

## Restructuring and Diversification - 1981 - 1996

In July 1981 Power Corporation made an abrupt break with its history by selling its wholly owned CSL Group for \$195 million. Gone was its long and important association with Canada Steamship Lines; gone, too, for the first time in Paul Desmarais's business career, was the bus service. But Power's disposition of one important company in the transportation sector allowed it, according to federal regulations, to invest in another, even bigger one. Almost immediately it purchased 4.4 per cent of the voting shares of Canadian Pacific Limited, the giant rail, shipping, oil, and real estate conglomerate, as well as holding another 1.4 per cent through its subsidiaries. A 10-year standstill agreement with CP restricted Power to buying no more than 15 per cent while giving it two seats on Canadian Pacific's board and one on the executive committee.

That same year, in a move that would prove of more enduring consequence, Power Corporation made a \$20 million investment in Pargesa Holding S.A., a Swiss corporation that owned a major interest in Banque de Paris et des Pays-Bas (Suisse). The Swiss bank had been a subsidiary of Compagnie Financière de Paris et des Pays-Bas, the French banking organization commonly known as Paribas, with which Power had enjoyed a close association for several years. Paribas bought 20 per cent of Power's equity in 1978, Power bought 2.3 per cent of Paribas in 1979, and the two companies were represented on each other's boards. Just before the government of France moved to nationalize it in 1981, Paribas divested itself of its non-French assets



Pargesa's headquarters in Geneva.

**Power Corporation Holdings**  
as at December 31, 1981.

