

rapidly becoming a major component of the nation's basic infrastructure, and its integrity and viability must be maintained. The Canadian telecommunications system, like that of the United States, is run as a series of regulated monopolies, with a sufficient return on investment guaranteed to allow them to attract the necessary funds for modernization and growth. To keep them efficient, increasing levels of competition are being explored. However, the density of population in Canada being very different from that of the United States has led the Canadian Telephone Companies to charge rather more for long distance, and rather less for urban service, than is the practice in the U.S. The two countries have managed to find an equitable sharing mechanism for trans-border calls. The opening of satellite competition to the telephone companies in the United States would affect these arrangements. Should that large proportion of Canadian industry that is U.S.-owned be permitted to communicate with their head offices exclusively by U.S. satellites, this would have an important effect on the viability of the Canadian Telecommunications System, and this would have to be taken into account in the formulation of Canadian policies.

Canadian regulators have recently decided to permit the attachment of terminals to the telephone companies' lines. The telephone companies may, of course, compete for the sale or lease of these terminals, but I hope that innovation and cost-efficiency will be stimulated or improved. The manufacture of terminals has in the past created a number of Canadian jobs, although many of the terminals have been imported from the United States. If the act of deregulation merely favours U.S. manufacturers with larger runs and greater economies of scale than Canadian companies can manage, then whatever economies that have been wrung from the telephone companies will have been more than lost in the exchange.

Fortunately, Canadian electronics manufacturers are learning to sell in the U.S. market, and are able to compete with their U.S. counterparts in price, design, maintenance and efficiency, and the government is encouraging this move towards world-class competition, and away from protectionism. Department of Communications' research scientists working on electronic imagery, for example, developed a major design improvement in the teletext and videotex technology, which we have named Telidon. This may hasten the development of an information marketplace, and help maintain Canada's leading position in telecommunications infrastructure development. Government is working in partnership with industry in the initial phases of this project, but increasing participation by the private sector points the way to government withdrawal once the anticipated market support materializes.

#### Changing culture

A fourth reality of the new information age deals with the changing role of national culture, that class of information which is more content than carriage, more product than service, and often more feeling than reason. Historically, culture was national in its appeal and only the very best of it travelled through space and time. Information technology is creating world markets for books, records, movies, television programs, magazines, even newspapers. United States producers, with their huge domestic market, were the first to take advantage of the great economies of scale which characterize the media, and are creating a global culture which often enriches, always challenges, and sometimes threatens the economic viability of national cultures of the world. Nations fear that their own freedom of expression will be lost, their freedom