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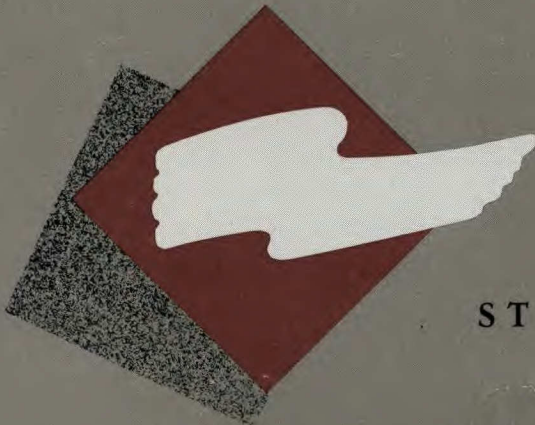
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CANADA IN 1991:  
OUTLOOK FOR COMMUNICATIONS AND CULTURE

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STRATÉGIE ET PLANIFICATION

CANADA IN 1991:  
OUTLOOK FOR COMMUNICATIONS AND CULTURE

AN ENVIRONMENTAL OVERVIEW FOR  
THE STRATEGIC PLANNING SESSION  
SEPTEMBER 9 AND 10, 1991  
CHATEAU CARTIER SHERATON  
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## I - INTRODUCTION

This document is a companion piece to the "Ministerial Priorities" discussion paper prepared for the 1991 Strategic Planning Session. While the discussion paper proposes an action plan and specific strategies for the short and medium term, this document provides an overview of the environment within which these plans and strategies have to operate.

In particular, this environmental overview provides the broad context in which the Government as a whole, and DOC in particular, orient their public policy thinking. Looking at Canadian realities from the economic, political and social perspectives, this document provides the rationale and the justification for why we are doing what we are doing at this time.

This overview is not exhaustive and perhaps reflects some of the views and biases of the authors, and those who have contributed to the information base from which it is drawn. In large part these contributions are from employees across the Department, because an important source of the analyses in the following pages is the discussions held at the DGSP sponsored Strategic Planning Workshops:

1. *Strengthening Canadian competitiveness through Communications and Culture*, February 27, 1991;
2. *Canadian Renewal: The Special Role of Communications and Culture*, April 11, 1991;
3. *DOC Partnerships: Governance in a complex world*, May 31, 1991; and
4. *Communications, Culture and Society: DOC Responsiveness in the 1990's*, June 27, 1991



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## II - THE LONG AND WINDING ROAD TO NATIONAL UNITY

### **POST-MEECH SITUATION:**

Following the failure of the Meech Lake Accord, Quebec and the rest of Canada were dead-locked over political and constitutional matters. In the Quebec government's Bélanger-Campeau report of March 1991, the authors recommended one final attempt at renewed federalism, while at the same time urging a referendum on Quebec sovereignty in 1992 in case the stalemate remains unresolved.

Canadians blamed the demise of the Meech Lake Accord on a lack of sufficient public input into the process. At public hearings held both by the Citizen's Forum on Canada's Future (Spicer Commission) and by a Special Joint Committee of the Senate and the House of Commons (created in January, 1991, to review the process for amending the Constitution of Canada), witnesses called for a mechanism which would enable the public to express its views on any proposal for constitutional amendment.

Clearly, Canadian unity through a renewed Canada Federation is one of the government's top priorities. In the Throne Speech of May 13, the Government announced its intention to establish a parliamentary committee in the Fall to review its forthcoming proposals on the Constitution and to consult widely with Canadians. Meanwhile, Joe Clark was given the mandate to find solutions that would keep the country together as Minister of Federal-Provincial Relations and Chairman of a new Cabinet committee on Canadian unity.

Polls indicate that most Canadians, while strongly preferring Quebec to stay, would accept separation only if the break is clean, complete and final. They express little interest in any form of association with an independent Quebec. On the other hand, most Québécois are clearly unhappy with their current form of association with the rest of Canada, hence the demand to be recognized one way or another as a "distinct society". To that effect, a recent Environics survey shows that opinions vary as to the exact road Québécois would like to take: 25 per cent are seeking outright independence, 31 per cent would like to have a new form of "sovereignty-association", while 27 percent would like to maintain the status quo. Generally speaking, a majority of Québécois (56 per cent) think that Quebec should remain a part of Canada.

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### INCREASED FEDERAL-PROVINCIAL TENSIONS

In January 1991, a committee of Quebec's Liberal Party produced the Allaire report, which claims for Quebec a vast array of exclusive or shared powers, leaving only four areas of exclusive jurisdiction to the federal government -- defence, customs, currency and the debt (including equalization payments). Later, in June, the "Group of 22" released their own proposals on constitutional reform, stating that the federal government should give to the provinces national shared-cost programs in health, education, training and regional development. At the same time, the Arpin report on Quebec's arts and culture policy called on Ottawa to get out of the cultural field in Quebec and turn over arts subsidies to the provincial government.

In the last year, there has been significant growth in the support of new political groups, most notably the Reform Party in the West and the Bloc Québécois in Quebec. Opinion polls suggest that the Reform Party which has gained much support in the West, could well pick up a lot of support in Ontario now that it has decided to go national and could win as many as 80 seats in the next Parliament. Meanwhile, the Bloc Québécois has the largest single share of support in Quebec. However, during the last P.C. Congress in mid-August, various analyses suggested that support for these new parties appears to be stagnating and perhaps even eroding.

### BILINGUALISM

French-speaking Canadians in Quebec and the rest of the country are drifting further apart in terms of how they view each other and the direction they would like the country to take. For the first time since the question was asked in 15 years, more Canadians oppose bilingualism for all of Canada (48 per cent) than support it (46 per cent). Support for bilingualism at the provincial level has also dropped in all provinces except Quebec, Saskatchewan and Alberta (Environics).

### MULTICULTURALISM, IMMIGRATION AND "HYPHENS"

The percentage of Canadians who are neither of French nor English origin now stands at 37 per cent of the population. Canada is now, above all, an immigrant society: some 15 per cent of its population were born abroad, compared with about 7 per cent in the United States, and this year it expects to receive about 220,000 new migrants. Nearly half of them will come from Asia; few will have French or English as their mother tongue.

The concept of two founding nations is being challenged more and more. Many participants in the Spicer Commission expressed the view that Canada's official multiculturalism policy needs substantial review. There is growing concern among minorities about human rights, which will require a more consultative approach at all government levels.

Still, Canadian identity is seen as more important than the preservation of ethnic heritage. In a parallel fashion, the majority feeling in Quebec is that newcomers should adapt to the culture of Quebec. One of the consistent messages conveyed to the Spicer Commission was that we spend too much time being different and not enough being "Canadian first". Canadians have grown tired of labels and see little justification in labelling themselves as "hyphenated-Canadians".

On the other hand, this new trend towards dropping the "hyphens" in Canadian identity could be masking a real problem of growing intolerance regarding immigration. In July 1991, a Gallup poll revealed that 45 per cent of Canadians want fewer immigrants. In a similar survey a year earlier, 32 per cent of respondents favoured a cutback in immigration levels. In recent months, we have read of growing racial tensions in Montreal, Toronto and Halifax.

#### ABORIGINALS

Last year's Oka crisis substantially increased public interest and/or awareness on native issues. Canadians in general feel very uninformed about aboriginal issues and are asking for a massive educational effort to clarify the aboriginal reality and its historical background. In written submissions received by the Spicer Forum, almost as many participants raised aboriginal issues as discussed Quebec. The Prime Minister recently announced the appointment of a Royal Commission to examine the economic, social and cultural situation of Canada's native peoples, and advance discussions on major issues such as land claims and self-government.

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### III - FROM ECONOMIC RECOVERY...TO PROSPERITY

#### SHAKING OFF RECESSION BLUES

Most Canadians feel that economic issues, such as government spending, government deficit and increased taxation are more important than Canadian unity. The Canadian government deficit now exceeds \$380 billion, over 56 per cent of GDP, with interest payments alone running at more than \$40 billion a year.

More than one out of five Canadians consider unemployment as the most important problem facing our country today: unemployment figures rose by 3 per cent over the last year, to 10.5 per cent nationally. In the manufacturing sector, more than 300,000 jobs have disappeared in the last two years.

Throughout spring and early summer, Canadians were not optimistic about a durable and sustained economic recovery, despite announcements by economists that the recession is over. According to a Goldfarb survey, about half of the Canadian population felt then that the recession was far from over and that economic conditions would deteriorate over the next year. Business executives believed, as well, that the recession would remain with us as long as confidence is not fully restored.

More recently the Conference Board of Canada noted that consumer confidence bounced back to its highest level since the beginning of the recession in April 1990. In the second quarter of 1991, 38 per cent of consumers said that now is a good time to make a major purchase, up from 26.7 per cent in the first quarter of the year. Gross domestic product grew 0.9 per cent and 0.6 in April and May respectively, manufacturing shipments rose nearly 1 per cent in May from the previous month, export and import volumes are improving, and housing starts have increased for five consecutive months since the beginning of the year.

Although the Canadian economic outlook is improving, the economy still has a lot of ground to make up after a severe recession. Many companies continue to cut staff, close plants and reduce spending, while retailers complain that there are no buyers. One can expect recovery will be slow because interest rates and the Canadian dollar remain relatively high, debt levels haven't come down and consumer and business confidence are weak. Meanwhile, the U.S. economy continues to experience difficulty as well.



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### GOODS AND SERVICES TAX (GST)

The new federal tax has Canadians angry and upset. Almost everyone believes that the GST has eroded their personal spending power. Two-thirds of Canadians say that they have curbed their spending since the introduction of the GST, especially in the areas of high ticket spending (cars, furniture, air travel), and leisure activities. According to the OECD Economic Outlook, private consumption in Canada has weakened broadly in line with disposable income of households. In early 1991, consumer spending tumbled as a result of the combined effects of rising unemployment and the GST.

A growing number of Canadians are seeking ways to "beat the system" since they believe that the tax burden is unfair. Many are supporting the emergence of an underground or "black market" economy in which business is conducted on a cash-only or barter system.

### CROSS-BORDER SHOPPING

Cross-border shopping in the United States has taken on dramatic proportions since last year, with the combined effects of the new GST and a stronger Canadian dollar. In the last year, one in four Canadians has made a trip to the U.S. for the express purpose of shopping. Statistics Canada reports that about 5.2 million one-day trips were made in May 1991, an increase of 20 per cent over the same month last year.

Almost half of the respondents to an Angus Reid poll conducted at the end of May said they shopped south of the border specifically to avoid paying the GST. People with higher incomes and more education, i.e. those paying more taxes, are most likely to be cross-border shopping. Significantly for DOC stakeholders, one in five shoppers are buying recorded music and books (as well as toys or games).

### COMPETITIVENESS

Despite its current economic woes, Canada's quality of life and economic prosperity continues to be the envy of most countries. However, there now exists a wealth of evidence to demonstrate that our so-called "competitive edge" has gradually slipped away from us in the emerging global economy of recent years.

According to the 1991 edition of the "World Competitiveness Report" published by the World Economic Forum and the International Institute for Management Development, Canada now ranks fifth in competitiveness among industrial nations (from being second to the United States in the early 1970s). Among its chief failures, Canada gets low marks in the areas of research and development (except in the telecommunications and information technologies sector) and training and education of the workforce.

#### TRAINING AND EDUCATION

The globalization of the world's economy has a number of implications for Canada, its industries, its political economy and, most importantly, human resources development. As outlined under the themes of economic prosperity and social responsiveness in the May Throne Speech, one key area of growing awareness is the need to increase and upgrade training and education.

Canada spends more than 7 per cent of its gross domestic product on education, which is one of the highest rates in the industrialized world. Yet, six out of ten Canadian workers have no more than a high-school education, while 38 per cent of citizens have varying levels of difficulty with basic reading tasks, 30 per cent of which are high-school graduates!

With the pace of technological change increasing steadily, learned skills are becoming obsolete more rapidly than ever. As more and more businesses today adopt high-technology equipment and processes, they must also acquire the human skill to use them. Skilled labour has thus become one of the few elements of production where advanced industrialized nations can create an advantage. According to the Conference Board of Canada, Canadian unions and management are just beginning to recognize the importance of working together to tackle technological change and global competition.

In the area of specialized skills, newly graduated engineers and scientists are lacking in general management, communications and international business skills, while business graduates are technologically incompetent. As society becomes more technology intensive, human resources development will become as important as infrastructure development in determining national competitiveness in coming years.

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## IV - CONCERNS OF THE "WE" GENERATION

### THE EMPOWERED CANADIAN

More and more Canadians (8.2 million "baby boomers"), as they are getting older, are moving into leadership positions where they can influence changes in corporate culture and hierarchy. Despite growing racial tensions in the larger cities, the more educated segment of the baby boomers value personal autonomy and individual rights, believe in fairness and equality of the sexes and of the races and in protection of the environment. Other issues such as training and education are also increasingly considered critical for society's overall economic, political and social health. Traditional institutions are being challenged by a better informed society which is more egalitarian and diversified.

For a number of reasons, for instance the awakening to the ecological fate of the planet, collective rights are becoming more important to more people than individual rights. In other words, there is growing awareness that personal quality of life can only be enhanced through community-oriented efforts. Thus, the "me" generation of the 80s is gradually becoming the "we" generation of the 90s.

As a consequence of their growing cynicism towards political leadership, Canadians want greater control over the public agenda and their personal lives. There is a growing aversion to being forced into rigid institutional moulds; this translates into increased support for decentralization. As lobbying and media access increases, more power is going to special interest groups -- women, visible minorities, the handicapped, the elderly, etc., who are declaring sovereignty over their lives and demanding social justice.

### THE "24-HOUR" DAY

Information technology is forcing us to live more and more in "real time". With the advent of computers, modems, cellular phones, electronic mail, fax machines, pagers, etc., we are witnessing the emergence of the 24-hour work day. People's lives are becoming polarized between work and home.

At the same time, enthusiasms of the late 1980s are now being tempered by a desire to slow down. Canadians are looking for less stress, greater calm and stability in their lives and are increasingly seeking control of their environment and expressing their individuality.

Time, with family especially, is thus becoming a more valuable commodity than money. Canadians are more inclined to seek time-saving devices, such as bank and debit cards or home shopping.

### AGING POPULATION

There are more retired people than ever: close to four million Canadians aged 55 or over are not in the workforce, and this group is increasing at a rate of 4.6 per cent yearly. 11 per cent of Canadians are at least 65 years old. Over the next 15 years, this group will represent 14 per cent of the population.

While more and more Canadians are becoming "computer literate", a large number of older people are uncomfortable with computers and computer technology. On the other hand, elderly people have the highest rate of television viewing of any age group. According to Environics, new technologies -- cable TV, VCRs and micro-computers -- continue to increase their presence in Canadian households.

### SOCIAL IMPACTS OF INFORMATION TECHNOLOGIES

Participants at the June 27 workshop on "Communication, Culture and Society" expressed concern that the growing predominance of technology could create a society focused exclusively on consumption and competitiveness. By the same token, fundamental social issues are being ignored, such as the impact of global mass communications on local cultures, invasion of individual privacy, and universal access to information services.

As information takes on greater economic value, a new information industry segment is gaining prominence. With the trend towards "user-pay" in information access -- whether in education, with higher tuition fees, or in culture, with new admission fees to museums and parks -- there is growing concerns that the economically poor will also become the information poor. It was suggested that the concept of universal access, which has guided the development of telecommunications services in Canada, be extended to include basic information services.

### CHANGING ROLE OF GOVERNMENT

The difference between public and private sector roles has narrowed considerably and will likely continue to do so. While private enterprises must be more responsive to public expectations in the areas of health, education, training and protection of the environment, public servants must become more entrepreneurial in meeting new demands and realities posed by changing demographics and trends, both nationally and internationally.



There is growing pressure on government to put people at the heart of its policies and programs, by taking into account the social, legal, cultural and personal economic implications of such things as information technologies and cultural industries.

However, at the same time that Canadians -- special interest groups in particular -- are asking for government to widen its focus and be more responsive to a broader clientele, private interests, especially the business community, are saying that government should be more efficient and less interventionist. These contradictory pressures are merely indicative of the growing complexity of governance and the need for the state to be more concerned with the public good and less intrusive in the private sphere.

#### **PARTNERSHIPS... THE NEW "BUZZWORD"**

At the DOC workshop on "Partnerships: Governance in a complex world", it was suggested that issues today are too complex for government or business to address on their own. New ways must be sought to allow government and the private sector to work together effectively in addressing issues and opportunities of common interest. The workshop focused on the importance of partnerships between functions, between hierarchical levels and between government and outside stakeholders.

Effective partnerships involve a working relationship that reflects a long-term commitment, a sense of mutual cooperation, shared risks and benefits, and participatory decision-making. Such collaborative efforts are urgently needed to overcome Canada's learning deficit, for instance, which is costing us billions of dollars annually in lost productivity.

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## V - COMMUNICATING IN THE GLOBAL VILLAGE

### INFORMATION SOCIETY:

Control of information means control of power. It is noteworthy that last year's overthrow of the Ceausescu regime in Romania took place through the seizure of the broadcasting headquarters, not the military regime. Since then, a more recent case in point is Cable News Network's (CNN) exclusive broadcasting role during the Gulf War. CNN is available in more than 51 million cabled homes and can now be seen everywhere in the world except Antarctica and parts of the central Pacific. While CNN played no direct role in the allies' victory, it contributed greatly in shaping world public opinion, both before and during the war. Indeed, public leaders readily acknowledge the importance of the media in conveying their "message" to the world. Such behaviour was never so apparent as with Russia's President Boris Yeltsin, in his interview with the NBC network immediately after the aborted coup in the Soviet Union on the week of August 21.

Knowledge, is gradually becoming as important as ownership of raw materials. Information is big business, with a worldwide industry estimated at over \$150 billion. All in all, information services will likely account for one-third of business in several countries, including Canada.

Television has gained ground over newspapers as being the most informative, believable and useful medium. "Television has replaced newspapers as the oracle of truth", says the Annenberg School for Communications at the University of South California. It is estimated that as many as one third of homes in Western Europe will be receiving satellite channels in 1992, and that the amount of television programming will jump from 282,000 hours (1987 figures) to 784,000 hours in 1993.

The evolution of information and media control (by the U.S.) has taken such proportions that the head of NHK, Japan public broadcasting network, recently announced his intention to create a global news network with other broadcasters from around the world. Under the plan, broadcasters from Asia, Europe and North America would be responsible for news broadcasts from their own regions.

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**CONCENTRATION OF OWNERSHIP:**

Information technology has caused different communications media to converge technologically and inspired a series of giant business takeovers and mergers. Concern about the national and international consequences of cross-media ownership has risen, as some global corporations have begun to acquire strong positions in a variety of media.

Multinationals are thus emerging as the dominant players in the communications and cultural industry sectors. As mergers and acquisitions continue, multinational conglomerates are growing in size of operation and scope of activities. Following Sony's purchases of Columbia Pictures and CBS Records, Matsushita of Japan last year continued to acquire giant U.S. interests in the film and sound recording industries (Universal Studios, Cineplex Odeon and MCA Records). In the computer industry, Apple and IBM recently joined forces to develop new hybrids in personal computers; IBM and Apple now have a combined market share of 38 per cent.

Concentration of ownership is a prevalent trend in Canada as well. As an example, Rogers Communications has broadened from its original base in radio broadcasting and cable to claim stakes in satellite broadcasting, cellular telephony and telecommunications. Meanwhile, Canada's four largest newspaper companies are now responsible for over two-thirds of total circulation in the country.

**ACRONYMS OF SOME IMPORTANCE: NAFTA, GATT AND FTA**

With the globalization of the world trading environment, new opportunities are being created in foreign markets for Canadian firms. At the same time, new demands are being made to provide better access to Canadian markets. The notion of reciprocity is an important element in Canada's international relations with its major trading partners. Access to a foreign market in which Canada has a competitive advantage is almost inevitably accompanied by the opening of our domestic market to foreign goods and services where we are competitively disadvantaged.

While legitimate arguments have been made by Canada and other countries that national culture is too important to be considered in international trade negotiations, the pressure to open discussions on cultural issues is mounting. Our domestic policies for communications and culture must adjust to the changes in international trade agreements.

In the area of telecommunications, policies previously viewed as exclusively domestic - including interconnection, pricing, resale and sharing of circuits - must now respond to pressures resulting from the introduction of competition abroad.

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### REDEFINING THE NATION STATE

The growing importance of the international dimension in today's world is counteracted by a resurgence in nationalism. The same media that threaten to create a standardization of culture throughout the world appear to have stimulated demands for national and regional autonomy. Nationalism, in 1990, played a key role in Eastern European countries' moves towards democracy. This trend grew stronger in the last year and some of these nations, notably Yugoslavia and the Soviet Union, are faced today with internal demands for greater autonomy by certain regions.

Indeed, in comparison with developments in other countries, Canada's own constitutional challenges could be seen to be part of a natural and global shift in social culture. Like other countries, Canada's future political and economic strengths in the international arena will depend on how it resolves domestic challenges. It has become abundantly clear that events within nation states cannot be insulated from international developments.



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## VI - OUTLOOK FOR COMMUNICATION AND CULTURE

### CANADA IN 1991

The May 1991 Throne Speech announced that we are at a "turning point in Canadian history". While Canada has faced problems before, never has it had to deal with so many pressures at the same time, both from within and outside the country.

There is no doubt that Canada's tradition for understanding, sharing and commitment will play a decisive role in our future as a strong and prosperous nation. Central to this tradition is the need to share ideas, information and dreams - the mission of communications and culture in Canada.

### OUTLOOK FOR COMMUNICATIONS AND CULTURE

Domestic and international events are placing important pressures in the cultural area. Inside Canada, the federal government is being asked by Quebec to turn over responsibility for culture and broadcasting. Meanwhile, the U.S. has made it clear recently that it will take advantage of the Canada-U.S.-Mexico trade talks to seek removal of the "cultural industries" exemption from the existing Canada-U.S. free trade agreement.

As Joe Clark recently noted: the problem with Canada, is that Canadians don't even know each other. This is where DOC can play a role: more than ever before, what is required is a strengthening of national policies in all areas of culture and the arts that allow for a better exchange and sharing among Canadians of their views and varied cultural expression and heritage.

Increasing international competitiveness is also placing important pressures on the Canadian economy. Our economic performance is viewed by Canadians as the most important problem facing the country today. Business leaders have repeatedly warned that Canada is in danger of becoming another "Argentina", which once had a high standard of living, a well educated workforce, and an abundance of natural resources.

In a competitive world, and one where economies are increasingly information based, creating and communicating a vast range of information products and services is a key element to national prosperity. An essential element in any nation's strategy for economic prosperity is advanced telecommunications - the central nervous system that will underpin our economy in the 21st Century.

The Speech from the Throne indicated the government's desire for a balanced approach to the challenges that face Canada in the coming months. In choosing to highlight unity and prosperity, it has signalled its intention to tackle problems on all fronts because they are, in the end, interlinked and inseparable.

The success of this approach depends upon all federal departments developing initiatives that contribute to these priorities. The Department of Communications is unique, however, inasmuch its policies and programs will play a critical role in strengthening both Canadian unity and prosperity.