and by how much? how many people find themselves unable to afford telephones?<sup>1</sup>

Over twenty-five years have passed since Black and Mallea posed those questions. During that time, the world of telecommunications has continued to undergo "a sea-change into something rich and strange." Some people have gotten very rich: telecommunications is one of the most profitable industries in Canada. In 2022, the operating profit margin for Canada's telecommunications sector was 22.2 percent.<sup>2</sup> Not bad when you consider that for the first quarter of 2021, the standard average operating profit margin for the Standard and Poor 500 was 9.35 percent.<sup>3</sup> On April 26, 2023, Rogers Communications, fresh from the approval of its takeover of its main competitor, posted a 30 percent increase in profits.<sup>4</sup>

Simultaneously, the sector has penetrated people's lives in ways that just a quarter of a century ago would have seemed strange. We photograph with our phones, pay with our phones, and increasingly encounter businesses and government agencies that expect to conduct our transactions with them online. Telecommunications transmits voice, data, video, music, graphics — anything that can be digitized. New technologies regularly transition from novelty to tool to an indispensable part of daily life. It is also essential to the way we, as humans, have come to communicate. So much so that the United Nations added access to the Internet to Article 19 of the Universal Declaration of Human Rights in 2016. The UN felt that such access was necessary to allow people to "exercise their right to freedom of opinion and expression." It also acknowledged that "access to internet facilitates vast opportunities for affordable and inclusive education."<sup>5</sup> If you cannot access telecommunications, you are at a high risk of being shut out of social life in this country.

Telecommunications is not only socially important. It is economically significant. In 2022 the telecommunications industry contributed \$74.9-billion to the Canadian economy and supported 650,000 jobs.<sup>6</sup> The wired and wireless telecommunications industry employed 101,546 people in 2021; five years earlier the figure was 115,153. Average weekly earnings are \$1,437. It is a highly educated workforce. In 2001 26.3 percent of telecommunications workers had a bachelor's degree, while in 2021, the figure was 41.8 percent.<sup>7</sup> Work in the field includes installation, service, maintenance, technology development, programming, and the provision of cybersecurity.<sup>8</sup>

In the early twentieth century, when telecommunications was in its infancy, it was just as important. When Manitobans realized Canada's largest private telecommunications company was not interested in providing rural and residential customers with affordable, effective service, they bought out Bell Canada in 1906 and established a provincially owned Crown corporation, eventually known as the Manitoba Telephone System to provide that service. By the 1990s, it was a highly regarded, profitable Crown corporation, employing over 4,000 people with a strategic plan to compete in every aspect of telecommunications service. Instead of sticking to that plan, the Conservative government of the day privatized MTS in 1996. Today, MTS can hardly be said to exist anymore other than as a daub of jam on the lips of Bell Canada, the corporate giant which consumed MTS in 2017. Where, in 1996, it employed 4,000 unionized workers, it now employs closer to 1,500. Someday corporate Bell will lick those lips and MTS will simply disappear. But the questions that Black and Mallea posed in 1997 remain pertinent.

To answer those questions, it is necessary to pursue a number of related lines of inquiry. The first is to sketch out a history of MTS as a Crown corporation to discover why the firm was created and what role it once played in the provincial economy. The second is to outline the political changes of the 1980s and 1990s that saw governments lose faith in the state's ability to use public enterprise to direct and shape economic development. In the world of telecommunications, this meant giving the national regulator, the Canadian Radio-television and Telecommunications Commission, a mandate based on a belief that private industry in a state of perfect competition would deliver affordable, accessible telecommunication services. At the provincial level, this led to the privatization of MTS. These amounted to faith-based policies which had the collateral impact of allowing local elites to profit from the underpricing of privatized public assets.

The paper then turns to the impact of privatization on the people who worked for MTS. Privatization initiated a period of continuous layoffs and conflicts with MTS's unionized workforce. In 1999 the company locked out the International Brotherhood of Electrical Workers Local 435 and the Communications, Energy and Paperworkers Local. The issue in both disputes was job security.<sup>9</sup> The unions and MTS pensioners were also obliged to fight a seventeen-year court battle to force MTS to live up to pension commitments at the time of the company's privatization.<sup>10</sup>

At the time of privatization, the Conservative government made many measures intended to ensure that MTS remained Manitoban. However, within two years, MTS began what would be a twenty-year journey toward becoming a subsidiary of Canada's largest telecommunications company. In 2017, Bell Canada took over MTS.

At several points, this paper highlights salient points of Bell's history: particularly its hostility to competition, its hostility to unions, and its drive to establish market control that can be used to protect its very generous profit margins.

Finally, the paper looks at the last five years through the eyes of the people who represent Bell workers. In their opinion, Bell has failed to live up to its commitment to turn Manitoba into Bell's headquarters for its Western Canadian region. Instead, it has continued the previous administration's policy of shrinking the company's presence in Manitoba. Job loss has been continuous: in 1997 the company employed 4,000 unionized employees, it now employs closer to 1,500. Workplace stress has been on the upswing, and investment is probably no greater than it would have been prior to the sale to Bell; after all, MTS would have had to invest in new technology to survive. Service has declined, and Manitobans, like all Canadians, continue to pay some of the highest prices in the industrial world for telecommunications services. Economically Manitoba has been a loser: while technological change has led to some job loss, other jobs have been shipped out of the province to non-unionized subcontractors or even out of the country, to the Philippines

or India. In other cases, the remaining workers have simply had more tasks added to their workload. Bell has also switched from local firms for a variety of services to its preferred, and usually Central Canadian suppliers. Finally, the government's handling of the sale of MTS to Bell seems to have set the pattern for telecommunications mergers of the future, since the Rogers takeover of Shaw appears to have closely followed the Bell MTS script.

This is a cautionary tale and a depressing one. But it should not be immobilizing. Regulatory policies can be weaned away from the current faith in the market. The regulators can tie approvals to requirements that telecommunications companies make investments in local economies and in local workforces. Telecommunications companies make tremendous profits based on government-granted rights to provide services. Canada should ensure that the companies have labour policies that respect Canadian workers. Finally, it would be foolish not to consider some form of publicsector ownership in the telecommunications sector. It would be expensive and difficult. It would require tremendous national confidence. But it took tremendous confidence for tiny Manitoba to take over Bell Canada in 1906. The sector is so resistant to competition that it is not much more than one merger away from establishing a national monopoly. Such a sector is begging to be nationalized.

## Beginnings of Bell Canada

ALEXANDER GRAHAM BELL invented the telephone in 1874 and took out a Canadian patent two years later.<sup>11</sup> The following year Bell and other investors established the Bell Telephone Company – as an American corporation.<sup>12</sup> This company was to grow into the giant American Telephone and Telegraph Corporation – AT&T.<sup>13</sup> Bell Canada was established in 1880. At the outset, half of the shares were owned by U.S. Bell, which appointed three members to the company's board of directors. Leading Canadian corporations of the day, such as Sun Life Insurance, Canadian Industries Limited, the Bank of Montreal, Molson's Brewery, and the Canadian Pacific Railway, all had representatives on the Bell Canada board of directors.<sup>14</sup> A national act of parliament in 1880 gave the company the right to operate in all existing Canadian provinces except British Columbia. (At the time, Saskatchewan and Alberta were still part of the Northwest Territories and Prince Edward Island had not entered Confederation.)<sup>15</sup> By the 1890s, the company had sold its interest in New Brunswick and Nova Scotia.<sup>16</sup> In its early years, the government protected Bell in two ways: patent legislation that freed it from early competitors and the 1880 act of parliament, which granted the company specific rights. In 1902 the Board of Railway Commissioners (BRC) was given the authority to regulate the telephone industry. The level of regulation was minimal, which should not be surprising, since in 1903, the Minister of Railways was also the president of a Bell subsidiary.<sup>17</sup>

The company did not have a legal monopoly on the provision of telephone service, so its early focus was to win domination of the Ontario and Quebec market. Michèlle Martin, the author of a history of the company's early years, titled her chapter on this period "Killing the competition," which was something Bell succeeded in doing by forcing some companies into bankruptcy and buying off competitors who were undercutting it.<sup>18</sup> As telecommunications scholar Benjamin Klass writes, "Bell leveraged its vertical relationship with its manufacturing arm [Northern Electric], its monopoly on long-distance lines, and its cozy relationship with the BRC to squeeze the independents out of business one by one. In some cases, Bell isolated competitors by refusing to interconnect to its long-distance network."19 Concern over these practices and calls for the creation of a publicly owned phone service led the federal government to appoint a parliamentary committee of inquiry into the telephone industry. While the committee reached no definitive conclusions, it did produce evidence that made it clear that Bell's focus was on serving business clients rather than private residences. It was also clear that Bell gave priority to urban as opposed to rural markets.<sup>20</sup>

#### The Creation of Manitoba Government Telephones

SEVERAL WITNESSES WHO testified before the 1905 parliamentary inquiry called for the public ownership of the telephone system. Perhaps the most significant of these was Francis Dagger. His experience in working for private telephone companies in England and for Bell in Toronto had convinced him of the need for public ownership.<sup>21</sup> As the technical adviser to the parliamentary committee, Dagger testified that: "It will thus be seen that the small towns, villages, and rural districts have hitherto been almost entirely left out of consideration by those upon whom the duty of supplying telephonic facilities has been delegated."<sup>22</sup> Dagger felt the best way to provide affordable service to residential customers lay in government ownership of the telephone system.<sup>23</sup> This was music to the ears of the provincial governments of Manitoba and Saskatchewan, who would hire Dagger to oversee the takeover of Bell's operations in those two provinces.<sup>24</sup>

Bell's presence in Manitoba dated back to 1881, when it purchased a private telephone company in Winnipeg and established operations in Brandon and Portage la Prairie.<sup>25</sup> Since the beginning of the twentieth century, municipalities had enjoyed the right to establish telephone companies, but only Neepawa entered the field.<sup>26</sup> By 1905, there was a proposal to establish two additional telephone companies. There was concern that this would not lower rates

since the new companies would have to make considerable investments in equipment, and the additional poles and lines would be a blight on local communities. As a result, the Manitoba government conducted an inquiry into the future of telephone operations in the province.<sup>27</sup> Two options to be considered were having the provincial government take "over the present system in the province or build a new one to be owned and operated by the government."28 This proposal was in line with the views of the Canadian Municipal League, which wished to see the federal or provincial government take over long-distance services and allow municipalities to expropriate Bell's local operations.<sup>29</sup> The Manitoba Union of Municipalities, created in 1905, took up this position provincially. Rural community leaders played a leading role in the campaign for a publicly owned telephone service. George R. Belton, the editor of the Neepawa Register, published a pamphlet that asked, "Shall the People Own Their Own Telephones or Shall they Contribute to the Octopus?"<sup>30</sup> The "Octopus" to which Belton was referring, was Bell, which in the minds of many rural customers was slow to provide service and the service was expensive.

The Manitoba government delayed action until the federal commission completed its work. Its original chair Sir William Mulock supported public ownership. However, corporate interests inside and outside of Canada conspired at that point to stifle any proposal for a publicly owned system: the committee wound up its work without making any recommendations.<sup>31</sup>

In 1906, the provincial government received petitions from the cities of Winnipeg and Brandon, nine of the province's towns, and twenty municipalities to take over the phone system.<sup>32</sup> Shortly thereafter, the province asked the federal government for the right to take over the Bell system in Manitoba.<sup>33</sup> When Ottawa delayed granting this power for over a year, the provincial government organized a referendum on the issue in late 1906.<sup>34</sup> The vote favoured the creation of a public system, and the provincial government informed Bell that if it did not sell out, it would build a competing system. In 1907 Bell took the province up on the offer, selling the company for \$3.4-million. Dagger, who had been the government's adviser up until then, thought the government overpaid by a million dollars. The new service, initially known as Manitoba Government Telephones, would be run by a Commission made up of three former Manitoba Bell employees.<sup>35</sup> In 1921 Manitoba Government Telephone became the Manitoba Telephone System – although this did not become the system's sole name until 1962.<sup>36</sup>

Manitoba Government Telephones was one of the first provincial crown corporations established in Canada. In its first year of operation, it built 1,469 miles of long-distance phone lines. Rates were cut and the number of subscribers increased by 25 percent. But while it expanded services it did not create a reserve to pay for the replacement of old equipment.<sup>37</sup> Politically motivated management decisions led the corporation to run a deficit of \$202,000 in 1912.<sup>38</sup>

Writing in the 1930s on the provision of publicly owned phone service in Manitoba, economist Harold Innis concluded that in Manitoba the "main problems of developing government ownership appear to have been solved." After noting the dangers that arose from the need to make significant investments and be sensitive to political pressures, he observed that "The advantages of government ownership were shown in the immediate possibility of commanding tremendous capital resources at a comparatively low rate of interest and placing at the command of the community in the shortest possible time the conveniences of modern civilization which involved heavy capital investments.<sup>39</sup>

From the thirties to the 1980s, MTS's history was not that different from most Canadian telephone companies. It had a monopoly on service, it did not expand during the Depression or the war and then underwent significant growth in the post-war years as telephones became common items in every household. By the mid-1940s, MTS was contributing annual surpluses to the provincial treasury of up to \$700,000.40 It was involved in a number of significant innovations, including the introduction of the 911 Emergency number (initially 999) and early ventures into computerbased telecommunication.<sup>41</sup> By the early 1960s, the corporation had 3,900 employees, making it the third-largest phone company in the country.<sup>42</sup> Nor was it immune to political controversy, MTX, an MTS subsidiary created to sell telecommunications technology internationally, became embroiled in a bribery and human-rights scandal arising from its work in Saudi Arabia. Despite this contretemps, telecommunications historian Robert Babe observed in 1990 that the "Manitoba Telephone System, on the whole, has been an exemplary operation. Its rates consistently have been the lowest in Canada, services have been provided throughout the province, and the efficiency of its operations has been unmatched."<sup>43</sup> Despite such high praise, six years later, the governing Conservative party would conclude that MTS was a liability that needed to be sold in light of the changing nature of telecommunications in Canada.

#### Deregulation

FROM THE 1980S onwards, international political and technical trends were to drive changes in Canada's telecommunications sector. Economic crises in the 1970s led to the election of governments in Europe and North America that were prepared to turn their backs on what some commentators termed the post-war labour compromise. Under that compromise, the industry was compelled to accept unions as having a legitimate place in society. Governments were to use their taxing and spending powers to keep unemployment low and economic growth high. It was considered legitimate for governments to regulate for the public good and to establish state-owned corporations to advance public goals. In this period, the federal government established Telesat Canada, a federal Crown corporation to provide satellite services, while Canadian Overseas Telecommunications Corporation (later called Teleglobe) established an international underwater cable system. Public investment played a central role in building a national infrastructure and Canada was often at the forefront of technical innovation. Responsibility for regulating broadcasting and telecommunications was transferred from the Canadian Transport Commission (the successor to the Board of Railway Commissioners) to the Canadian Radio-television and Telecommunications Commission. When it came to telephones, the CRTC's jurisdiction was initially limited, with telephone companies that operated in only one province, for example, being regulated by provincial public utilities boards.

Many of these policies and practices were dismantled in the 1980s as conservative governments sold state-owned enterprises, adopted international trade agreements that limited their ability to direct local economies, reduced social benefits, and rolled back laws that protected trade unions. Competition and de-regulation were the order of the day. It was promised that they would deliver growth, lower costs, and improved service.

In 1984 a U.S-government lawsuit resulted in the dismantling of AT&T into a series of what were termed Baby Bells that would continue to deliver local service, while AT&T maintained long-distance service and its research and manufacturing operation.<sup>44</sup> The break-up of Bell was followed by the ending of rules prohibiting people from owning their own phones and the introduction of jacks that allowed people to plug in new services to their phones. Technologies that were once the preserve of large corporations were becoming available to retail consumers.

In Canada, an important turning point came in 1989 when the Supreme Court ruled that the telephone companies that were part of the national telephone network were to be regulated by the CRTC, although it would take until 2000 before all provincial telephone companies came under the CRTC's authority.<sup>45</sup> This ruling set the stage for a national Telecommunications Act. A key principle of that act was the concept of forbearance, meaning the CRTC was not to regulate in cases where there was sufficient competition to protect the consumer from monopoly pricing. The regulator's task was to regulate in a way that created and maintained a competitive market. The shift from a world of crown corporations to competitive markets was signalled by the privatization of both Telesat and Teleglobe.<sup>46</sup>

This was also the era of convergence: firms that once provided one type of service only, be it landline telephones or cable television would soon be competing with one another to provide bundles of all the services. The long-sheltered telephone companies of Western Canada knew that competition with the giants of Canadian telecommunications — Bell and Rogers — would soon be coming. In 1990 the Alberta Government privatized its telephone company, which came to be known as Telus.<sup>47</sup> Eight years later, Telus announced that it was merging with BC Telecom, the private British Columbia phone company.<sup>48</sup> This was part of a trend of mergers that saw telecommunications companies buying broadcasters and newspapers. CanWest bid for Conrad Black's Hollinger newspaper chain for \$3.2-billion, Bell bought CTV for \$2.3-billion, and Quebecor took over Videotron at a cost of \$5.9 billion.<sup>49</sup> The mobile telecommunications sector came to be dominated by three firms: Rogers, Bell, and Telus.<sup>50</sup>

Clearly, the Manitoba government had some key decisions to make: the main options were either to invest in MTS to allow it to withstand the winds of competition or it to divest itself of the company.

#### **Privatization**

IN MANITOBA, A Conservative government had been in power under Premier Gary Filmon since 1988. Although the government would not put MTS up for sale until 1996, it had begun to lay the groundwork for privatization in the early 1990s. In 1994, MTS sold its coaxial cable system for \$11-million, a fraction of its estimated value of \$63-million.<sup>51</sup> The Boston-based Faneuil-ISG was granted a \$47-million contract that included the right to use the MTS customer database for seven years.<sup>52</sup> The corporation also began to institute a series of staff cuts, for example laying off 200 people in 1994<sup>53</sup>. The company was also instructed by the government to exit the fax and personal computers markets. These decisions were out of step with the corporation's previous strategic plan, under which it aspired to be an end-to-end telecommunications provider, especially to large corporations and institutions.<sup>54</sup>

Following the Conservative victory in the spring 1995 election, MTS was restructured into four divisions, a move which some critics believed represented a further step towards getting the company ready to take to market.<sup>55</sup> But the government declined to confirm that it was planning to privatize the firm. When asked by New Democratic Party leader Gary Doer on May 24, 1995, whether the government had any intention to sell MTS, Filmon answered, "I can indicate that we do not have any plans to do that. We continue always to operate on a pragmatic basis. We continue to always look at ways in which we can ensure that our economy will grow, that we will take advantage of new changes in technology, of all of the things that are important to us as an economy and as a society."<sup>56</sup> When asked in 1995 if there were plans to sell the company, Telephone Minister Glen Findlay gave a similar response to

the same question that year: "I've told you several times; we have not talked about it, we are not talking about it, we have no proposals."<sup>57</sup>

At the end of 1995, the government asked three brokerage firms to recommend the company's future. The brokers recommended that the company be privatized. On May 31, 1996, a month after receiving the report, the government tabled a bill authorizing the privatization of MTS.<sup>58</sup>

The fact that MTS was now federally regulated had 70 percent of its operations open to national competition, and had an \$800-million debt load formed the basis of the government's rationale to sell the company. Filmon also pointed out that there was a need for a \$500-million investment in new technology, which, he said, should come from the private sector.<sup>59</sup> The provisions of the sale required that the new company's headquarters remain in Manitoba and that Manitobans constitute a majority of the company's board of directors. Glen Findlay stressed that "Manitoba preference is a key element in the plan to convert MTS from government ownership to a publicly traded corporation." As a result, the majority of the shares in the corporation were reserved for Manitobans. There were also limits on the amount of stock each Manitoban could buy.<sup>60</sup> The opposition predicted job loss, higher rates for consumers, and the loss of the provincial government's ability to exercise influence over an increasingly important economic sector.<sup>61</sup>

While the company's debt load was high, it had \$1.5-billion in assets and turned a yearly profit. And while competition was on the horizon, MTS dominated the Manitoba market. It had a strong base from which to work. Nor did the limits on individual and foreign ownership offer long-term protection. Opposition leader Gary Doer observed that after four years, "there is no legal impediment for an AT&T or any other entity buying up control of the company and consolidating executive positions in another province or country."<sup>62</sup>

Opposition to the sale was widespread. According to a Viewpoints Research poll, nearly 70 percent opposed the sale. Amongst rural Manitobans, the figure was 80 percent.<sup>63</sup> A public campaign led by Save Our System (SOS) held meetings throughout the province. The debate in the legislature was particularly acrimonious, with the speaker having to invoke closure to bring the debate to an end.<sup>64</sup>

Nonetheless, the sale commenced shortly after the bill was passed. Seventy million common shares in the company were offered to the public.<sup>65</sup> People who bought shares were required to put up only half the cost at the time of purchase — this amounted to an interest-free loan. The government guaranteed a 6 percent dividend for the first year at a time when most telecommunication companies were paying between 4.5 and 5 percent. The shares quickly rose in price, and most of the initial purchasers quickly sold their shares, realizing quick profits at the expense of Manitobans who could not afford to buy shares.<sup>66</sup> The CRTC would later conclude that "at \$13 per share, MTS was priced at a discount relative to other telephone companies."<sup>67</sup> The gross proceeds on the sale were \$910-million. In addition, the newly privatized company assumed \$428 million of debt.<sup>68</sup>

It was alleged at the time that some companies had managed to find ways that would allow people to buy more than their allotted number of shares. These, for example, included what amounted to renting students' social insurance numbers.<sup>69</sup>

One of the companies authorized to sell shares was Wellington West Capital. The company's founder, Charlie Spiring had worked for the Filmon Finance Department in the early 1990s. Wellington West's involvement in the sale of MTS shares led to an investigation by the Manitoba Securities Commission, which concluded some of the firm's "actions were contrary to the public interest." The firm was required to pay the Commission \$10,000 plus \$7,000 in costs.<sup>70</sup> Following the defeat of his government in 1999, Gary Filmon would go on to serve on the board of the privatized MTS, where he earned over \$1-million over a decade. He also became the vice-chairman of Wellington West Capital in 2001.<sup>71</sup> Not only did Filmon go to work for Wellington West after he left office, but future premier Heather Stefanson was also an investment advisor with Wellington West when she was first elected to the legislature.<sup>72</sup>

No sooner had the bill authorizing privatization been pushed through the legislature that MTS's lawyers began seeking increased phone rates based on the increased costs that would accompany privatization. MTS counsel Ross Nugent told the CRTC that "Residential domestic rates are going to change. There is no question about that." He went on to say that "rural residential rates are going to change more than the others."<sup>73</sup> In the first year of operation, five senior MTS executives received raises worth a total of \$276,000. Three of them also received stock options worth a million dollars over a five-year period.<sup>74</sup>

As a Crown corporation, MTS had not been required to pay tax. It was given a four-year tax break to allow it to make pension plan adjustments. But before that period was over, it was seeking rate increases to cover increased taxes.<sup>75</sup> The company's message was that consumers should expect annual phone rate increases to allow the company to cover its new tax obligations.<sup>76</sup> The new company was as quick to shed employees as it was to raise rates. As political commentator Frances Russell observed, "By 1998, one year after privatization, Manitobans owned less than 20 percent of MTS stock, 1,350 employees had been laid off and phone rates had risen 37 percent."<sup>77</sup> Privatization initiated a period of continuous layoffs and conflicts with MTS's unionized workforce.

## **Privatized MTS Labour Relations**

THE FIRST UNION of telecommunications workers in Manitoba was a local of the Brotherhood of Telegraphers, who were members of the continentwide organization known as the Knights of Labour. In 1883, the Winnipeg local's ten members walked off the job as part of a doomed continent-wide strike against Western Union and its subsidiaries.<sup>78</sup> Some have argued that the phone industry's decision to hire women as operators was an outgrowth of this early strike since management believed women would be less likely than men to unionize and strike.<sup>79</sup>

The International Brotherhood of Electrical Workers established a local in Winnipeg in 1901.<sup>80</sup> That same year, sixteen Winnipeg Bell telephone operators went on strike to protest the dictatorial behaviour of a new manager. According to the Winnipeg labour paper, *The Voice*, "the new manager "seems to have made it her study to torment the girls to her utmost and wide ability; it is the last straw in a wretched sweatshop regime. This is how the Bell Telephone millions are rolled up — at the cost of our girls."<sup>81</sup> The strike was settled in the women's favour: the new rules were "relaxed and revised," and wages increased.<sup>82</sup> In 1907, *The Voice* reported that 600 telephone workers belonged to the IBEW. Later that year, the union discovered that the telephone commission had hired a private detective firm to infiltrate the union.<sup>83</sup> In 1909, the linemen were angered by a decision to restore Bell's practice of increasing the working day from nine to ten hours during the summer without an increase in pay.<sup>84</sup> The telephone operators threatened to go out on strike in November 1909, once again to protest disciplinary policy.<sup>85</sup>

The phone operators and 100 male craft workers went on strike in mid-May 1918 as part of a sympathy strike with municipal workers.<sup>86</sup> The following year, the operators, all of whom were women, were the first to walk off the job as part of the Winnipeg General Strike.<sup>87</sup> Both the sympathetic strike of 1918 and the general strike of 1919 were fought over issues of trade-union principles: the right to unionize, negotiate, and strike.<sup>88</sup>

The Winnipeg business elite crushed the General Strike.<sup>89</sup> Many strikers were fired for participating in the strike, and many unions were broken. The IBEW's participation in the 1919 General Strike led to its loss of representation in the phone system. In the face of the crackdown on the unions, inside workers created the Manitoba Federation of Telephone Workers after 1919, while the Manitoba Telephone Association was created as a social club after the strike, eventually merging with the Manitoba Government Employees' Association in 1947.90 These employee associations did not have the same rights or independence as trade unions. There were no negotiations, only management posted "agreements." Nor would the province meet with IBEW representatives from outside Manitoba. Aside from an informal wildcat strike in 1950, Manitoba telephone workers took no strike actions from 1919 to the early 1960s. It was not until 1958 that MTS formally recognized the IBEW.<sup>91</sup> By the 1970s, the IBEW represented the operators, installers, office workers, switch men and lineman. The small Manitoba Communications Union joined the IBEW at the end of 1973.<sup>92</sup> In 1974, 800 operators, members of the IBEW, went on strike for improved wages and a reduced workweek. Other unionized MTS employees refused to cross their picket line, and the strike ended successfully after two weeks.93 When the IBEW was expelled from the Canadian Labour Congress (following a conflict between U.S.-based craft unions and the CLC's increasingly nationalist leadership) in 1981, the Communications Workers of Canada (CWC) won the right to represent the operators.<sup>94</sup> The following year it won the right to represent the clerical workers and operators.<sup>95</sup> Following a series of mergers, the CWC became part of the Communications, Energy, and Paperworkers (CEP) and then part of Unifor in 2013

In 1970, the Telephone Engineering Association of Manitoba (TEAM) was established to represent professional and mid-management employees at MTS. It was certified by the Manitoba labour board in 1986 as the Telecommunications Employees Association of Manitoba and negotiated its first agreement the following year. By then, it represented information technology, network engineering, sales, marketing, business administration, and finance workers. Following MTS's privatization, TEAM was certified by the federal labour board and affiliated with the International Federation of Professional and Technical Engineers (IFPTE). However, the types of workers it represents at MTS are not unionized in other telecommunication companies, including Bell Canada. This would come to have significance following the Bell takeover of MTS.<sup>96</sup>

Following privatization, MTS adopted an aggressive approach to labour relations in its search for concessions that would increase its ability to contract out work. The issue came to a head in 1999. The first conflict was with the International Brotherhood of Electrical Workers. The company had demanded concessions, which the workers rejected. When the company asked the union to send the same offer out for a second vote, the union refused. As a result, the MTS locked out 1,100 IBEW members in the spring of 1999. (A lock-out is the employer version of a strike. During a lockout, the employer does not let workers into work to do their jobs.) The union surprised the company with a high level of solidarity, a strong picket line presence, and a mass rally at the MTS offices. Within a week, the company brought in an improved offer. Local 435 Business Manager Dave Nyhof said, "This lockout confirmed everything we had suspected about the new face of employer/ employee relations in the 1990s. The privatization of 'old guard' telephone companies is accompanied by such antagonistic management practices as lockouts, scabs and ultimatums."97

In negotiations that year with the CEP, MTS sought to eliminate contract provisions restricting contracting out of work. The workers gave their union an 88.5 percent strike mandate. Rather than call a strike, the union organized several brief workplace protests. In response, management locked them out. The conflict lasted one hundred days, ending with a victory for the union: a pay raise, a signing bonus, improvements in sick leave, and no change to the job security provisions.<sup>98</sup>

### **Pension Complaints**

THE PRIVATIZATION ALSO led to a sixteen-year court case over the fate of the MTS pension plan. Before privatization, 7,000 MTS employees and retirees were part of the Civil Service Superannuation Plan (CCSP). Fifty percent of a retiree's pension came from the Civil Service Superannuation Fund (CSSF) — which had been funded entirely by civil service and Crown corporation employees. The other fifty percent came from the employer (in the case of MTS employees MTS, in the case of civil servants, the provincial government), on a pay-as-you-go basis.

The CSSF was said to have a surplus if it was funded at a level that was higher than fifty per cent of the pension plan's liabilities. Surpluses had historically been generated through the investment of worker contributions and had been used solely to improve pension benefits. With privatization, MTS workers and retirees would be shifted — without their approval — from the CCSP to a new MTS plan. A portion of the CSSF, including a portion of its surplus, was to be transferred to this new plan.

The retirees and the unions were concerned about the fate of the surplus, estimated to be \$42-million at the time of the transfer, and employee involvement in the management of the pension plan. Government and MTS kept the unions and pensioners largely in the dark throughout the process. At the eleventh-hour, commitments were made to the effect that employees and pensioners would have the same sort of pensions and pension rights as they would if they had continued with the CCSP. A commitment was also made that the surplus would not be used to lower MTS's pension costs.

The company did not live up to these commitments. Instead, it used the surplus to fund a five-and-a-quarter-year holiday from pension plan contributions. The surplus ended up in a separate cost-of-living allowance fund that was structured in such a manner that it would never provide increased benefits to retirees. The ultimate administrator of the new pension plan was the MTS board of directors. Retirees only discovered MTS's contribution holiday until it had been going on for ten months. In 1998 the unions and retirees launched a court action against MTS, which fought the case every step of the way. It took eleven years of litigation to get the case to court. At the end of a thirteen-week trial, the judge ruled that MTS had merged the surplus with other funds, thereby preventing MTS retirees from receiving improved benefits.<sup>99</sup> The trial judge had ordered the parties to negotiate an agreement or submit evidence that would allow the courts to impose a settlement. MTS appealed the case to the Supreme Court, where in 2014 – seventeen years after privatization took place – it lost. The court ruled that it had to increase benefits by \$43-million plus interest, bringing the total addition to the pension fund to \$140-million.<sup>100</sup> Following the court decision, MTS reached an agreement with the unions and retirees that saw \$135.5 million distributed to current and former members of the plan.<sup>101</sup> The pensioners played a significant role in the case. They contributed over \$175,000 to fighting the court case and established the Telephone Retirees Association of Manitoba (MTS blocked them from calling themselves the Manitoba Telephone Retirees and using MTSRA as their acronym).<sup>102</sup>

The conflicts between MTS and its employees were being played out against a broader set of trends that saw government regulators seeing, with little success, to bring the supposed benefits of competition to telecommunications consumers.

## **Competition Policy in Action**

IN HIS SURVEY of the regulation of telecommunications in Canada and the United States, Canadian communications policy specialist Kevin G. Wilson wrote that "policy for the telecommunications industry will surely be caught in a conceptual no-man's-land between the alleged promise of neo-classical economics [meaning their belief in the benefits that competition will bring] and the hard reality of the facilities providers' near categoric refusal to compete with one another, all the while eliminating competition wherever it emerges in the margins of their industry." This refusal, Wilson pointed out "has been one of the most consistent features of the industry for over a century."<sup>103</sup>

The alleged promise that Wilson speaks of is the belief that competition will deliver lower costs and improved service. According to this line of thought, all that federal regulators had to do was dampen down their regulatory fervour and allow a fair market to develop. Historically, the CRTC has made competition the guiding criteria in regulating telecommunications — which has generally meant that there has been little regulation.<sup>104</sup> Consumer regulation of wireless services, for example, has largely been limited to the length of the contract, fees for termination and roaming, and rules around the locking of devices.<sup>105</sup> Beyond these measures, the CRTC adopted an "infant industry model" intended to provide economic advantages for new entrants to the market that were not available to existing firms. As two industry observers

noted, "The difficulty is that the CRTC adopted the infant-industry model with almost no discussion as to its theoretical validity or empirical relevance to the long-distance market. Consequently, it seems to have given no thought to its course of action, should the model fail."<sup>106</sup>

A highly competitive market has not been summoned into existence. The former monopoly companies, be they telephone firms like Bell or cable providers such as Rogers, dominate the field. These firms are often termed "incumbents." They own the infrastructure, control the market, and in large measure, have captured the regulators. What has emerged is a state of oligopoly, where the incumbents dictate prices in various regions of the country. They have been happy to see the federal government attempt to create competition at the margins, but they certainly did not wish to see foreign-based competition: Bell and Rogers mounted a spirited and patriotic campaign at the prospect of Verizon entering the Canadian market in 2013.<sup>107</sup>

The CRTC has pinned much of its hopes on the emergence of independent service providers. These providers are expected to purchase access to the infrastructure of the giant firms and create low-cost packages for consumers. According to Canadian Lawyer magazine, "In 2019, the Canadian Radiotelevision and Telecommunications Commission (CRTC) found that Bell and Rogers had violated rate-setting rules more than 50 times from 2016 to 2019 and had inflated rates sometimes by more than 900 percent. The CRTC issued an order calling for the correction of these inflated rates and the repayment of the amounts unjustly taken from competitors." The amount that the CRTC ordered be paid back was \$ 325 million. These smaller providers claimed that Bell and Rogers had engaged in uncompetitive pricing activities to reduce competition and keep Canadian rates high.<sup>108</sup> At the time, Bell announced it would have to cut 200,000 households from its rural internet expansion program, including proposed expansion in rural Manitoba.<sup>109</sup> Bell and the other large providers fought the ruling in the courts without success. But they lobbied the government, claiming that a cut in rates would lead to a decline in investment in technology in Canada.<sup>110</sup> In May 2021, the CRTC reversed its position, much to the pleasure of Bell Canada.<sup>111</sup> The ruling was followed by the acquisition of several small providers by the Big Three.<sup>112</sup>

In 2022, the CRTC concluded that by denying Videotron, its main competitor in Quebec, access to its telephone poles, Bell had violated the federal Telecommunications Act. According to the CRTC, "Videotron could not access Bell Canada's poles, which delayed its network deployment and created a competitive advantage for Bell Canada." The Commission fined Bell \$7.50 million.<sup>113</sup> In 2023, Videotron accused Bell of double-billing corporate clients for its 911 services. In its defence, Bell stated that the CRTC has allowed it to undertake the billing practice during a transition period. Bell, SaskTel, and Telus have responsibility for the current 911 system and a next-generation network. Videotron complained that it was being charged for both services (which it provided to its customers) but could not access the new network.<sup>114</sup>

As Benjamin Klass observed, in this supposed era of heightened competition, Bell has used market dominance and the regulatory process "to force its competitors to adopt an inferior business model which would have put them out of business, similar to what had happened during the middle of the twentieth century between Bell and the competing telephone companies."<sup>115</sup>

# The Road to the Bell Takeover

BELL CANADA'S TAKEOVER of MTS was always in the cards. Two years after being privatized, MTS partnered with Bell Canada to create Bell West.<sup>116</sup> Bell Canada owned sixty percent of the new company, which was intended to focus on the business telecommunications market in Alberta and British Columbia, while MTS owned forty percent.<sup>117</sup> As part of the deal, Bell Canada gained a 20 percent ownership of MTS.<sup>118</sup>

It appeared at that point that MTS was on its way to a merger with Bell, but the relationship fell apart in 2004. MTS pulled out of Bell West and bought back the shares that Bell owned in MTS proper. In what amounted to a bid to establish itself as a national telecommunications company, MTS bought Allstream Inc. for \$1.7-billion. Formerly known as CNCP Telecommunications (then Unitel, and later AT&T Canada) Allstream had just emerged from bankruptcy protection. The purchase gave MTS access to a 30,000-kilometre fibre-optic network.<sup>119</sup> However, the Allstream operation proved unprofitable. After trying and failing to sell Allstream to an Egyptian consortium in 2013, MTS succeeded in selling Allstream to an American fibre-optic network operator for \$465-million in 2016. At the time industry analysts concluded that MTS was preparing to offer itself up for sale to Bell, Rogers, or Telus.<sup>120</sup> They were correct.

MTS was not only getting rid of Allstream: it began to shed itself of workers. In November 2015 the company announced it was reducing its workforce by between 200 and 250 employees.<sup>121</sup> As TEAM executive director Erin Spencer said, "In retrospect, they were setting things up so that Bell would not have to be the bad guys."<sup>122</sup>

In May 2016, Bell announced that it would be seeking federal approval to purchase MTS. At the time, Bell committed itself to making Winnipeg its Western Canadian headquarters and to investing \$ 1 billion over five years in infrastructure.<sup>123</sup> The biggest obstacle to the approval of the sale was the analysis prepared by the Federal Competition Bureau. When the takeover was proposed, MTS had 50 percent of the Manitoba wireless market, Rogers 30 percent, and Bell and Telus each had ten percent. The Bureau's analysis found that "mobile wireless pricing in Saskatchewan, Thunder Bay, Quebec, and Manitoba is substantially lower than in the rest of Canada. These are all areas that have a strong regional competitor." The sale of MTS would eliminate the strong regional competitor in Manitoba. According to the Competition Bureau, in February 2017, "Bell's website offered a 5GB plan in Ontario for \$105 but that same plan was offered for \$60 in Manitoba." The Bureau concluded that "these differences in price could not be explained by factors such as quality, differences in demand or demographics, but instead were based on the existence or non-existence of a strong regional competitor. As a result, the Bureau determined that if Bell were permitted to acquire MTS, Manitoba's regional player, Manitobans would pay significantly more for mobile wireless services and have fewer options for this important service."124

Despite these reservations, the Competition Bureau and Innovation, Science and Economic Development Canada approved BCE's takeover of MTS for \$ 3.9 billion in February 2017. To win federal approval, there was an agreement that Xplornet Communications, which provided internet services in rural Manitoba, would enter the wireless market, with Bell being required to provide Xplornet with wireless network access and sell six of its retail outlets and 24,700 subscribers to Xplornet. Following the merger, Bell MTS had 44 percent of the market, Rogers 36, Telus 10, and Xplornet two percent. Bell was also required to sell a portion of its customers and retail outlets to Telus. Bell committed itself to investing \$ 1 billion in a five-year upgrade of the wireless service and to maintaining its price structure for one year.<sup>125</sup>

Bell announced that "the new Bell MTS will bring unprecedented investment and innovation in broadband communications to Manitoba, including the rollout of next-generation Fibe services and Canada's fastest-ranked wireless network." Aside from the promised \$1-billion investment in the expansion of the broadband network in Manitoba, Bell said that "Winnipeg will also serve as Bell's headquarters in Western Canada." Dan McKeen, the company's Senior Vice-President, Small Business, was appointed Vice Chair, Bell MTS & Western Canada.<sup>126</sup> At the time of the takeover, McKeen told the Free Press that he "could not say whether or not there will be any workforce reductions but he did say there will be changes." McKeen said, "We bought this company to grow it and to win in the marketplace. We did not buy the company to shrink it."<sup>127</sup>

The Manitoba government offered its support to the Bell takeover after the company committed itself to improve wireless service along Highway 75 connecting Winnipeg and the American border.<sup>128</sup>

Xplornet faced the same problems that all other new entries to the wireless market confronted. In July 2022 it announced that it was ceasing operations. By then, the company had only 7,000 of the 24,700 customers it had started out with.<sup>129</sup> Manitoba had four healthy telecom competitors. Rather than blocking the sale of MTS, and keeping the market competitive, the government allowed a takeover that reduced them to three and then tried to magic a fourth competitor into existence. The trick, rather predictably, failed.

#### **Bell and Unions**

"We have never recognized these unions in any way, nor would we oblige ourselves to employ only union men." *– Bell Telephone President Charles Sise in 1900.*<sup>130</sup>

Bell had never been a hospitable employer for unions. Its opposition to unionization dates to the early years of the twentieth century. In 1907, AT&T sent a pair of engineers to Canada to conduct time-and-motion studies of Bell's Canadian operators to speed up work and cut costs. The result was an increase in hours from five to eight hours a day. At the same time, wages were reduced from 21 cents an hour to 16 cents. In response, 400 operators created the Telephone Operators, Supervisors, and Monitors Association. The company refused to negotiate and demanded that workers either accept the cuts or quit. Instead of giving in, the operators walked off the job. The company brought in replacement workers, and the strike ended in defeat, although it led Bell to experiment with the creation of an employee council or "company union" to stave off future unionization.<sup>131</sup> Bell was not alone in the creation of an employee council. In response to a post-war strike wave in the United States, many larger corporations, including Bell, International Harvester, Imperial Oil, and Swift and Company, created "industrial councils." The Canadian branch plants of these companies followed suit. Bell was able to drive the IBEW out of its Ontario operations through the establishment of a Telephone Operators Association and a Plant Employees Association. These organizations did not bargain collectively – at their best, they identified and

resolved points of conflict and provided a range of social and recreational programs intended to increase employee loyalty.<sup>132</sup>

Following the Second World War, when Canadian laws changed to make it easier for workers to unionize, these company unions gained certification as the Plant Employees Association, the Canadian Telephone Employees Association, and the Traffic Employees Association. These Associations were rarely confrontational, refused to contemplate strike action, and were supported by the company in overt and covert ways. When the IBEW attempted to win the right to represent craft workers, Bell hired extra workers, campaigned actively on behalf of the company union, and, once the IBEW was defeated, laid off 1,500 of the new hires. It was not until the late 1970s that a member-led campaign succeeded in winning the Communications Workers of Canada (later the Communications, Energy and Paperworkers Union, and even later, Unifor) the right to represent Bell workers in Ontario.<sup>133</sup>

In the 1990s, the Canadian Telecommunications Employees' Association and the Communications, Energy and Paperworkers Union, representing the telephone operators and dining and house service workers, concluded that Bell Canada had been consistently underpaying female workers who were doing work of equal value to male workers. They took their claim to the Canadian Human Rights Commission. Bell fought them for over a decade, at one point going to the Supreme Court — which decided on behalf of the unions. Ultimately, the CTEA won a \$ 178 million settlement, and the CEP won a \$ 104 million settlement for their members.<sup>134</sup>

In the twenty-first century, Bell's major strategy in dealing with unionized workers has been to shift work out to private contractors. It was an intensification of a policy that the company had already been pursuing: in 1999, Bell Canada International outsourced its information technology work to the Montreal-based CGI, Inc.<sup>135</sup>

Bell was able to take advantage of a failing in Canadian labour law to transfer jobs from Bell to Nordia, a subsidiary that Bell had set up in Ontario in 1999. Once Nordia was established, Bell transferred telephone operator jobs to the new firm. Normally bargaining rights are transferred when such transactions take place. However, because Bell was regulated by federal labour law and Nordia by provincial labour law there no such requirement applied. The result was job loss and reduced hours for Bell employees, while Nordia workers made less money and had fewer benefits than the unionized telephone operators whose jobs they were taking. Shortly afterwards, Bell began transferring office and sales work to Nordia.<sup>136</sup> Bell described the expansion of the Nordia network of call centres as part of a strategy to "improve customer service and invest in Canadian jobs."<sup>137</sup> In 2015, Unifor asked the Canada Industrial Relations Board to grant it the right to represent the 400 workers at a new Nordia call centre in Moncton because they were doing 100 percent Bell work. According to the union, the Nordia workers were making less than half of what unionized Bell workers doing the same work in the Maritimes.<sup>138</sup> Bell sold Nordia to Birch Hill Equity in 2015 but continues to shift work to the company.<sup>139</sup>

In other cases, Bell shipped jobs right out of the country. Quantrics was created by Bell in 2016 as a wholly owned subsidiary. It opened its office in the Philippines later that year. It described itself as "a newcomer to the offshore business process outsourcing (BPO) contact center marketplace."<sup>140</sup> In 2016 unionized Bell call-centre workers were laid off while the company shifted work to Nordia and to the Philippines.<sup>141</sup> Bell sold Quantrics to Nordia in 2022.<sup>142</sup> In 2022, CNEXIA, another Bell Canada customer-relations subsidiary, undertook to create 1,750 jobs in Morocco.<sup>143</sup>

Throughout this century, Bell has aggressively contracted out work. From 2008 to 2011, the company halved the number of workers it employed at an Ottawa call centre.<sup>144</sup> In 2019, it said it would be contracting out the installation work on a rural high-speed internet service for which it was receiving federal funding.<sup>145</sup> In December 2020, under pressure from Unifor (the successor to CEP), Bell announced it would no longer be using contract workers on this work in Ontario and Quebec.<sup>146</sup> When unionized Bell workers authorized strike action in 2022, Bell issued emails to its staff urging them to continue working if a strike took place.<sup>147</sup> The union and the company reached an agreement before a strike was called: as a result, Bell's commitment to strikebreaking remains untested.<sup>148</sup>

#### Regional Headquarters for Western Canada

ALL THREE UNIONS scoff at the idea that Bell MTS is the Western Canadian headquarters of Bell Canada's operations. TEAM executive director Erin Spencer said, "When you look at their senior management structure for the rest of the country, it is apparent we are not a regional headquarters."<sup>149</sup> Dan McKeen, the first Vice Chair, Bell MTS & Western Canada, McKeen left in 2020. He was replaced by Ryan Klassen, who in turn left at the beginning of 2023.<sup>150</sup> His replacement was Paul Norris, a former MTS vice president. Norris was the last of the MTS vice-presidents to continue with Bell MTS.

Jackie Prynne, President of Unifor Local 7, said, "There has been nothing with Manitoba being a Western Canadian headquarters as promised. As of 2023, Bell moved dispatching for Bell West technicians to Winnipeg, adding six full-time jobs for existing staff.<sup>151</sup> The IBEW's Assistant Business Manager Richard Ferris said, "We have seen no movement on a Western Canadian Headquarters."<sup>152</sup>

Spencer wonders if Bell's anti-union animus is one of the reasons why Bell MTS employees have not been given greater opportunities to work on Bell's projects in Western Canada because, in Bell's other operations, the workers that TEAM represents are not unionized. "The middle management is not unionized outside of Manitoba. We are kept under the stairs; they do not want the other employees to know about us. They went to great lengths to keep us separate."<sup>153</sup> According to Spencer, until very recently, TEAM members had been restricted in the amount of work that they could do that was not related to the Manitoba market. "They did not want us to grow." She said, "We were seeing jobs going up on Bell's internal website that were remote jobs that were being offered at every major worksite except for Winnipeg; they are discriminating against our folks because they are unionized."<sup>154</sup>

Not only is Bell MTS, not a regional headquarters, but its presence in Manitoba is declining. In the 1980s, the company MTS had employees in over 75 communities.<sup>155</sup> According to the IBEW's Richard Ferris, "There has been a considerable reduction in regional employees. Once headquartered in various communities throughout the province, technicians are having to drive several hours daily from larger urban centers to service rural areas."<sup>156</sup> Erin Spencer said that her union has seen dramatic declines in Bell MTS's presence outside of Winnipeg. Two decades ago, there were sixty TEAM members working outside of Winnipeg, while by 2022 the figure was less than twenty.<sup>157</sup>

## Bell Shrinks the Company

WHEN DAN MCKEEN was appointed Vice Chair, Bell MTS & Western Canada, he said, "We did not buy the company to shrink it."<sup>158</sup> But shrink it, they did. In May 2017, Bell MTS announced it was trying to reduce its Manitoba workforce by 85 using departure incentives. The positions were in the information technology, network services and finance area.<sup>159</sup> In 2021, the company had reduced the workforce by 600 and was issuing its eighth voluntary retirement/termination incentive offer. At that point, there had not been a single new hire among the IBEW or the Unifor bargaining units.<sup>160</sup>

One thing that Bell has been doing is reducing the share of its workforce that is unionized. At the end of 2017, the year the company took over MTS, 45 percent of total BCE employees were members of unions. The total number of employees was 51,679. In 2021, the percentage of the workforce that was unionized was down to 37, while the number of employees was down to 49,781.<sup>161</sup>

Privatization had led to staff reductions. Before privatization, MTS's unionized workforce numbered over 4,000 employees. In a decade it had fallen to 2,650.<sup>162</sup> This trend intensified with the Bell takeover: by 2022, there were approximately 1,500 unionized employees.

In 2015 TEAM had 1,151 members. By the time Bell took over in 2017, this was down to 875. Since 2017 TEAM has gone through nine rounds of downsizing. In the spring of 2022, the union had 563 members — a 48 percent reduction

Year	TEAM	Unifor	IBEW
2015	950		
2016	899	816	648
2017	813	809	604
2018	717	761	
2019	659	655	
2020		599	
2021	597	536	
2022	563	477	504

 TABLE 1
 Downsizing of MTS Unionized Workforce Post-2015

in less than a decade. While most of the reductions came through voluntary retirements and buyouts, there had been 12 layoffs. Compared to the four years prior to privatization, new hires had dropped by 70 percent.<sup>163</sup> Spencer said, "Month after month, we get a hire email from the employer and there is no report attached."<sup>164</sup> In other words, there has been no hiring. To the extent TEAM has seen hiring, it has been through a contract provision that allowed the company to hire full-time post-secondary students. The union felt that rather than using the program to train and mentor future technology workers, the company was using it essentially as a "cheap labour grab."<sup>165</sup>

Prior to privatization, IBEW had 1,398 members. It was down to 648 in the spring of 2016 when the sale to Bell was announced. The numbers have fallen consistently since then, reaching 441 in the spring of 2023. Much of the work that used to be done by IBEW is now done by private contractors, including the Vancouver-based Ledcor and the Toronto-based Aecon.<sup>166</sup> The IBEW believes that many of the contractors Bell utilizes are not permanent residents of Manitoba.<sup>167</sup>

Unifor, which had 809 members in 2017, was down to 477 in 2022. The losses have been the result of technological change and contracting out.<sup>168</sup> New full-time hires are rare. Unifor's Jackie Prynne said that "We have had less than 10 new hires in Bell MTS since Bell purchased us in 2017. They do not replace members who have left the Company." Prynne also observed, "Our members are working on minimum hours, yet Nordia workers are working full time — the work is here to be done, and sadly our work is gone out of province."<sup>169</sup>

There have been reductions in Unifor members who make sales calls, provide web chat advice, manage cases, and handle billing inquiries. Some

jobs have gone to Nordia call centres in Canada, and some have gone to the Philippines or India. All calls that would have gone to Bell MTS Mobility now go out of province. Once highly skilled technical support positions have been broken down into their piecemeal components and farmed out to subcontractors.<sup>170</sup>

Where once MTS directly hired people to conduct door-to-door campaigns to sell MTS subscriptions, they now employ contractors for this service. Any sales are then sent to Nordia call centres in Ontario to be processed. Unifor Local 7 President Jackie Prynne says that Bell sometimes sends Manitoba workers to Ontario to train the contract workers. "We are training these people to take over and do jobs once belonging to Manitoba."<sup>171</sup>

Some of this can be attributed to technological change. But much more if it can be attributed to classic low-end union-busting: shifting jobs to nonunionized suppliers, shifting work from salaried technicians to contractors paid by the job, and shifting work out of the country. MTS is no longer making the same sort of contribution to the Manitoba economy that it was twenty years ago. Unionized workers spend the bulk of their salaries in the communities in which they live. They pay taxes in those communities, they send their children to schools in those communities, and they have a stake in making sure that those communities prosper. A good wage coupled with job security gives people the confidence to make long-term commitments to their community.

Bell is delivering a very clear message: there is no future with Bell MTS. Erin Spencer pointed out that workers who are ten years away from qualifying for a very good pension with Bell are leaving "because they do not have career opportunities and they still want growth. Knowing what they are giving up. There are no permanent jobs."<sup>172</sup> Younger workers with an interest in telecommunications conclude that there is no future for them with Bell MTS. They are likely to leave the company — and the next step could be to leave the province.

The economic impact for workers of job loss can be significant and long-term in nature. It is associated with reductions in lifetime earnings, reductions in future job quality, increases in mental and physical health problems, social isolation, and family break up.<sup>173</sup> Just as job creation has a stimulative impact on an economy, job loss contributes to economic contraction.

The loss of unionized jobs has an additional ripple effect. Unions have been the driving force behind campaigns for all existing labour standards legislation: be its prohibitions on child labour, minimum wages, overtime, or days off. They were the original advocates of workers' compensation and workplace safety and health legislation. They were among the first to call the provisions of what is sometimes called the social wage: unemployment insurance, old age pensions, the Canada Pension Plan, and Medicare. Similarly, they have played key roles in advancing human rights provisions in the workplace, including the introduction of pay equity legislation.<sup>174</sup> A variety of studies link high rates of unionization with improved social outcomes. One study of 22 high-income countries found that "mortality rates are lower in countries with collective bargaining than places with little or no wage protection."<sup>175</sup> Another study observed that "unions also address the physical, psychological, and social conditions of work while attacking the underlying inequalities and social determinants of health."<sup>176</sup>

Unions also provide workers with the confidence to make use of legal rights that are supposedly available to all workers. For example, one study found that unionized workers were 17 percent more likely to use paid maternity leave.<sup>177</sup> Another study concluded that unionized workplaces are more likely to undergo health-and-safety inspections than non-union workplaces and are likely to be more thorough.<sup>178</sup>

For those who stick with the company, worklife is increasingly stressful.

#### **Stress**

ALL THE UNION Bell MTS union representatives spoke of increased workplace stress. One of the first points that they all make is that joblessness is often accompanied by an increased workload for the workers who remain. Richard Ferris of the IBEW said, "Fewer employees mean added responsibilities to the reduced number of technicians servicing the province. There is considerable stress placed on our members through tracking methods the company utilizes and the added stress of having to face upset customers now forced to deal with inadequate service."<sup>179</sup>

Unifor's Jackie Prynne said, "With such a reduced workforce, this leaves more responsibility and pressure on the existing staff.<sup>180</sup> Bell uses a system called Agent Suite to track Unifor workers who are handling customer calls. The system tracks call time, hold time, and the number of times a worker transfers a call. There are targets for all these categories. Workers who fail to meet the targets are placed on what is called "success plans." When this happens, they are told that a failure to improve their performance could lead to termination — even though many of the criteria on which workers are being assessed are, in fact beyond the individual worker's control. Workers are also assessed on their performance on "fizzbacks" or customer surveys. Prynne said that the survey results are not always assigned to the right worker — and are far more likely to be negative than positive because the customer may be seeking an outcome that the worker is not authorized to provide. Workers are then ranked against each other in "stacked ranking." Prynne said under this system, "Someone will always be at the bottom no matter how well you perform. At the end of the month, you are then ranked by not only your specific group but the entire group. Poor ranking will put you into a success plan as well."

Each day when they start work, workers are required to check their current statistical ranking. Managers give monthly performance appraisals, which, thanks to the prevalent open-office concept, are, in effect, public appraisals. And this can happen, Prynne says, "All because you have either taken too much time to help a customer, got another agent's fizz backs or transferred a customer to the correct department too many times. This provides a stressful and toxic workplace.<sup>181</sup>

Erin Spencer of TEAM said that the lack of job security since the Bell purchase has greatly increased workplace stress. "Under the old management, there were the stresses of job creep [where responsibility is increased incrementally without a similar increase in resources], but we are seeing way more than that. When someone leaves, under MTS, there was a tendency to refill a position. Now it is much more of a challenge to get approval to post a position. Instead, a job is dismantled and given to portions of the workforce. In this process, the workers went away, but the work did not go away. A lot of folks have had to take on a lot of additional tasks and responsibilities. The work is often coming from positions that were rated and paid at a higher rate."<sup>182</sup>

In 2021, TEAM surveyed 300 of its members. Of these, 47.4 percent reported an increased workload over the previous year; 39 percent said that they did not believe there were career development and growth opportunities available to them at Bell, 39 percent either disagreed or strongly disagreed that Bell cares about and prioritizes the mental health of its employees; and 44 percent indicated they could not agree that as an employee, they felt valued or part of the Bell team.<sup>183</sup>

As recently as March 2023, Bell advised TEAM that six positions had been targeted for downsizing. The decision was reversed within a few days. Despite any initial relief they experienced, the workers whose jobs had been threatened feel vulnerable. According to Erin Spencer, they continue to believe that "jobs were in jeopardy and [worried] over the prospect of the downsizing just being delayed and finding themselves in the same situation again in the near future." They also pointed out that their downsizing could not be justified by a lack of work, since "there was ample work in their respective areas at the time." Given the fact that in its public-facing materials, such as its "Let's talk" campaign, Bell prides itself as a leader when it comes to mental health, the workers had expected better and more empathetic treatment in such situations.<sup>184</sup> Spencer said TEAM members feel that they can speak to their managers about stress, but the managers are not able to address the underlying problems. The manager wants to help, but there is nothing that they can do. Bell has these policies and a toolkit of resources, but they do not have a level of employment that allows for these tools to be used. If workload is the cause of stress and the employer cannot address workload. They do not want to address the causes of stress.<sup>"185</sup>

## **From Local Suppliers to Long-Distance Suppliers**

IN APRIL 2023, Bell CEO Mirko Bibic told the Winnipeg Chamber of Commerce that "Bell is looking to bring investment, jobs and possibility to every community, large and small, urban and rural, helping to diminish the relevance of a community's postal code on its economic future."<sup>186</sup> But on a daily basis, Bell appears determined to reduce its economic activity in any postal code that begins with the letter "R" that commences all Manitoba postal codes. Historically, MTS used the Manitoba-based Manitoba Blue Cross and Great-West Life Insurance (now Canada Life) to provide health and dental plans. Under Bell, this work was switched to the Toronto-based Manulife. Return-to-work programs had been administered by the local firm Vital Life but are now administered by Manulife. The Bell MTS pension plan and its long-term disability plan, formerly administered by Canada Life and the Manitoba Civil Service Superannuation Board, are now administered by Quebec-based Industrial Alliance and by LifeWorks (which was recently purchased by Bell competitor Telus Inc. and is now called Telus Health).<sup>187</sup>

In 2018 the contracting out of Bell MTS information technology work to CGI contributed to the loss of forty jobs. The announcement came while Bell MTS outsourced property management to BGIS (which is owned by the US-based CCMP — the "CM" in the middle stands for Chase and Morgan — of the legendary New York City investment banks.)<sup>188</sup>

## **Bell MTS Bad Service**

ONE OF THE Filmon government's arguments in favour of privatizing MTS was the need for investment in infrastructure. Only the private sector, the Conservatives said, would be able to provide the needed investment to maintain existing service levels and ensure that all Manitobans had access to the needed telecommunications services of the future.

While the privatized MTS did invest in infrastructure, its investments were dictated by the need to show returns on investment. Following privatization, many northern Manitoba First Nations concluded that MTS was failing to provide them with adequate services. Manitoba Keewatinowi Okimakanak, the organization of northern First Nations, commissioned a series of surveys that highlighted the poor quality of phone service in the north. Healthcare workers spoke of online echoes that rendered conversation with southern experts unintelligible. That, of course, was when they were able to get a line out. Fax and internet services were intermittent and equally unreliable. Following an intervention on MKO's behalf by the Public Interest Law Centre, the CRTC rejected MTS's proposed ten-year plan for improving northern services and ordered it to develop a five-year plan. In 2003, the Commission concluded that there were still significant problems and ordered MTS to make further investments, with a particular focus on nursing stations and emergency service providers.<sup>189</sup> MKO has continued to press for improved service from MTS over the past two decades.<sup>190</sup>

Two decades after privatization there were still numerous complaints about poor service, particularly in rural communities. Headlines such as "We have

been left behind': Petition calls for better cell service in Winnipegoasis," and "Bermuda Triangle of cell service,' Inwood residents petition for coverage," spoke of how many rural MTS subscribers felt about their service.<sup>191</sup>

One of the major selling points of the 2017 Bell takeover of MTS was Bell's promise of a \$1 billion investment in infrastructure — a promise that received considerable play in the media. But every telecom has future investment plans. None of the stories questioned whether the \$1 billion was actually an improvement over MTS's existing investment plans. Whether MTS had been sold to Bell or not, if it were to survive, it would have to make an investment in new infrastructure.

Bell argues that it has made the investments that it committed to making in 2017. That may be the case, but in 2022, five years after it assumed control of MTS, it found itself dealing with a barrage of complaints about its landline service. The problems were well documented by the *Winnipeg Free Press*. St. George's Anglican Church in Winnipeg's Crescentwood neighbourhood gave up its landline, after several years of spotty service culminating in the church being without phone service for two weeks. Church representative Andrew Thompson told the paper, "MTS has no intention to do anything about it or they weren't prepared to address it...they don't seem to think this is a big deal." Some customers in River Heights were not able to switch from their landlines (which had been giving them only intermittent service, because Bell could not provide reliable wireless service in the area). Residents in the neighbourhoods of St. James, Fort Rouge, and East St. Paul all complained about having to wait weeks for their landline service to be restored after a serious rainstorm. One household had been without service for four months.<sup>192</sup>

Rural and northern services also declined. Greg Shaw of Wekusko Lake in northern Manitoba said this landline did not operate from May to September of 2021.

Bell blamed the previous MTS management — which, of course, throws one of the key rationales for the 1997 privatization into question. In a letter to the CRTC, Bell's assistant general counsel wrote, "Simply put, MTS's practices involved very short-term solutions that left the network vulnerable to water penetration in the face of heavy rainfall. Since acquiring MTS, we have invested more than a billion dollars in maintaining and improving networks in Manitoba."<sup>193</sup> Privatization was supposed to free MTS of short-term political decision-making. Apparently, it left MTS customers vulnerable to the short-term interests of investors, who had little interest in keeping older technologies like landlines in working order. In response to the complaints about poor landline service, the CRTC required Bell MTS to provide it with monthly reports on landline outages and what steps the company was taking to address the problem within seven days.<sup>194</sup> Former employees said the company was reluctant to make repairs to the existing copper line system when it was due to be replaced with a fibreoptics system.<sup>195</sup> Bell had to keep making monthly reports until December 2022.<sup>196</sup>

IBEW representatives at the time noted that the company was bringing in workers from out of province to assist with repairs but said "There needs to be more company employees hired and trained to support the needs of Manitoba customers."<sup>197</sup> Joe Breland of the IBEW linked the decline in service to a lack of investment in landline services and staff reductions that could be dated back to privatization. According to Breland, the level of service in rural Manitoba had been significantly curtailed by layoffs.<sup>198</sup>

Jackie Prynne, President of Unifor Local 7, said that while Bell is strict about monitoring how well its employees do in handling customer calls as quickly as possible, customer frustration is inevitable given the decline in staffing. "Wait times for repair can take weeks and even months if completed at all."<sup>199</sup> Richard Ferris of the IBEW concurred, saying that "The quality-ofservice customers receive now is abhorrent. Standards are almost non-existent. Wait times for out-of-service repairs can take weeks and even months!"<sup>200</sup>

Then there is the type of service that customers do not actually want. In 2017, the CBC reported that a Bell Canada call centre employee said that she and fellow workers were pressured "to sell customers products they don't need, don't want, and may not understand." There was even, she said, a requirement that staff taking service calls attempt to sell callers new services. Bell disputed the charges, stating that call-centre staff were expected to make sure that customers had the services that met their needs and were aware of upgrades.<sup>201</sup> Following the initial CBC report, over 600 people – mostly current or past Bell employees – contacted the CBC with their own stories of the health impacts that they experienced arising from the company's aggressive sales targets and management style. "In email after email, current and former employees describe panic attacks in the workplace, stress-induced vomiting and diarrhea."202 The following year, former telecom call centre workers spoke of how they were penalized if they "reduce or cancel a customer's services.<sup>203</sup> Because so much call centre work has been transferred out of Manitoba, there are few reports of local Bell MTS employees upselling products: but as noted earlier, the monitoring and goal system generates considerable stress for those customer relations workers who remain.

One of the complaints that consumers make about telecommunications services is the difficulties they experience in comparing options from firm to firm or understanding the implications of the plans to which they subscribe. In an article in the *Globe and Mail*, Gerald Caplan, a former national director of the New Democratic Party, spoke of the frustration he experienced after poor service from Bell led him to switch to Rogers.

Rogers seemed determined to crush me and came very close to succeeding. Over a month's time, I spoke to some 18 Rogers staff—literally, I kept track—and while, like Bell's, most were pleasant enough, every single one of them, every single time, gave me a different story. As an all-Rogers household, we were entitled to a better overall deal on price. But what that price actually was, no one could or would ever say. Ever.<sup>204</sup>

It is possible to dismiss this as mere anecdote. But the results of a 2019 survey commissioned by the provincial government of British Columbia turned anecdote into data. Ipsos-Reid surveyed 15,549 British Columbians about their satisfaction with transparency in their cellphone contracts and bills. The results were stark.

- Only twenty-two percent of respondents said their contract was easy to understand,
- Only thirty-six percent of respondents said their bill was easy to understand.
- Only twenty-nine percent said that they have not had an issue with their bill or contract.
- Sixty-two percent said that they had disputed their contract or bill, but only 22 percent said they were satisfied with the outcome.
- Seventy-two percent said that the contract was not fully explained to them when they bought the plan.
- Fifty-nine percent felt that they had been provided with misleading information when they bought the plan.
- Fifty-six percent felt that they had been exposed to aggressive sales practices when they bought the plan.
- Six percent said the cost of their service was reasonable.

According to the report, "The most common issues included: an unexpected charge for usage (especially a data overage charge), the cost of a plan changing without knowledge or consent, and an unexpected service charge (especially fees to change plan or to connect/reconnect)."<sup>205</sup> It is a lengthy charge sheet: and, it should be noted, only reflects customer perceptions. It does suggest, however, that a large portion of cellphone users have concluded that they lack the information needed to make informed choices between competing plans since they certainly do not believe that the choice that they did make was informed. The fact that customers continually concluded that they are not getting the service they thought they were buying for the price they thought they were going to pay, does not mean that there have not been trends in pricing.

#### Has Competition Delivered Lower Prices?

THE FIRST AND most consistent telecommunications pricing trend is that Canadians pay a very high price for wireless services. Since 2008 Wall Communications has been preparing an annual report for the federal government on telecommunications prices. Its 2022 report concluded that:

Canada's broadband service relative price ranking has remained fairly consistent since the study was first conducted in 2008. The measured prices for the European countries included in the study (U.K., France, Italy, and Germany) have consistently been lower than those in Canada — in some cases, by a wide margin. U.S. average price, which has been similar or higher than Canada's price for many years prior to 2021, is consistently lower in 2022 for the four baskets where both countries offer a comparable service.<sup>206</sup>

A 2021 report from the Finnish research company Rewheel, showed Canada to have some of the highest wireless rates in the world.<sup>207</sup> In 2021, the CRTC observed, "Most international studies provided or referred to by parties found retail prices in Canada to be among the highest in the world.<sup>208</sup>

It would appear then that the CRTC's approach to regulation has not provided Canada with the sort of competitive market needed to deliver on the promises of lower prices.

A 2023 report from the federal Auditor General's office on Connectivity in Rural and Remote Areas, concluded that the CRTC does not do an adequate job of assessing the affordability of what amounts to a necessary service. It found that:

...both Innovation, Science and Economic Development Canada and the Canadian Radio-television and Telecommunications Commission (CRTC) had few indicators to measure progress on the quality and affordability of Internet and mobile cellular access. The approach by both the department and the CRTC to measuring affordability focused only on price, without considering income. However, price alone does not indicate whether a Canadian household can afford Internet or mobile cellular service. Connectivity, if unaffordable or of poor quality, is no more of an improvement to the lives of Canadians living on First Nations reserves or in rural and remote areas than having no connectivity at all.<sup>209</sup>

When it came to the availability of high-speed internet Manitoba had the lowest rural percentage of availability (38.78 percent) and the second lowest First Nations percentage (14.58 percent) of availability of any Canadian province.<sup>210</sup> Again, not only are the telecommunication firms not all that interested in providing affordable service, the regulator is not all that interested in tracking how affordable the service is. They should be: a 2022 survey of Toronto food bank users found that "Survey respondents spend a median of \$100 per month on internet and cell phone plans." This was equivalent to nine percent of the median household income of the people surveyed.<sup>211</sup>

There has been general agreement when there are four competitive firms in a market, the market does begin to deliver lower prices. A 2021 study done for the federal government on national and international telecom prices noted, "The prices of regional providers (Freedom, SaskTel, Xplore Mobile, Videotron and Eastlink) typically resulted in average Canadian prices well below the average national price of incumbents, varying from 6 percent to 22 percent lower." It also noted that "A regional provider – Freedom (L1 and L<sub>5</sub>) or SaskTel (L<sub>2</sub> and L<sub>8</sub>) – provide the lowest (or equal to the lowest) available price offered across the country in four of eight categories." SaskTel also had the lowest wireless prices in five of eight categories.<sup>212</sup> A 2019 report from the Competition Bureau concluded that "wireless plans continue to be priced substantially higher in other provinces than in Quebec, Manitoba, and Saskatchewan. Given that the patterns identified in the Bureau's review of Bell/MTS continue to persist, it is likely that these higher prices continue to reflect a lack of vigorous competition among the three national wireless carriers."<sup>213</sup> Six months after the merger, Bell MTS increased rates on everything except wireless service.<sup>214</sup> However, in 2019, the Competition Bureau also reported that "On the basis of publicly available information, wireless prices in Manitoba do not appear to have increased subsequent to the acquisition of MTS by Bell."<sup>215</sup> As all of this suggests, it is difficult to make comparisons between services. However, it is the case that for basic phone service, SaskTel was charging \$21.54 a month in April 2023, while Bell MTS was charging \$34.56.<sup>216</sup> It is difficult to make exact comparisons when it comes to cell phone plans, but in the spring of 2023, SaskTel had an \$80-a-month unlimited data plan, while Bell MTS offered 100GB of data for \$105 a month or 50GB for \$95 a month.<sup>217</sup> At least in certain niches, Saskatchewan telecommunications consumers still enjoy benefits that are not available in Manitoba.

#### What Is To Be Done?

THE POST-PRIVATIZATION STORY of MTS has been long and unhappy. To circle back to the questions that Errol Black and Paula Mallea posed nearly a quarter century ago, it is possible to say that a very significant number of very good jobs have been lost as unionized employment has dropped from 4,000 to 1,500 workers in Manitoba. Although the people who lost those jobs have been able to take advantage of decent buyouts, their places have not been filled. An important, future-oriented sector of the Manitoba economy has shrunk. Furthermore, Manitobans no longer exercise any sort of democratic control over that sector. It is also possible to say that a relatively small number of Manitobans made some very good short-term money on the privatization of MTS. And an even smaller number did very well, serving on the board of the newly privatized company. But that company is now all but gone. The people who make the significant decisions about investment and employment in Manitoba do not live here. They have drained jobs from the province, and they and their predecessors have failed to invest in services that many Manitobans continue to depend on. The people who make the key decisions about the future of Bell MTS are legally obliged to advance the interests of their shareholders. It is doubtful that those shareholders sit up at night worrying about the future of the technology sector in Manitoba or about employment levels in Manitoba. They certainly do not worry if Manitoba is Bell's headquarters for Western Canada or even what that means.

On many of its own terms, privatization has been a failure. Weak provisions had been put in place to make sure that the company did not fall into the hands of out-of-town investors. Either the privatized MTS failed to make needed investments — which is what Bell MTS claims to be the case — or in the five years after taking over the company, Bell MTS failed to make needed investments. Whether or not the presence of a regional wireless company kept rates in Manitoba down, it is still the case that even the lower Manitoba and Saskatchewan rates are higher than most European rates.

From the perspective of the organizations that represent the people who worked for MTS and who work for Bell MTS, the promises of the last twenty-five years have been hollow and quickly forgotten.

On the national scene, Manitoba is a bit player. But the Bell purchase of MTS also appears to have set the stage for Rogers Communications' takeover of Shaw. Like the Bell takeover of MTS, the Rogers-Shaw merger had been opposed by the Competition Bureau. In opposing the deal, the Competition Bureau argued that "removing Shaw as a competitor threatens to undo the significant progress it has made introducing more competition into an already concentrated wireless services market, where Rogers, Bell and Telus (the Big 3) serve approximately 87 percent of Canadian subscribers." According to the Bureau, Shaw had "consistently challenged the Big 3 by improving the quality of its network and attracting customers through its aggressive pricing, bigger data allowances and service innovations." The Competition Bureau concluded that in advance of the proposed merger, Shaw reduced investment in its wireless network and reduced its marketing of the network.<sup>218</sup>

Rogers agreed to sell Shaw's Freedom Mobile to Quebecor. This was not dissimilar to the requirement that Bell MTS turnover a portion of its competitors to Xplornet. Rogers also committed itself to spending \$1 billion expanding high-speed internet and 5G service and to creating 3,000 new jobs in Western Canada, maintaining a Calgary headquarter for ten years, and making \$5.5 billion in other infrastructure investments.<sup>219</sup> As a first step Rogers announced it would be bringing 300 Shaw Communications jobs in Central America to Western Canada.<sup>220</sup>

This was very much in line with the Bell-MTS merger pattern: the buyer lays out a bag of goodies and asks the regulator "How can you turn this down?" The regulator drops their objections and approves the merger. The one difference — time will tell if it is a key difference — is that Rogers has agreed to pay up to \$100million a year if it failed to meet these commitments.<sup>221</sup> Again, it should be noted that the federal government chose to trade actual competition (say goodbye to Shaw) for potential competition (will Quebecor be able to make a go of Freedom Mobile on a national level?).<sup>222</sup> This seems like one more triumph of pious hope over experience, particularly since history has demonstrated that telecommunications firms have a "near categoric refusal to compete with one another, all the while eliminating competition wherever it emerges in the margins of their industry."<sup>223</sup>

The fact that Rogers has put its commitments in writing and can be subject to sanctions if it fails to meet them is a real improvement. Although it is also the bare minimum of what should be expected from giant, highly profitable telecommunication firms. These firms have in recent years been the recipients of significant government largesse: Bell received \$122.8-million from the Canada Emergency Wage Subsidy (CEWS) program, which was meant to help to prevent Covid-related layoffs. Between the three of them, Bell, Telus, and Rogers received nearly a quarter of a billion dollars in CEWS support.<sup>224</sup> While the money may have helped save some jobs, it is hard not to wonder whether the companies simply used it to pad their bottom line. In 2022 Bell was able to increase the dividend that it paid to investors by 5.1 percent.<sup>225</sup> At Bell MTS in 2021 49 TEAM members accepted voluntary terminations and three members were laid off.

A variety of federal and provincial programs are subsidizing the telecommunications giants' investments in infrastructure intended to meet the needs of underserved communities. In 2018 the federal and Manitoba government gave Bell \$2.7 million to improve rural high-speed internet.<sup>226</sup> Bell MTS also does a great deal of work for the provincial government. In 2018 Bell won the contract to provide the Manitoba government with emergency wireless service.<sup>227</sup> In 2019, Bell won a five-year contract to provide wireless services to the Manitoba government.<sup>228</sup> The government news release announcing the contract stated it would save Manitoba \$19 million over five years. It did not however state the value of the contract.<sup>229</sup> In 2022, Bell MTS was awarded \$1.3 million to improve internet and cellphone service in northern Manitoba. The money came from the CRTC's Broadband Fund, which is funded by industry contributions.<sup>230</sup>

Government should be tying these supports and contracts to provisions that ensure that Bell MTS increases its employment presence in Manitoba. A 2022 United States government report sets out the following key elements for creating "good" telecommunications jobs:

- Using a directly employed workforce, as opposed to a subcontracted workforce;
- Paying prevailing wages and benefits to workers,

- Using project labour agreements (i.e., pre-hire collective bargaining agreements between unions and contractors that govern terms and conditions of employment for all workers on a construction project);
- Use of local hire provisions;
- Commitments to union neutrality;
- Use of labour peace agreements;
- Use of an appropriately skilled workforce;
- Use of an appropriately credentialed workforce;
- Plans to create equitable on-ramps into industry jobs including engagement and partnership with relevant stakeholders;
- Plans for effective outreach to populations that have been traditionally underrepresented in industry jobs, and
- Taking steps to prevent the misclassification of workers.<sup>231</sup>

The list is notable for several reasons. It represents, for example, a useful checklist for what a provincial and federal government might require before providing grants to telecommunication firms. It is also a good list of what has not been done to protect good telecommunications jobs in Manitoba over the past quarter century. There are, in short, regulatory steps that governments could take to pressure telecommunications companies to meet Canadian social and economic goals.

Or governments could do what prairie governments did a century ago and nationalize the sector. With each merger, large telecommunications companies are making the argument for a public takeover of the sector ever more attractive. The bitter and highly public battle between members of the Rogers family over control of Rogers Communications was a reminder of how concentrated power is in this sector. The struggle ended in a court decision granting Ed Rogers what amounted to personal control over the company's board of directors.<sup>232</sup> The 2022 Rogers outage was a reminder that the private sector has not created a highly resilient infrastructure.<sup>233</sup>

SaskTel, the last remaining provincially owned telecommunications company, is a standing rebuke to those who argue that we must bow down to the private sector. For 2021–22, SaskTel had a net income of \$104.4 million and paid a dividend of \$94 million to the Saskatchewan government. In the same year, it invested \$465.1 million in capital expenditures.<sup>234</sup> Along with

its subsidiaries, SaskTel had a workforce of approximately 3,300 full-time equivalent employees (FTEs).<sup>235</sup> For decades SaskTel has had amongst the lowest cell phone rates in the country, even though it also has the lowest population density in the country.<sup>236</sup> SaskTel has also been a leader in customer satisfaction.<sup>237</sup> SaskTel is far from being beyond criticism. Unifor, for example, argues that the company has been subjected to piecemeal privatization by contracting out work. It estimates that in recent years 2,000 SaskTel jobs have been contracted out.<sup>238</sup> But its continued success over the past twenty-five years makes it clear that public ownership is not some infantile left-wing fantasy but a policy option deserving of serious consideration.<sup>239</sup> It is indeed far less fantastical than the federal government's belief that infant industries can be conjured into existence to compete successfully with Bell, Rogers, and Telus. Nor is it correct to say that the days of governments establishing large-scale Crown corporations are in the past. As recently as 2018, the federal government spent \$4.5 billion purchasing the Kinder Morgan Trans Mountain pipeline. At the time, the government said it was acting in the national interest. There are good reasons to be wary of the Kinder Morgan deal, but it does make it clear that nationalization must be treated as a real policy option. It is also one with a long Canadian tradition. The early Crown corporations were power and telephone utilities, but Canada has over the course of its history advanced the public interest through the establishment of hundreds of Crown corporations, particularly during World War II. Many of these firms made significant contributions to the war effort and developed Canadian skills in construction, medicine, and technology.<sup>240</sup> It was this history that led Canadian communications analyst Hershel Hardin to observe in 1974 that "Canada, in its essentials, is a public enterprise country, always has been, and probably always will be. Americans have, or at least had, a genius for private enterprise; Canadians have a genius for public enterprise."<sup>241</sup> There exist a range of options for a return to public ownership: from a takeover of the entire sector to simply nationalizing ownership of the infrastructure.

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