NAFTA, cultural industries and cultural identity in Canada

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For decades, the concept of culture has sparked debate in Canada, above all around the issue of what it means to have a cultural identity. However, in our day it is clear that culture is expressed through very concrete forms: specifically, through cultural industries.

Since it is through these industries that Canadians have affirmed their cultural identity, the Canadian government decided to leave them out of negotiations, first, for the Free Trade Accord, and subsequently, for the Trilateral Free Trade Agreement (NAFTA).

It therefore became necessary to define these industries —those related to telecommunications, radio, television, publishing, cinematography and recording— and pass legislation to cover them. Thus, Canada became the only country —aside from the United States— to have a commercial definition of culture.

Canada's decision has bothered American investors since the eighties. Canada has been accused of imposing protectionist barriers in this domain which go against the spirit of the treaty.

In the mid-80s, a survey of entertainment entrepreneurs in the U.S. found that most believed the so-called barriers involved unjust competition, due to public financing of the Canadian Broadcasting Corporation (CBC) and —through Telefilm Canada and the National Film Board— of television and movie productions.

They viewed as discriminatory such fiscal policies as the Capital Cost Allowance (CCA), which allowed a 100 percent deduction for private investors who carried out certified Canadian productions, or Bill C-38, which prohibited deductions for Canadian advertisers who placed commercials in foreign publications, radio or television stations while providing them to companies which advertised in Canadian media. The same bill also required cable substitution —that is, that Canadian cable operators replace the signals from American stations when both broadcast the same programs— so that U.S. commercials could be replaced with Canadian ones.

They also criticized the existence of retransmission rights which were exempt from the payment of compensation to broadcast and cable companies, as well as the Canadian content regulation, which they considered discriminatory against American programming.

Lastly, they spoke out against restrictions on foreign proprietorship and control of electronic and print media, import taxes on records, tapes and cassettes, and Canadian attempts —through a measure requiring that 15 percent of profits obtained from distribution remain in Canada and be used in Canadian productions— to prevent U.S. companies from controlling movie and video distribution in Canada.

Almost a decade later, in the context of free trade projected to lead towards economic union, some Canadian intellectual sectors believe this will also involve —at least to some degree— a kind of shared sovereignty in which Canada will be a junior partner. Their distrust is motivated by the fact that, while the conservative Canadian government that negotiated NAFTA did not change the tone of its discourse in this field, the measures it undertook contradicted its words, which came to be viewed as a smokescreen.

The journalist Lawrence Martin relates:

George Bush came, as the 1990 baseball season began, to Toronto's SkyDome —the wondrous, white whale addition to the continent's many covered stadia. Bush loved baseball. It was the American game, and he once played for Yale.

It was fine symbolism: the U.S. president comes north across the free trade border to witness non-Canadians playing America's game. The fantastic success of baseball north of the U.S. border was yet another sign of the times. Major league ball now enjoyed charter membership in English Canada's new continentalist

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culture. In sports, as in music, film and books, it was a culture less conscious of borders.[1]

The symbolism is clear. And while Canada's culture is not the only one being Americanized, we must keep in mind that Canadian intellectuals' concern derives from the fact that Anglophone Canada is unique in being situated directly on the U.S. border, without the protective barrier provided by a separate language. As a consequence, homogenization tends to be all the more rapid.

Concern deepens when empty official verbiage is compared with the real measures taken by a government which dismantled the mechanisms which had protected Canada's cultural sector, so vulnerable vis à vis the United States.

First the incentives for movie and video distribution disappeared; then CBC's budget was slashed —Telefilm's subsidy has been frozen since 1989. Thus, as Colleen Fuller points out, "Canada's largest and most important window for independent production —...the central instrument of the government's cultural policy— is increasingly blacked out."[2]

In addition, independent movie and television production, which had grown 445 percent in the 1980s, collapsed to the point of having a zero real growth rate, subsequently shrinking by 43 percent when tax deductions were reduced from 100 to 30 percent of the Capital Cost Allowance.[3]

Further, NAFTA's inclusion of publicity has helped U.S. agencies eat up Canadian ones, which are much smaller.

Both intellectuals and entrepreneurs in publishing and film production believe that the exemption of cultural industries from NAFTA makes no sense if these industries are not strengthened and supported, and if there is no defense of their right to remain Canadian property. It is absurd to speak of the defense of cultural sovereignty when a 7 percent tax has been imposed on books.

The situation is worrisome indeed, in the face of U.S. industries' onslaught. Canadian cultural companies produce 80 percent of all the cultural work carried out in that country but have captured only 16 percent of the market.

The result of this market structure, then, is the existence of a quasi-nation where a child of 12 has spent 2,000 more hours watching American television shows than attending schools. When the child does make it to the classroom, two thirds of the textbooks are American. As the child ages, some 90 percent of the movie viewing, 70 percent of the book reading and 70 percent of the music listening will be directed toward the American product.[4]

While cultural industries continue to lose their privileges, U.S. entrepreneurs clamor for the market to be opened completely. Canadian nationalism strikes them as ridiculous. "It's only entertainment, pure and simple!" they say.

The situation continues to worry those who believe that defense of one's own cultural identity is a question of sovereignty. Articles have appeared in the press asserting that under-the-table negotiations were carried out to ease the signing of NAFTA, and that the short-lived government of Kim Campbell prohibited access to certain archives related to the manner in which culture-related negotiations were carried out.

Thus, far from being gratuitous, concern for this issue is inevitable. If the world becomes one big village ruled by the forces of the market, only cultural differences will make it possible to have a national identity.

As for Canada, the province of Quebec has been able to ensure and strengthen a solid cultural heritage, given its Francophone character. For its part, Anglophone Canada must remain alert in the face of inundation by U.S. cultural industries.

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[1] Excerpt, published in April 1993 by *The Toronto Star*, from Lawrence Martin's book *Pledge of Allegiance: The Americanization of Canada in the Mulroney Years* (McClelland & Stewart, 1993).

[2] Colleen Fuller, "Fade to black: culture under free trade," *Canadian Forum*, p. 7.

[3] It is important to note that Quebec is the exception in this regard: despite benefit reductions, production has not fallen as noticeably there.

[4] Lawrence Martin, *op. cit.*