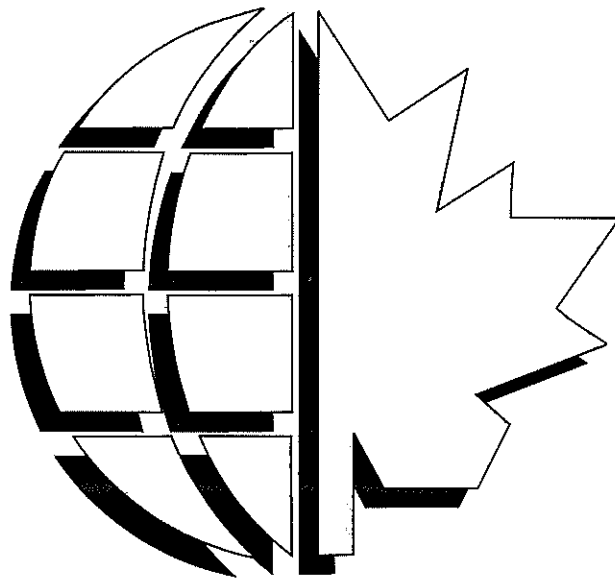

NATIONAL AND GLOBAL
PERSPECTIVES
NATIONALES ET MONDIALES



Canadian Business Leaders Speak
Les chefs d'entreprise du Canada s'expriment

Spring / printemps
1995

BUSINESS COUNCIL ON NATIONAL ISSUES
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE



Perspectives is a quarterly publication of the Business Council on National Issues (BCNI) featuring the statements and opinions of individual Council members.

During the first quarter of 1995, members of the BCNI spoke out on many of the challenges and opportunities facing Canada today, including national unity, fiscal reform, international trade and competitiveness, the environment and corporate governance.

We are pleased to share these thoughts with you.

Perspectives est une publication trimestrielle du Conseil canadien des chefs d'entreprise (CCCE) qui présente les déclarations et les opinions des chefs d'entreprise membres du Conseil.

Pendant le premier trimestre de l'année 1995, les membres du CCCE se sont prononcés sur plusieurs des défis et des occasions qui se présentent au Canada aujourd'hui, tels que l'unité nationale, les finances publiques, la compétitivité et le commerce internationaux, l'environnement et l'administration des entreprises.

Il nous fait plaisir de partager ces idées avec vous.

ALISON SINCLAIR
EDITOR/ÉDITRICE





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A Matter of Conviction

March 30, 1995

As someone who has lived in Quebec during the last referendum debate in 1980, as well as the present one, I've noticed both similarities and differences. Both are quite striking.

In both instances, the PQ has tried to create a tactical advantage to overcome a fundamental disadvantage. In 1980, the Levesque government, after a three-year debate, asked the voters a tormented 113-word question seeking a mandate to negotiate sovereignty-association, and promising a second mandate to ratify the results of any negotiation.

Notwithstanding the soft question, it lost by a 60-40 margin. In 1995, the Parizeau government faces the same fundamental problem. It is asking the voters to choose between Quebec and Canada, when they have a deep attachment to both.

The difference between 1980 and 1995 is striking to any one who has visited Quebec then and now.

The 1980 referendum was the culmination of a debate that had been going on for 20 years in Quebec and Canada. It was a logical, and emotional, conclusion to a discussion that had consumed the best energies of a generation of Quebecers and Canadians. As such, though it was painful and divisive, it was necessary and, in the end, a rewarding experience. And each side had a great champion in Pierre Trudeau and René Levesque.

The 1995 referendum is not the end of a great debate. There is no real debate in societal terms. The opposition Liberals have been boycotting the regional commissions,

which gives them the appearance of being completely one-sided.

But even at that, there is a striking lack of new ideas on either side. And a conspicuous lack of passion.

That doesn't mean people aren't paying attention to this debate, only that they didn't ask for it. They voted for a change of government last year, not a change of country. They will vote on the question of country when it is asked.

The near silence of this debate should not be mistaken for indifference. Quebecers know what's at stake in this referendum, and no matter how the question is asked, it still comes down to a choice many of them would rather not make. Why should they choose one over the other, when they can have both?

And this is not merely a matter of convenience, but also of conviction.

WILLIAM W. STINSON
CANADIAN PACIFIC LIMITED



«Trente millions de Canadiens qui travaillent étroitement ensemble ont tous les moyens de propulser le Canada vers la prospérité au XXI^e siècle, et d'accueillir la diversité croissante dans le pays.»

CONSEIL CANADIEN DES CHEFS D'ENTREPRISE
COMMUNIQUÉ LE 11 JANVIER 1995



Le rôle du gouvernement fédéral

le 13 février 1995

Que devrait faire le gouvernement fédéral, autre que de continuer à déclarer qu'ils ne veulent pas discuter de la constitution et qu'il vaudrait mieux que les non-Québécois évitent de faire des déclarations qui pourraient être vues comme provocatrices par le Québec?

Une solution serait de faire de nécessité vertu. Ottawa s'est déjà engagé dans plusieurs exercices qui touchent l'allocation du pouvoir juridictionnel au Canada entre le gouvernement fédéral et les gouvernements provinciaux et qui auront comme conséquence un remaniement profond du système actuel d'imposition et des paiements de transferts. [...]

Prendre tous ces exercices à leur conclusion logique implique le déploiement de beaucoup plus d'autorité de l'État sur les provinces, si ce n'est que pour empêcher l'érosion continue de la situation financière du fédéral. Cette offre de souveraineté additionnelle à toutes les provinces qui consentent à l'assumer (sur une base administrative et sans modification de la constitution, du moins au début) devrait intéresser ces Québécois qui appuient le «oui» surtout pour opposer la continuation du statu quo. En fait, cela devrait influencer suffisamment de votes au référendum pour assurer un «non» retentissant en faveur d'un fédéralisme plus flexible.

Il reste alors au fédéral d'indiquer publiquement au bon moment une vision de l'évolution du fédéralisme à l'avenir dans une nouvelle forme sans nécessité d'un choc économique profond qui résultera de l'aventure de l'indépendance.

STANLEY H. HARTT
CAMDEV CORPORATION



"... a re-affirmation of faith in Canadian federalism and the advantages of the economic union in no way should imply acceptance of the status quo -- either in political or economic terms. Federalism has accommodated major change in the past, and it will continue to do so in the future -- indeed, we believe that the degree of change that Canada will undergo in the last half of the 1990s will be extraordinary.

Part of the change that is certain to take place will be driven by fiscal imperatives to be sure -- but change also will be driven by public attitudes towards the role of governments. Canadians want simpler government, more effective government at a lesser cost, and governments that are willing to withdraw from the suffocating entanglement of competing jurisdictions."

*BUSINESS COUNCIL ON NATIONAL ISSUES
COMMUNIQUÉ, MARCH 22, 1995*

Individual Commitment

March 23, 1995

I still believe that individual Canadians still hold the real power in this country, and that they are the real key to effective change. I'd like to see all Canadians join us in making personal commitments to two basic principles that can really make the difference.

First, every one of us has to recognize the impact our demands on government have on the debt and deficit. Second, we must all accept that our social benefits must be tailored to what we can afford.

BERNARD WILSON
CANADIAN CHAMBER OF COMMERCE





Faisons confiance au monde

le 8 février 1995

Si l'on ne donne pas à chacun le goût et les moyens d'assumer pleinement son rôle auprès de la clientèle, nos efforts dans les technologies de pointe et dans le dépoussiérage des procédures ne produiront qu'un demi-succès faisons confiance au monde.

Le principe de la responsabilité s'applique aussi aux gouvernements. Pour obtenir des services publics efficaces, il faut les rapprocher des citoyens. À mon avis, il faut transférer aux provinces, et dans les plus brefs délais, la pleine responsabilité des programmes sociaux.

Il s'agirait là d'un sain retour aux sources. La plupart de ces programmes ont vu le jour dans les provinces, en réponse aux besoins exprimés par les citoyens de chacune. Les programmes nationaux normés sont arrivés par la suite, avec l'absurdité que l'on a appelée «le pouvoir illimité de dépenser d'Ottawa».

Aujourd'hui encore, les exemples de dynamisme provincial sont nombreux. [...]

Mais attention de ne pas perpétuer les erreurs du passé en s'accrochant au mythe dangereux et dépassé selon lequel il n'y aurait pas de bornes dans ce qu'un gouvernement tentaculaire peut accomplir.

ANDRÉ BÉRARD
BANQUE NATIONALE DU CANADA



L'impartition : voie pour un État plus efficace?

le 21 février 1995

On a beaucoup parlé de l'État-providence. On devrait maintenant parler de l'État-provisoire. Non pas que l'État doive disparaître; mais toutes ses interventions devraient être perçues comme provisoires, et réévaluées à intervalles réguliers.

Toutes ces remises en question périodiques devraient provenir de la même question : si on avait aujourd'hui telle ou telle fonction à organiser, est-ce à l'État qu'on la confierait? Pourquoi?

Le fardeau de la démonstration devrait revenir à l'État. En d'autres termes, il devrait être nécessaire de démontrer que l'État utilise mieux les ressources que le secteur privé ne le ferait, et non l'inverse. Faut-il le rappeler, nous vivons dans une société de libre entreprise où intervient l'État, et non dans une société étatique appuyée par l'initiative privée.

Si on faisait cet exercice de remise en question aujourd'hui, est-ce qu'on confierait aux pouvoirs publics des fonctions comme le traitement et la distribution de l'eau? l'exploitation et la gestion des immeubles du secteur public? la fourniture d'électricité? et même l'exploitation et l'entretien du réseau routier? des écoles, des hôpitaux? C'est loin d'être évident. Pour chacune des fonctions que je viens de nommer, d'autres sociétés ont fait des choix très différents des nôtres, souvent avec beaucoup de succès.

GUY SAINT-PIERRE
GROUPE SNC-LAVALIN INC.





Canada in the Global Economy

March 28, 1995

If one assesses Canada on the basis of current news reports – which is unfortunately how many outsiders arrive at an opinion – one might well have a sceptical view of our ability as a nation to compete globally. For too long now, we have been focussed inward on our own internal political, social and fiscal agenda.

National unity continues to receive a lot of media attention, both at home and abroad. International business associates constantly ask me about our prospects for continuing as one nation. (Far too frequently, I might add, so do many Canadian friends and associates living outside Quebec.)

Our level of debt has been characterized as unmanageable – as well as unforgivable. [...] And while our media are mesmerized by these issues, many of our government and business leaders are distracted from implementing the policies and making the investments needed to enhance our competitive status.

True, our current national unity and fiscal problems seem to have heightened the level of uncertainty among investors. Many of us here will know first-hand of firms and individual investors, including some Canadians, who have put Canada "on hold" pending our ability to straighten things out.

Let me go to the heart of the matter: are we capable of doing that – of straightening things out, of getting our act together? Of course we are! Few countries in the world are as blessed by history or geography, or as strategically positioned for the future. Few countries in the world can succeed as we can.

Perhaps it is our nature as Canadians to skirt around an issue longer than some. But I know that when we set our minds, Canadians will approach the task with a determination second to none. And we will do it best as a united Canada, united in purpose, and united in a commitment to excel globally.

L.R. (RED) WILSON
BCE INC.



Canada's Economic Prospects

March 22, 1995

Canadian private sector performance gives us ample reason for optimism. The results of the past eighteen months have been stronger than anticipated. Jobs are being created in greater numbers, productivity growth is up, exports are leading the way and corporate balance sheets continue to improve. With the advantage of low levels of inflation, an increasingly diversified industrial sector and a favourable competitive position, private sector prospects for the remainder of 1995 and for 1996 are very promising.

Two clouds threaten this otherwise bright prospect. One is the continuing deterioration in the public finances of Canada's three largest governments – at the federal level and in Ontario and Quebec. The other is the uncertainty flowing from the determination of the separatist government in Quebec to achieve independence seemingly without regard to the cost.

THOMAS P. d'AQUINO
BUSINESS COUNCIL ON NATIONAL ISSUES





Implications to Canadians of High Government Debt

January 25, 1995

We are caught in a trap of our own making. The more we borrow – the higher our interest rates – the higher our interest payments on the debt – the more we borrow. And the more money we send out of the country. This is obviously not sustainable.

How did we get ourselves into this vicious cycle? It was not hard. We have allowed and encouraged our governments to spend more than they took in, year in and year out.

In order to stop the growth in our debt, we must first eliminate our deficits. Governments must learn to balance their budgets – to spend only what they can pay for. To get from a deficit position to a balanced budget, governments can either increase revenues, or cut expenditures, or a combination of both. It is that simple. [...]

Canadians have made it very clear in recent years that they already feel overtaxed. Yet at the same time, Canadians appear to be very reluctant to give up any government programs. Well, we cannot have it both ways. In the end, the choice is up to us – but we do have to make a choice between higher taxes or cutting expenditures.

If we don't act – ultimately others will act for us. Our current vulnerability to the whims of international financial markets will only increase with time. And in the end, we will have to make the difficult choices anyway – but we'll have far fewer choices. The longer we delay, the higher the cost will be.

RICHARD M. THOMSON
THE TORONTO-DOMINION BANK



Implications to Canadians of High Interest Rates

February 8, 1995

Rising interest rates discourage purchases by consumers and investment by business and they make the costs of our deficits and our existing debt rise like a rocket.

And the most negative impact of high real rates of interest takes a long time to be felt.

In the longer term failure to invest, failure to replace worn out capital, failure to maintain it and upgrade it, failure to keep research and development at the leading edge will (over time) mean that it becomes harder and harder for Canada to remain competitive. We can try to improve productivity by motivating our work force but this has limits and eventually we will fall behind. It's like us having typewriters when our competitors are using computers. Without future investment you're just not in the same league.

And even if you do continue to invest (in spite of the higher interest rates), your competitors south of the border and in other parts of the world have a cost of capital advantage anywhere from three to four times less than a Canadian firm.

And that's a formidable advantage to overcome. With higher interest rates Canadians cannot win in an increasingly global market.

Higher interest rates will effect jobs and investment. And higher rates will impact on our future.

WILLIAM R.P. DALTON
HONGKONG BANK OF CANADA





Living Within Our Means

April 4, 1995

Canada benefited immeasurably from the great economic boom of the sixties and the first half of the seventies. During this period, like many other industrialized societies, we developed expensive tastes including a voracious appetite for more and more government services. We continued to indulge ourselves even when we no longer earned enough, as a society, to pay for these services. At the time, this did not seem to present a problem – we just borrowed the money we needed, much of it from international lenders. Throughout the eighties, we continued to live beyond our means to the point where we were borrowing money to pay the interest on existing debt. We now have a total public sector debt which is close to 100% of Canada's Gross Domestic Product.

Our chickens, as chickens have the habit of doing, have come home to roost and we now find ourselves extremely vulnerable to the international bond and currency markets. Indeed, it's no exaggeration to say that, in terms of the influence they exert over our economic survival and future, these institutions have essentially become our nation's fourth, and perhaps our most dominant, level of government. [...]

Without in any way discounting the magnitude of the challenges confronting Canada, I am optimistic about the future for several reasons. To begin with, the federal budget that was brought down in February with its focus on major cuts in expenditure certainly appears to constitute a sea change from those of previous years. Equally encouraging was Finance Minister Martin's assertion that the 1995 budget was not a one-shot deal, but rather represented the first step in an ongoing process to return Canada to

financial health. In addition, several of our provinces, specifically Alberta, Saskatchewan, New Brunswick and Newfoundland, are vigorously coming to grips with their deficits, a process, sadly, that has yet to encompass our two largest provinces of Quebec and particularly Ontario.

FREDERICK H. TELMER
STELCO INC.



Corporate Governance

March 9, 1995

In general, I find a great deal of the discussion on corporate governance, whether coming from institutional investors, stockbrokers, academics or the Dey Committee to be too prescriptive, too doctrinaire and ultimately too intolerant.

I feel that boards will become so busy doing a rain dance to satisfy the T.S.E., Fairvest Securities, Omers, the Ontario Teachers and the Caisse, not to mention all the government regulations, that they will risk losing sight of their real job.

There is not a single correct formula for good corporate governance. This applies to issues such as board size, the proportion of independent directors, whether the Chairman is also the CEO, whether executives serve on Nominating Committees and so on.

Effective governance springs from the nature of the company, its history and culture, the circumstances in which it finds itself and the people involved at any given time.

JOHN D. MCNEIL
SUN LIFE ASSURANCE COMPANY OF CANADA





Looking for Answers

January 27, 1995

Too much has happened since the closing of the 80's for corporations and institutions to feel secure that where they stand today is where they will stand a few years from now. Four relatively new factors will influence corporate and institutional planning as it relates to the real estate industry until at least the end of this century:

1. Governments have yet to control their expenses and to create the proper climate to favour the changing patterns of national trade, resulting in a mistrust of their ability to guide us in this new complex world.
2. Demographics, specifically affecting the younger and older population, are causing much change in the way we plan the life of business investments.
3. Revolutionary technology, with its liberating effect on the worker, is challenging the age old habit of work being performed in single locations, by large numbers of people, working at the same tasks, within the same time frame.
4. The information industry has brought us a global market place where everything is available to be consumed or discarded almost at will, shifting competition from a regional to a world perspective.

PHILIP M. O'BRIEN
DEVENCORE LTD.



The Rules Have Changed

February 15, 1995

What was good enough in today's competitive arena won't win tomorrow's battles. Old ways of doing business will be inadequate for the kind of rapid change that's coming. The successful organizations of the 21st century will have to be leaner, faster-moving, with fewer layers of management and extremely low coefficients of bureaucratic drag.

MARK W. HUTCHINS
FORD MOTOR COMPANY OF CANADA, LIMITED



The Changing Role of Middle Management

March 2, 1995

In many cases, either because of improved technology or because we have changed the way we do business, we will not require middle managers in the roles they perform today. However, you cannot run a growing multinational service company without managers involved in planning, facilitation, and coaching the front-line.

The role of middle management has already changed dramatically and will continue to change ... it is both exhilarating and difficult to be a middle manager in today's environment. Exhilarating because of the pace of change and the excitement of taking on different responsibilities. Difficult because the environment is uncertain and as a middle manager you are yourself the target of change at the same time as you are taking a message of change to the front-line.

KEVIN J. JENKINS
CANADIAN AIRLINES INTERNATIONAL LTD.





Managing Innovation, Managing Innovatively

January 28, 1995

Management has to be flexible. Any management style that is built around the old "command and control" or "one-size fits all" approach just isn't going to work. You have to encourage your creative people to look at things in different ways – to go with their guts or their intuition or whatever drives them when it's early in the process, and then encourage them to focus on ideas that work as it gets later in the day. You exercise judgement as to when to let them run and when to hold them back.

In leadership, as in all other things in life, it's almost impossible to balance everything the way you like it. But I'll tell you this: If you give me a choice between erring on the side of too much flexibility, or erring on the side of too little flexibility, I'll take too much flexibility 10 times out of 10.

Because when you manage a creative process, you can't follow one set of rules. You have to go with people. It's management by feel. And if that sounds like more of an art than a science, you're exactly right. It is.

[...] when you create a real synergy among people, you get them to see innovation as a process, not a destination; then the rewards will surely follow.

In a world where companies are increasingly falling into two categories – those that are innovative and those that are out of business - the commitment to innovation may be the most important lesson for all of us to learn.

DANIEL J. BRANDA
HEWLETT-PACKARD (CANADA) LTD.



Quality is a State of Mind

February 27, 1995

Five years ago you could barely turn around on a commuter train without bumping into a quality consultant with a plan for your company to implement this panacea called Quality, with a capital Q. Today, it appears that many people saw quality as a fad and they've moved on in a never-ending quest for some other quick fix. Certainly the media have lost interest and so, in most cases, have conference agenda setters. Even the number of applicants for quality awards has fallen off.

But I am here to say that they're all wrong ...

We cannot afford – as individual businesses or collectively as national economic drivers – to let the quality imperative go the way of pedal pushers and hula hoops. Quality is not a fashion, not a fad, not a buzzword.

Quality is a state of mind ... throughout the organization and the single most important key to competitiveness. It is a crucial first step in our effort to achieve lasting customer loyalty.

And it is fundamental to our ability as Canadian businesses to make real the opportunities that await us all in this new world.

DIANE E. MCGARRY
XEROX CANADA LTD.





Investment by Transnational Corporations in Canada

March 6, 1995

When Canadian industry supported the Canada-U.S. Free Trade Agreement, and subsequently NAFTA, they knew it would mean change, and knew that change was needed. But few anticipated the degree or rapidity of change! [...]

The change in the role of the Canadian subsidiary has been driven by two factors:

- the phase-out of U.S.-Canada tariffs eliminating market protection for the Canadian franchise
- global communications enabling TNC headquarters to increasingly centralize international decision making. [...]

The successful Canadian CEO is not shrinking but entering Superman's telephone booth and undergoing a transformation – from business manager for Canada to entrepreneurial business development leader from Canada. [...]

The Canadian cost structure and organizational flexibility when integrated with appropriate parental functional expertise is very powerful.

R. IAN LENNOX
MONSANTO CANADA INC.



Role Models in Dispute Resolution

March 22, 1995

Clearly, international trade is the key to achieving improved standards of living and economic well-being at home and abroad – and may even be the way to significant environmental improvement.

As trade arrangements continue to evolve, Canada and the U.S. can be looked upon as models for the world, both in harmonious relations and in developing and leveraging beneficial trade relationships.

Though it's inevitable at some point that tensions will develop in a trade relationship, a well-structured framework for resolution can lead to an equitable resolution. And it's important that the resolution processes continue to evolve also.

The living standards in our two countries are among the highest in the world, in large part the result of trade. We should be proud of our performance, and continue to build on this strong foundation to our mutual advantage.

V. MAUREEN KEMPSTON DARKES
GENERAL MOTORS OF CANADA LIMITED





Sustainable Forest Management and Consumer Awareness

February 16, 1995

Our industry ... needs to remind the educated people of the industrialized world of the importance of the end-products of sustainable forest management.

We need to remind them of the utility, beauty and environmental friendliness of timber and solid wood products. And we need to remind them of the significance of paper, which – despite predictions that the electronic superhighway would make it obsolete – grows ever more indispensable to modern societies.

You name the demand – communication, education, convenience, health, safety – paper is a component in meeting it and in assuring a high standard of living.

It is particularly necessary in an environmentally conscious culture, since paper is more easily recycled than other materials.

The growing use of recyclable paper products that originate from well tended, renewable forests ought to be the hallmark of environmentally responsible societies in the next century – and will be, provided we can bring that message home to consumers.

ROBERT B. FINDLAY
MACMILLAN BLOEDEL LIMITED



Un grand défi : l'évolution des attitudes du consommateur

le 30 janvier 1995

Le pivot de l'industrie [de l'épicerie], c'est la capacité d'innover en fonction des styles de vie et de l'évolution de la mosaïque culturelle. Durant la prochaine décennie, près de 40 pour cent de la population canadienne sera constitué de minorités visibles. Par exemple, près de 10 pour cent des consommateurs à Toronto et à Vancouver sont des Canadiens chinois. Les baby-boomers, parvenus aujourd'hui au mitan de leur vie, sont plus conscients de leur santé, plus soucieux de nutrition, plus sensibles à l'environnement, et la population, dans son ensemble, vieillit. Le consommateur en veut plus pour moins. Le marché est aujourd'hui de plus en plus segmenté.

Les mots clefs sont : frais, faible en matières grasses, léger, sans cholestérol, diète, faible en teneur en calories, en sucre, cuisine ethnique, doux, relevé.

Marketing et produits novateurs sont la clé de la survie. L'idée, c'est de le faire avec compétence car, pour plus de 75 pour cent des produits nouveaux mis sur le marché, la durée de vie n'est que de quatre-vingt-dix jours!

CLAUDIO F. BUSSANDRI
MÉDIS SERVICES PHARMACEUTIQUES
ET DE SANTÉ INC.
antérieurement de Sucre Lantic Limitée





Women and Communications

February 23, 1995

We in the business community and politicians across the country are learning the public's tolerance is growing thin. People are as mad as hell and they aren't going to take it anymore. I believe the anger customers are expressing today, and the frustration many women have experienced, have similar roots. Barriers to choice. Obstacles to freedom. Denial of opportunity.

Thankfully, the barriers are falling, the obstacles being removed. ... just as BC TEL no longer has a monopoly on telephone service, men are losing their monopoly on well-paying jobs. So it's a new world in terms of employment equity and opportunity as well.

When I began working at BC TEL in 1956 fixing phones, women weren't encouraged to do that type of work. Nor were many being encouraged to be doctors, lawyers or electrical engineers.

The result that we see today is a gap between what men and women are paid. What's more, the older the worker, the wider the gap. It's a tough issue. Is there a solution? Well, there's definitely hope. And it's based in education. [...]

Overall, I believe today women and men are being dealt a new hand. It's a much better hand. A winning hand. The game is more interesting now. Because more people are now free to achieve to be their best. The same holds true right now for the communications business. The barriers are coming down. Just as Canadians across the country benefited from competition in long-distance, we're all going to benefit from competition in cable TV and other services.

The day of the monopoly is gone. The marketplace is the great equalizer. Customers are in control. They are going to keep voicing their concerns, frustrations, and needs. In the communications industry particularly, we must continue listening to them.

BRIAN A. CANFIELD
BC TELECOM INC.



Sustainable Competition

April 5, 1995

I look forward to the delivery of the new multimedia services. I suspect the growth will not be as quick as some people suggest. I also think that we will not stop watching television. I think people will continue to watch broadcasting on televisions for some time. They will also interact with personal computers as an alternative to catalogue shopping, library research or video games but not as a substitute for television watching.

I believe that Canadian entrepreneurs will do their part to develop the new services which Canadian consumers want. But federal policy makers must also do their part. They must ensure a regulatory system which does not grant special privileges to the phone companies and which treats all service providers in an equal fashion.

Sustainable competition is the essential key for long term benefits of innovation – lower prices and improved quality and convenience for all Canadians.

EDWARD S. (TED) ROGERS
ROGERS COMMUNICATIONS INC.





Globalization of Finance as a Positive Force

April 5, 1995

Recently, the momentum in support of somehow harnessing international capital flows has been quickening. Some political leaders have joined academics in calling for a tax on international financial transactions.

We should be wary of such appeals. The fact of the matter is that as capital markets become more universal, assisted by powerful leaps forward in communications and information technology, there will be increasing benefits to citizens everywhere. Market forces will be strengthened, transparency will be enhanced and economic development will flow to more parts of the globe.

But perhaps most importantly, the benefits of globalization will be seen in the inescapable discipline that will be brought to bear on fiscal management. Governments no longer will be able to spend and tax at will. The punishment for spendthrifts will be certain and costly.

THOMAS P. d'AQUINO
BUSINESS COUNCIL ON NATIONAL ISSUES



Playing on the World Stage

March 8, 1995

I think there are three conclusions the Canadian [financial services] industry might draw from a careful look at current and emerging international capital market developments.

The first is that, over time, there will be increasing costs to the Canadian economy from a failure to put a satisfactory longer-term sound fiscal plan in place. Until the international capital market sees tangible progress in eliminating constant deficits and relative expansion of debt to GDP, Canadian individuals, corporations and financial institutions alike will pay an increasing price. Our industry needs to continue pressing governments in that direction.

The second conclusion is that Canadian regulatory structures for our industry should move steadily towards a single structure, and the highest standards of efficiency, transparency, prudence and flexibility. Our economy will benefit, our customers will benefit, and our financial institutions will benefit if we can improve performance on this score. And our industry has a pro-active role to play in that process.

The third conclusion concerns market developments within Canada. I believe we have an opportunity to improve the overall quality of financial services to customers here, by moving more aggressively to, in a word, "internationalize" them. We can apply here in Canada more of the approaches and products already working successfully outside our borders.

A.L. (AL) FLOOD
CIBC





Deregulation of Financial Markets

March 21, 1995

One of the arguments most often put forward is that shareholders and depositors of the banks must be protected from the risk oriented nature of the investment bankers. In my view, the people who offer this perspective do not really understand the system.

Who took greater risks in the real estate industry? Who suffered the greater losses? Now that I am a part-time banker, I realize how risky the banking business is. If your loan is successful, you receive your interest and your principal back. If the loan fails, you receive no interest and perhaps no capital back. This contrasts to investment bankers who package "securitization products" and sell them.

BRIAN J. STECK
NESBITT BURNS INC.



Open Skies

March 7, 1995

I believe the new bilateral [Canada-U.S. trade pact] will help create that all important level playing field which will ensure that every air carrier gets an even chance to compete.

That's why there are transitional periods built into the agreement which allow for a phase-in of new U.S. services at Montreal, Toronto and Vancouver. It is a mechanism which ensures that service, quality and competition is the determining factor in open skies – not sheer size or hub muscle.

HOLLIS L. HARRIS
AIR CANADA



Mutual Awareness

February 20, 1995

I am concerned that many of the people who have moved their savings into mutual funds in recent months are really neophytes who have never experienced the ups and downs of investing.

They don't realize that what goes up can, and often does, come down and the higher a fund flies, the lower it generally will fall.

It would be a mistake to think of them as investors. They are really consumers and it seems to me that the standards of consumer protection should be somewhat more explicit and rigorous than the historical standards of investor protection. As important, they should be applied to all those who sell to, or advise, clients whether they work for the big institutions or for smaller entrepreneurial organizations.

H. SANFORD RILEY
INVESTORS GROUP INC.

