

Thank you very much, Libby, and good afternoon, ladies and gentlemen.

I am honoured to have been asked to speak at this prestigious forum, to such a distinguished audience – though I must admit it's unusual and rare for me to speak into a microphone with Ted Rogers' name on it.

Communications is my business and I can say with confidence that this Club speaks with a loud voice. It counts amongst its members some of the most thoughtful of Canada's citizens. It has served this country well by raising issues of importance to our national well-being in a way that is both timely and provocative.

Today I intend to continue that proud tradition by speaking clearly, plainly, and truthfully about a subject that, melodrama aside, is perhaps the single most overriding issue that we face as a nation – How we will live and work in a future where the location of prosperity is decided by small bursts of light traveling down long, thin strands of glass.

In other words, what role will Canada carve out for itself in the converging world of telecommunications, computers, and broadcasting – the global information economy.

My message today is that in the future, our prosperity will depend on two things: first, we have to create an environment in which we can deploy our intellectual capital – through networks of opportunity that present world-class challenges to enterprising Canadians working within the information industry.

Second, and just as important, our prosperity will also depend on the capabilities of the physical networks that permit the creation and exchange of ideas and information between Canadians and the world, in the blink of an eye.

If we fail to get these two things right, we risk losing the architects of Canada's tomorrow – our young people – particularly those who are learning the skills needed to thrive in a digital world.

I, for one, don't want to bid farewell to our sons and daughters as they leave for better opportunities on more inviting shores, with companies that are the true agents of change – companies whose vision and daring naturally inspire the hearts of the young.

It's up to us to choose our future, and I say, let's build more opportunities here at home.

That will mean doing some things differently.

It will mean changing our attitude towards change itself, because the information industry is a work in progress, one without a *status quo* – a moving target in which start-up companies like Newbridge can become profoundly influential within months.

For Canada, the stakes are high, and it is time to speak up – especially as our government is grappling with a series of important policy decisions that will profoundly influence the ability of Canadian companies to compete and succeed in the global information economy.

These decisions are not about abstract concepts like ideal market structures or sustainable competition, even though that's how these questions have come to be framed.

Instead, they are about choosing the quality of life for the people who live in this country.

Let me share with you what I've been saying ever since I became the President of Bell Canada some 21 months ago.

First, and most important, our customers want choice.

They want to be customers, not captives.

They want to be able to decide who they buy information from, when, how, and at what price.

They want the full benefits that accrue from a competitive environment in telecommunications...because they need the same advantages as their international competitors to win the race for the hearts, minds and dollars of their customers in Canada and around the world.

They want to be full citizens in an electronic world, with all of the rights, opportunities, privileges and responsibilities as everyone else.

Second, I've been saying that since the market for information services will be a global one, Canada must adopt policies that encourage flagship firms in our information industry to compete with the drive and intensity needed to win decisively against the world's best.

And I certainly include Bell Canada in this category.

Conservative estimates indicate that world-wide, the creation, distribution and sale of information will be a multi-trillion dollar business by the turn of the century.

And interestingly enough, it's on this global market that our U.S. counterparts are already setting their sights.

NYNEX is a \$13 billion phone company operating in the U.S. northeast. Its President, Ivan Seidenberg, recently said and I quote, "I'd rather have 10 per cent of the world than 100 per cent of New England." End of quote.

And quite frankly, I'd much rather have 10 per cent of the world market than 100 per cent of Ontario and Quebec.

If you'll forgive me for using a baseball analogy, success in the global information industry will not be about hitting a lot of home runs.

Instead, it'll be about hitting a lot of singles, consistently, and often consecutively – something I know the Blue Jays will do quite well next season.

When I was growing up on Cape Breton Island, I remember learning the biblical saying "the truth shall make you free". I have since discovered an insight from the great writer, Oscar Wilde, who said the truth is never pure and rarely simple. I shall keep both in mind this afternoon.

Our competitors have said that Bell is using its position as a provider of local and long distance service to eliminate competitors.

The truth is quite different, and not so simple.

The truth is that competition in long distance service is very intense and is growing much faster than anyone predicted – in fact, it's growing twice as fast as what occurred in the US after the break-up of AT&T. Today, close to 25 per cent of the Canadian long distance market is being served by my competitors.

So, my top priority is to do everything I can to become a strong competitor myself and fight even harder for your business in local and long distance...

...and in all of the other communications services we now provide and hope to provide in the future.

I am very proud of this. In the process, customers are the big winners. It results in better service for you. It makes Bell better and it forces our competitors to become better and more competitive themselves.

In fact, Bell's response to a competitive environment has surprised our competitors. They counted on us being sluggish, indifferent, and unprepared. Then they yelled "foul" because we were not. They expected us to remain on the sidelines while they scored goals, and took great umbrage when we didn't behave in quite the way they had thought we would.

Our competitors received more than they had ever bargained for from this competitive marketplace, and so they decided that safer battlegrounds would be those that are far away from customers – in the courts, in front of the regulator, and in the political backrooms of the nation.

And instead of being advocates for customers, they are now calling for something called "sustainable competition", which is really little more than a new buzzword for "government protection".

Well, we decided to go a different route. We decided that to really win, our battleground would have to be the marketplace, and our watchwords would be competition, and customer choice.

As a result, Bell has gone through tremendous changes over the past two years, and there's more to come.

Here I want to take a moment to salute the employees of Bell for their role in making this happen.

I recognize how demanding the work environment is right now – especially as we take dramatic measures to ensure Bell's future viability and success.

Yet I know that we have the foundation for success already in place.

And I know that Bell employees – their commitment, their strength and their courage – are the best advantage any company could have in an increasingly competitive marketplace.

And for the record, let me state Bell Canada's position on competition.

We want to lift the shackles of a mixed monopoly/competitive environment in Canada's information industry.

We want to eliminate monopolies, barriers to entry, and artificial pricing.

We want an environment in which any supplier can offer any service package to any customer, using any technology.

More than any competitor, and certainly more than any cable company, we want Canadians to have choices in the information services they buy.

We are actively preparing to provide full and open access to our network for competition in our oldest core business – local telephone service.

Can the cable industry say that they are doing the same thing?

No, they are saying that we are using local service revenues to cross-subsidize long distance.

Again, the truth is different, and not so simple.

I personally find it mind-boggling that anyone could believe that a service that does not even pay for itself could in fact subsidize our most profitable service – long distance.

Let me give you some idea of what I mean using actual numbers.

In downtown Toronto, the average residential telephone line costs a customer under \$17 per month. In rural Ontario, it's much less.

But the cost to Bell of delivering an average residential telephone line in Toronto is almost double what we receive. In rural Ontario, it's higher still, due to the lower population density.

In total for 1994, we had a shortfall or a deficit in local service of \$1.4 billion. The shortfall – as it's been for the last 100 years – was made up in large measure by revenues from long distance...

...and from a contribution paid by all long distance companies to cover a part of the cost of local service.

But here's the catch. While our competitors pay a contribution just as we do, their rate is discounted by 62 per cent compared to the rate that Bell pays – so they have a tremendous advantage.

This means that for every dollar of long distance revenue earned by one of our competitors, far less is spent by them to support basic telephone service. In 1994 alone, this meant that our competitors saved \$190 million, which Bell had to cover from our own revenues.

I wouldn't mind so much if they were Canadian start-ups that had global aspirations and home-grown talent, much like Mitel did when I worked there in the 1970s.

But no, most of our competitors have substantial U.S. ownership, and function here as little more than branch plants, complete with American management and American advertising.

And that's OK with me because that's what we must compete and win against, and I've done that throughout my entire career.

Moreover, I know – because I've seen it and have been part of it – that Canadians can be viable global competitors in high-tech industries and win decisively on the world stage.

We just have to let Canadian companies compete. And more than anything else, that's what I want to do through Bell Canada.

But to succeed, Bell needs what every other business already has: the freedom to price our services so that they at least cover their costs, pay for their capital, and deliver a fair return to our shareholders.

In other words, we want an end to the artificial pricing structure of the bygone monopoly era.

We just want to be free to serve customers.

Free to face competition.

Free to win or lose in the markets of tomorrow.

Our approach to serving customers is reflected in our commitments. I think that they speak volumes about where our real priorities lie.

Altogether, Bell and its BCE partners – including Nortel, Bell Mobility, and Bell-Northern Research – employ more than 70,000 Canadians.

Even with our recent decision to restructure, we will still be the leading private sector employer in Ontario and the province's largest taxpayer.

We purchased \$2.6 billion of goods and services from Canadian suppliers last year. That's a big investment, one that accounts for a lot of jobs in this country.

Together with our affiliates in BCE, we spent \$950 million last year on Canadian research and development, making us the largest R&D operation in Canada by far.

And the really important thing is that we built our telephone system using technology developed right here in Canada by Canadians. We then exported this technology around the world.

There are very few nations that can make the same claim. I can tell you, we are the envy of the world for what we have built in this country.

And we want to continue building for the future – expanding the capabilities that Canadians have, and giving them new ways to enjoy life and compete for its rewards.

But the real benefit of what we do is found every day in households and businesses throughout Ontario and Québec.

When you pick up the telephone, it works.

When you want to send a fax, you can.

When you want to call across the country or around the world, it happens – no problem.

And to me, that represents real value for the customer.

At the opposite extreme of complexity, if you want to reengineer your business or public sector organization to improve your advantage or lower your costs, based on the efficient, cost-effective movement of information – in any kind of environment – we're there to help you do it.

That pays big dividends to Canada in many ways.

My point in speaking plainly about our commitments is not to brag about our size.

Bell is a big company here in Ontario, and rightly so. You need to be big to do the kinds of things that we do for customers, day in and day out.

But we are not a big company on the global stage. And these days, it's necessary to have some size to be a player in the global information industry.

But size alone is not enough. To win, therefore, we have to be faster and smarter than our global competitors.

It's because we have some size at home and have built a valuable set of capabilities that Canada has the opportunity to be influential within the information industry of tomorrow.

It's because we have built our own nucleus of expertise – our own network of opportunity – that we can now set our sights on even greater global success.

Look at the entrepreneurial companies that were spawned from people working within the Bell family – Mitel, Newbridge, Corel, Hummingbird – plus many, many others.

These companies just didn't appear by chance. They exist today because Bell has been investing in building leaders in Canadian telecommunications for decades.

My point is that we have made, and will continue to make deep commitments of resources and energy to this country because we see Canada as more than just a market.

It's a magnificent combination of history and possibility, of people whose lives can be enriched by the products of our hands and minds, and who can use these products to make their own way in the world.

Our commitment is squarely for the benefit of Canada. We are owned by Canadians, we work for Canadians, and there should be no doubt which masters we truly serve.

Let me close with some observations about the future.

We have to meet and beat the best in the world.

We are in a battle for something far more important than just market share.

To continue earning prosperity for our families, we must become leaders in creating and taking advantage of technological breakthroughs, developing applications and programming that people need and want, and leverage our position in a knowledge network to get to market faster than anyone else.

To succeed as leaders, Canada needs companies that understand the complexities of technology as well as the real needs of customers.

To date, Bell Canada has been such a company, and despite the climate of fear, uncertainty, and doubt deliberately induced by some of our competitors, we have not been idle.

In fact, we are taking the steps necessary to remain Canada's flagship communications company, and become even more customer-focused, cost-competitive, and innovation-driven. These are the qualities that I feel will be the key success factors for the top firms of the future.

And while I am pleased to say that we have made progress, I am worried about the policy decisions that are now pending in Ottawa because they will have serious consequences for Canada's economic growth and for the range of choices that will be available to customers in the future.

Let me frame these decisions clearly: They are between increased competition and an expanded range of choices for customers...

...or a government-structured marketplace where everyone winds up paying more than they should and Canada loses much of its ability to compete in the most important industry of tomorrow.

The future is yours to choose.

For Bell, the consequences of a half-hearted endorsement of competition are equally clear.

We cannot continue to invest as we have in the past if we are forced to continue losing money every time we provide telephone service to a residential customer.

We must be able to compete for the future within a regulatory system that closely reflects the realities of a competitive marketplace.

Our message has been consistent and quite simple: trust the customer.

Let the customer decide who best creates value. Give customers competition, choice, open markets, and the opportunity to go somewhere else if they're not satisfied.

Let customers have choices in local telephone service, in cable, and in everything else the information industry produces.

Let the customer shape the future through the marketplace. Not regulation. Not the cable TV industry. And not companies with only a passing commitment to Canada.

We're building a new Bell Canada in anticipation of these changes.

One that is leaner, more competitive, and wholly dedicated to providing service to Canadians.

One that believes in competition, open markets, and customer choice.

One that will extend its heritage of commitment to building networks of opportunity here at home by supporting our nation's businesses as they go abroad.

One that is, and will always be – proudly Canadian, and proudly competitive.

Thank you very much.