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REPORT TO THE DEPARTMENT
OF EXTERNAL AFFAIRS ON FOCUS GROUP
RESEARCH CONCERNING CANADA-U.S.
FREE TRADE
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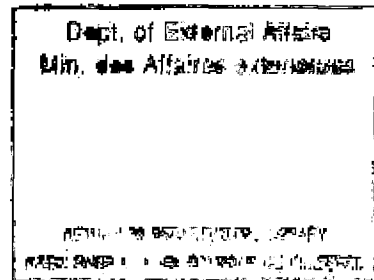


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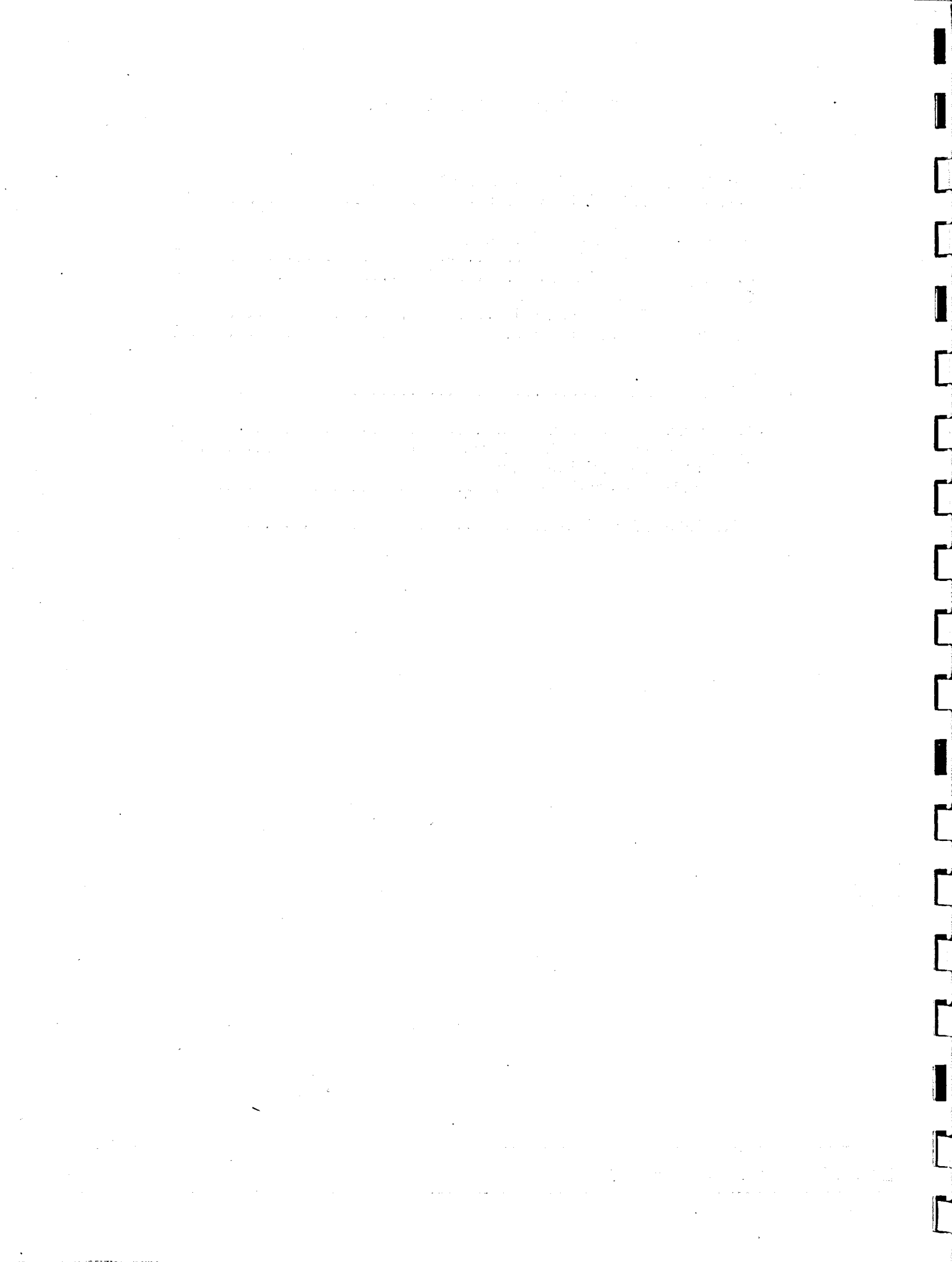
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I. INTRODUCTION

A. Overview

Decima Research is pleased to present this report to the Department of External Affairs (DEA) on the findings from a series of focus groups dealing with free trade which were conducted across Canada from July 13 to July 16. Locations for the groups were Halifax, Vancouver, Montreal, Toronto, London and Brantford. In each city, one group consisted of higher socio-economic status (SES) participants whose annual family or household income exceeded \$40,000 per annum. Most of those recruited for the other group held in each city were lower SES individuals, most of whom had annual incomes below \$40,000 per annum.

A report on the results of the groups conducted in Montreal is appended to this document. The report deals with the results from the groups conducted in the other centres across Canada. The major conclusions stemming from the focus group research and presented in the Conclusions segment of this report do, however, draw upon the findings from all of the groups conducted, including those in Montreal.

Perhaps the most basic conclusion that can be drawn from the group discussions is that Canadians do not know much about free trade. They claim not to know much about what is going on and many have difficulty defining what free trade means, especially Canadians of lower socio-economic status (SES). Many think they will not know or will not be able to form an opinion on it until they see "what's on the table." People feel they need more information in order to formulate an opinion on free trade and what it might mean for Canada.

As for Ontario and why opinion on free trade in that province (as revealed through the nation-wide telephone survey conducted by Decima in June) is more skeptical, some further indications of the reasons for this emerged in the groups. As revealed in the quantitative work, there are concerns about the implications of free trade in terms of control over Canada by the U.S. over time, as well as concern about potential job losses. These findings were confirmed and reflected in more detail by the focus group participants.

One important issue did emerge in the groups which was not revealed in the June survey results. That is a concern evident among participants in all groups, but particularly those in Ontario, with whether free trade will in fact be "free." Participants expressed concerns about whether the Americans are prepared to reach a fair, balanced and "equal" agreement, of mutual benefit to both sides. Part of this, for a plurality of group participants, involves a belief that the Americans will not or are not prepared to give up the right to take "protectionist" measures, even under a free trade deal.

B. Attitudes Towards the U.S.

While there were some mixed views, most people expressed positive overall feelings or impressions about the United States and Americans in general. These impressions were defined and expressed for the most part in very personal and person-to-person terms.

When the U.S. and Americans were viewed from a more macro or less-personal perspective, the saliency of concern with U.S. control and power vis-à-vis Canada was greater. Typical of the positive impressions expressed were statements defining the Canada-U.S. relationship in almost family-like terms. A frequent comment was that the two countries were kind of like a brother and sister, though there was a recognition that "...like our families, we often disagree." Overall, the U.S. was seen as basically a friendly country which has been a good neighbour to Canada.

Several themes emerged among the statements expressing positive impressions of the U.S. These include praise for Americans' pride and patriotism in their country, their sense of individual freedom, the protection they offer to Canada and their entrepreneurialism. Those expressing more negative impressions pointed to Americans' lack of knowledge or even ignorance about Canada, commenting that "They're ignorant of Canada" and "They don't even know Canada exists." They also mentioned aspects of Americans' culture and society, such as prevalent violence. Some perceived Americans as arrogant and aggressive.

Mixed views were expressed about whether Canada should have closer or looser relations with the Americans. Those in favour of closer relations emphasized the economic benefits for Canada, in terms of increased competitiveness, the availability of cheaper consumer products and perhaps some of the "entrepreneurialism" of Americans rubbing off on Canadians. This theme emerged quite frequently among the comments of participants and is typified by the statement of one Toronto participant that "They're more like an entrepreneur. They take chances where money is concerned, whereas Canadians have all their money in the bank. Canadians are more conservative in that respect."

A proviso for support for closer relations with the United States frequently mentioned was that this was favoured as long as the Americans were prepared to become a "partner, not a commander." As one London participant put it, "If we can develop a harmonious relationship with the U.S. then that would benefit us tremendously, but I don't want them to take over though." Those against closer relations were most concerned with U.S. power and influence over Canada.

II. DEFINITION AND AWARENESS

A. Meaning of Free Trade

As noted above, many participants had difficulty defining what free trade meant. Most people talked about it in the Canada-U.S. context and did not respond to the probe for perceptions of the concept of free trade. There was greater accuracy of definition and understanding among the higher SES participants, but even among these participants, many claimed they did not have enough information to express a view and felt that they needed the issue to be explained more to them. Many also felt they did not know who to believe about what was going on, or in fact what was being proposed.

Those who did express a view about the meaning of free trade mentioned the removal of tariffs and other barriers, and goods coming across which are "not taxed." Many appeared more concerned in a "top of mind" sense with the possible consumer price benefits of free trade, instead of focusing on issues relating to jobs. A considerable number focused on consumer products from the U.S. ranging from cars to alcohol and cigarettes which they felt would be available in Canada at cheaper prices. Considering responses in total, there appeared to be more interest if not concern among participants with the possible consumer price benefits of free trade, than with its possible impact on jobs.

Overall, the majority of participants also appeared to view Canada-U.S. trade more in terms of the flow of trade and investment north, rather than from a more balanced perspective of free trade meaning increased flows of trade both ways.

The issue of whether free trade will in fact be "free" was raised at this juncture of the discussion in several groups. An imperative of an equal bargaining process was identified and concerns expressed that perhaps the U.S. was going to get more. Other concerns, besides those relating to employment, involved uncertainty about whether Canadian companies could compete with American companies under free trade. Uncertainty here stems from an apparent lack of knowledge of Canadian business. Others felt that free trade would in fact provide the stimulus which might serve to make the Canadian workforce and businesses more productive and more competitive.

B. Attentiveness and Understanding

1. Following

The quantitative survey results show that more Canadians (41%) say that they have been following the trade negotiations closely, than indicate that they understand the issue as well as they would like (24%). Consistent with the survey results, most of the group participants said that they have not been following the discussions closely.

Major reasons that emerged in the discussions relate to information and interest. Once again, people stressed that they did not have enough information about what was going on and therefore were unaware of what was being discussed. For instance, a Vancouver participant said that "I'm interested in free trade and have been following it but don't know what's on the table." Comments which emerged in Halifax include, "Not that much has come out about what is being negotiated - no one really knows what's going on," and "I would like to be able to follow it and (have) been trying to, but it's futile."

Several people felt that the information they were able to obtain via the media was more of a speculative nature and not informative about what issues were actually being discussed. While there was a recognition of the complexity of the issue, particularly among the lower SES participants, others felt that "It's not complex. We just need to know more."

Degree of personal interest in free trade in general was raised both as a reason why individuals were following the issue and for others, why they were not. On the one hand, several participants said they were following the issue because of their expectation that it could personally affect their jobs or those of their friends and relatives. For many others, the response was in effect, "I'm not interested because I don't see how it will affect me." A degree of cynicism and sense of powerlessness was also evident among still others who took this position one step further. That is, a comment which emerged in several groups was that some people were not following the issue because they felt that "It doesn't matter because I won't have any say in it."

An issue which came up in Halifax relates to the amount of media coverage. Participants felt that the local print and other media had not to date devoted much space or time to exploring or discussing the possible effects of free trade for the Atlantic region and for industries and businesses within the region.

2. Understanding

A lack of understanding is attributable to the concerns noted above regarding information and the lack of it. There were several kinds of information people felt they would like to see more of, with the most precise comments relating to economic effects for themselves personally. People wanted to know how it would affect them personally in terms of jobs, prices and standard of living, as well as more about what are the issues involved in the discussions.

Several also were interested in more information and explanations about the rationale for free trade. Questions posed in this context by participants were: "Why are we doing this? What are the reasons behind it? Why do we have to do this with the United States and not other countries? Who started this and why?" There was a sense in the groups that the major stakeholders had not explained the issues and rationale to the Canadian public very well.

III. GOOD IDEA OR BAD IDEA?

A. Overall

As in the quantitative data, the group discussions revealed mixed views as to whether or not free trade between Canada and the United States would be a good thing. The reasons offered for each position were consistent with those reported in the June nation-wide survey results. Those in favour pointed to economic benefits for themselves personally and for Canada, as well as anticipated positive effects on competitiveness for Canada. Those against were, for the most part, concerned about either or both of the impact of free trade on jobs and prices, as well as questions of Canada maintaining its independence and control over its economy in the face of increased American influence.

Several issues came up in the groups, which added to the itemization of reasons obtained via the June survey. One involved wages, raised in the context of both support for and opposition to free trade. Some of those in favour expected that free trade would enhance Canadian competitiveness through depressing what they felt were excessively high wages in some cases. On the other hand, Vancouver group participants expressed concern about a loss of the recognizably high wages many enjoy in Canada and in British Columbia in particular.

Another, very frequently raised reason for thinking free trade might be a good idea pertained to expectations of an opening up of the Canada-U.S. border in terms of people flows, as well as trade flows. That is, some felt that free trade would be a good thing if it meant that they could move freely back and forth across the border to seek employment. Others said they thought that people in the personal service industries would be able to more easily sell and market their services in the U.S. under free trade, as compared to the "red tape" many people felt they had to contend with today. Given this apparent expectation of freer movement of people between the two countries under free trade, it will be imperative that the precise terms of a free trade agreement in regard to this issue be clearly explained to Canadians.

Participants were asked to define the attributes of a good or bad trade deal from their perspective. Responses were not focused on the precise content of a deal, so much as on the likely effects of it and the existence of various forms of "safeguards." Of primary concern, however, was that people thought that to determine if a free trade deal was a "good" one, it would be important to know what was in it and what it was going to cover. The concern for information was again paramount. As one participant put it, "You can't make an intelligent decision until you have all of the facts."

A good deal was seen to have to be to Canada's advantage economically, in terms of employment, lower prices, the dollar and the economy overall. Specifically, concern was expressed about protection for Canada's natural resources and environment. There also was a sense among participants that for a deal to be good, it had to be fair and balanced, and that Canada should not have to make all of the concessions. Maintenance of control over social programs was also raised, as was the issue of exclusions. One Brantford group participant remarked that "It's not the inclusions but the exclusions that matter." In this context, some Ontario group participants pointed to agriculture and the automotive sector (Auto Pact) as areas that should be excluded from a deal for it to be good for Canada.

Descriptions of the attributes of a bad deal were presented with reference to the attributes of a good deal. Absence of these attributes would mean that the deal was a bad one for Canada.

1. The average Canadian and stakeholder credibility

Reflecting their own perceptions as noted above, focus group participants felt that the average Canadian will be able to tell if a free trade deal is good or bad by knowing or determining how it is going to affect them personally. Once again, jobs, the security of one's own job, wages, and whether goods will be cheaper or more expensive for the average Canadian, were mentioned. Several also pinpointed the effect on the value of the Canadian dollar as an important factor. In short, as one Brantford participant said: "Is it going to make all that much difference when you go to buy something?"

Given the low level of understanding of the details of free trade, there also was a recognition that it would be important for the average Canadian to look to various spokesmen, stakeholders and other observers and analysts to obtain more information about any specific free trade deal in order to form their own opinions about it. Several alternative sources were presented to participants, ranging from the Prime Minister and Premiers, to labour and business leaders.

Results show that there was no consensus as to any one group or individual whose opinion Canadians would consider most in determining whether they felt that a free trade deal was good or bad for the country. Cynicism was evident among a number of participants who were of the view that each of these groups had a bias, or a special interest vis-à-vis free trade. Among the more cynical expressions of this view was a statement that "You can't trust any of those groups. They see what they want to see." Therefore, while different people preferred different groups, overall there was a sense that the average Canadian should "read and listen to everything that's going on," and then form their own opinion.

Somewhat of a hierarchy of perceived credibility was apparent in the opinions expressed by group participants. Politicians (both federal and provincial) as a group were seen by most to be among those perceived as least credible and least likely to be among those whose opinion participants would consider most. One notable exception to this very clear consensus among group participants overall was the considerable credibility of Robert Bourassa as an information source on the merits of a free trade deal among Montreal group participants. (See report on Montreal groups in Appendix). Labour leaders also fell into this category, although some people (especially in Vancouver) still felt that their views should be considered as they were thought to be likely to have an appreciation of the employment impact of free trade.

Those groups or stakeholders that overall seemed to be accorded greater credibility consisted of business people, "detached" observers such as economists, financial writers and political analysts, and the media. Even with regard to these, however, several participants noted that each of these groups had some failings as a source of

"unbiased" information on the merits or debits of free trade. Some saw business people as having a special interest, depending on the effect of free trade on their particular business. Several thought academic economists were too "academic" and "paper oriented" and did not have a practical enough orientation for the average Canadian.

A considerable number thought that it would be best to listen to the views of business people. They were seen by these participants as dealing "directly with the dollars and cents" and likely to have a clear understanding of the effects of free trade for them. Some thought that the best information source would be "businesses which are successful in their own right." Such business spokesmen could prove to be an effective feature of a regionally focused strategy of recruiting business representatives to speak in support of the benefits of free trade to their region. Many others identified the media as a good information source, though many others saw them as biased.

The main implication of these results for communication strategy is that the proponents of free trade would be advised to recruit and present to the public a diversified and varied range of different groups and spokespersons, to speak out on the benefits of a free trade deal. Priority should be placed during the period leading up to an agreement on efforts to recruit such groups to perform this function.

The essential aim of recruiting a diverse range of spokespersons and groups to speak out on the benefits of a free trade deal would be to avoid the emergence of a public perception that there are only one or a few groups in favour of it, or that it is only a "government" issue. Having the message of the proponents of free trade enunciated and reinforced by spokespersons and groups (other than government and media personnel), which may have considerable public credibility on the issue as well, would obviously be likely to enhance the prospects of that message being positively received by the public.

B. Provincial Impact (I) Ontario

As in the quantitative results, the views as to the overall effect of free trade on Ontario among participants in the focus groups held in Ontario centres were mixed. Those who expected more negative consequences were somewhat more vociferous in expressing their views. They pointed to expected job losses, an influx of U.S. products flooding the Ontario market and the possibility of U.S. companies "pulling up stakes." Those with more-positive views of the effect on Ontario felt that because of its geographic location in the industrial heartland of North America and some inherent competitive advantages such as a skilled labour force, the province would likely benefit.

Among those who expressed a view, most opinions on the effects of free trade on Ontario were based on expectations of the effects on specific sectors. This is in contrast to views apparent among participants in the groups conducted in Vancouver, Halifax and Montreal to a certain extent, among whom there seemed to be a greater sense of what the overall impact of free trade on their province might be. This difference may be a reflection of the relative diversity of the structure of industry and the economy in Ontario, as compared to British Columbia and Atlantic Canada, in which particular resource industries are of overriding or disproportionate importance to the provincial economies.

People did not express views on the anticipated effect of free trade on manufacturing in general, but rather spoke immediately about their perceptions of the likely effects on jobs or the automotive sector primarily. A majority of comments about the effect of free trade on both the cars and car parts sectors asserted that the effects of free trade on them would be negative. This is somewhat consistent with the June survey results, which show that 49% of Ontarians feel that the sector will be worse off under free trade, compared to 39% who think it will be better off. Similarly, in regard to agriculture, 59% of Ontarians surveyed in June expect that agriculture and farming will be worse off under free trade.

Reasons stated for the expectations regarding the auto sector basically stressed the perception that the Americans could produce a greater volume of cars, more cheaply than can be done in Canada. As a result, these people thought that American cars would

flood the Canadian market leading to lay-offs in the Ontario automotive industry. The communications challenge here is to first, at the appropriate time, define how, if at all, the Ontario cars and car parts sectors will be affected by free trade. As well, the reasons presented in the groups by those concerned about possible negative effects on the industry betray the fact that they perhaps have an incomplete or insufficient understanding of the structure of the North American automobile manufacturing industry as established by the 1965 Canada-U.S. Auto Pact.

On agriculture, those who had a view on the potential impact of free trade on the sector had very clear and firm views, expecting a very negative impact. Overall, however, a majority of participants in the Ontario groups did not have very clear or informed views about what the effect on the agricultural sector might be.

The main reasons why people did expect agriculture and farming to be worse off relate to certain perceived comparative advantages of the American industry. Issues such as the longer American growing season, the volume of production in U.S. agriculture and associated surpluses in various products, plus the existence of U.S. government subsidies, were all pointed to as likely to lead to the sector being worse off. These serious competitive pressures were in some cases seen to be threatening the viability of certain Ontario producers, particularly in the dairy and poultry sectors.

1. Nova Scotia and British Columbia

Halifax participants thought the Canadian fish and fish products sectors would be better off; however, there were concerns expressed about possible increased American fishing in Canadian waters and the effect of this on the Canadian industry. As for shipbuilding, free trade was seen to likely have a positive effect on the sector. While the Canadian industry was seen as competitive in operational terms, there were some concerns about the sector's ability to compete with the American industry given its size and production volume.

As for British Columbia, participants in the Vancouver group overall felt the lumber and mining sectors would benefit, as would service industries in the province.

IV. EXPECTATIONS REGARDING THE ECONOMIC EFFECTS OF FREE TRADE

A. Expectations Regarding Jobs

Views regarding the effect of free trade on employment have been referred to above and have been reported as well in previous nation-wide surveys, including The Decima Quarterly Report. Essentially, previous research shows a roughly equal division between those expecting more, about the same, or less jobs. This was reflected in the group discussions as well, along with a recognition among many, that the short-term impact may be negative but would likely "balance out" over the long run. There were some concerns expressed, however, about the nature of the jobs available for Canadians under this new "equilibrium."

That is, what emerged in the focus group discussions, which was "new" or added to the understanding of Canadians' perceptions of the effect of free trade on employment, is a distinction between the quantity and quality of jobs. Several participants emphasized that they thought free trade could lead to major changes in the quality of jobs. Some people expressed concern that while the level of jobs may level off, there may be relatively more lower paying and less skilled jobs for Canadians (in the service sector for instance) and less higher paying and higher skilled ones available. Typical of this view was a statement by one Brantford group participant that "People will have to make a lot of sacrifices regarding the type of work they do and the kind of wages they receive."

This issue has not emerged in previous quantitative research as one which has any appreciable salience among the public and is more of an "opponents' issue" in any event. Therefore, were the issue to emerge in public debate either leading up to or following the signing of a draft agreement, it is likely one which should be dealt with strategically in a responsive and reactive fashion.

Another issue that arose in this segment of the discussion pertained to efficiency and competitiveness. As part of the adjustments in the Canadian labour market leading to the equilibrium over the long run referred to above, some participants felt that free trade will "give Canada the kick in the pants it needs." That is, the sluggishness, inefficiency and even laziness of the Canadian workforce perceived by some was seen as likely to be shaken up by free trade, forcing Canadians to become more efficient and work harder, thereby making us more competitive.

B. U.S. Investment

A mixture of views was again evident regarding the issue of U.S. investment. Those who said they were concerned about U.S. investment confirmed the findings of the June nation-wide survey by pointing to fears about increased American control and its possible effect on Canadian sovereignty and ability to make our own decisions. Typical of the statements made are the following: "If we give too much control, they may take over," "I wouldn't want the Americans to take over," and "We'd begin to hate the Americans because we'd have no say." Others were less concerned with U.S. influence, either because they recognized that there was considerable influence already or because of the benefits which they saw as resulting from U.S. investment.

On the question of the trade off between jobs and influence, the group discussions taken as a whole convey a feeling that there are no absolute answers on this question. Many wondered how the control could be defined, quantified, or understood. Other questions raised were, "How much control do we give them?" and "How much influence is too much?" Canadians consulted through the focus groups appear to look at the question of the trade off between jobs and increased U.S. influence as a question or matter of degree, rather than as an absolute choice or trade off.

The June survey results show that 59% of Canadians feel that jobs are more important than limiting American influence. Consistent with this, a slight majority of group participants overall seemed to hold this view as well, pointing to the tangible benefits of increased jobs associated with American investment. While concerned about U.S. influence, they would, however, "rather have someone from the U.S. with money to invest, thus creating jobs for us, than to go on unemployment."

Nevertheless, there was a consensus among both those saying they were more concerned about limiting influence and those feeling that jobs are more important, that there was a need for some controls or restrictions on U.S. investment. This sentiment was expressed by participants in all groups.

Apart from these findings, another theme emerged in the discussion around this segment of the agenda which may be of significance for public communications. That is a theme of Canada and the U.S. working together for their mutual benefit. One participant spoke of a "deal that's beneficial to both Canada and the United States...working together to make things cheaper." The concerns noted above about the necessity for a fair and balanced deal and for controls on U.S. investment appear to be part of or reflect an overall sense among Canadians, of the importance of ensuring that any trade deal is mutually beneficial to both countries.

C. U.S. Protectionism

As evident in the June survey results, only among residents of British Columbia and Newfoundland, were a plurality more inclined to support free trade on the basis of an observation of the protectionist initiatives of the Americans over the past few years. Indeed, Ontarians (57%) and even more so Metro Toronto residents (61%), were less inclined to support free trade in light of recent U.S. protectionist initiatives. One of the objectives of the focus group research was to ascertain some of the underlying reasons for the fact that the linkage made by British Columbians and Newfoundlanders between U.S. protectionism and the need for free trade, is not made by other Canadians as well.

Apart from the expectations of the effects of free trade described above, the main reason or explanation which emerged from the group discussions is that many participants felt that the Americans were not prepared to reach a fair and balanced free trade agreement. This sentiment was most succinctly articulated by a participant in the lower SES Brantford group who said, "Since a lot of these things happened people become more turned off free trade because people began to realize that the U.S. was only out for themselves."

A lack of trust in the U.S. was apparent among many and there were worries and expectations that "free trade would not be free." Typical of statements made along these lines is the following comment by a Halifax participant: "If the U.S. protects its own industries and we have to keep everything and they ship theirs in, that's not going to do anything to help us. Free trade depicts being fair. It has to work both ways or it won't work at all."

V. CANADIAN IDENTITY AND INDEPENDENCE

A. Independence

Participants were asked whether they thought the concerns expressed by some people about free trade leading to a loss of independence or sovereignty were justified or not, and whether they themselves were concerned that under free trade the Americans will assume control of Canada's future. The group discussions indicate that, as with opinions on U.S. investment, once again there are no absolute answers. Taken in total, the group discussions suggest that the issue is one of degree and definition for many Canadians.

Certainly the discussions reflected the results of the quantitative work, with a number of participants feeling that the concerns about threats to Canada's independence were justified. Comments made by those with such views included the following:

That's my whole concern, losing our sense of identity as Canadians;

I don't want to become the 51st state and free trade could eventually evolve into this; and,

I hope our leaders are concerned that there is no impact on Canadian sovereignty, whatever treaties are reached. No agreement should infringe on our political sovereignty.

Others were less concerned with possible threats to Canadian sovereignty and independence feeling that "...we're not going to become Americans because of free trade." While recognizing the likelihood of increased U.S. influence under free trade, some even went so far as to say they felt that free trade "may improve our ability to be independent." The rationale upon which this was based was an expectation that Canada would not have to "worry" about the Americans retaliating against Canada in an economic context were Canada to "do something they didn't like."

B. Canadian Culture and Identity

While some were at a loss to define Canadian identity and culture, those participants who ventured a comment on the question mostly defined it in sociological terms and typically did so with reference or comparison to American culture. Canadians were described as being more peaceful and tolerant as a people than Americans. The nature of Canadian society as a mosaic of various cultural groupings was identified frequently, in contrast to the "melting pot" of the U.S. For instance, one Londoner remarked: "I like the way Canadians from various cultures are allowed to maintain their individuality, whereas in America everyone must become Americanized."

Concerns about Canadians' becoming more like Americans were less salient than concerns expressed about a loss of independence or control. Many participants thought that American influence on Canadian culture and identity under free trade would be no different from what it is at present, which was generally recognized as considerable. For instance, a number of comments reflected the view of a Toronto participant that "Free trade wouldn't change our Canadianness. It relates more to economic issues." Also quite frequently mentioned were perceptions of benefits for Canadians associated with Canadians' becoming more like Americans, particularly with respect to being more entrepreneurial and prepared to take risks. Many felt that in these ways Canadians need to become more like Americans and hoped that "We do become more like Americans by making money and running the economy a little better."

VI. PERCEPTIONS OF THE NEGOTIATIONS AND DIMENSIONS OF CHANGE

The final segment of the focus group discussion agenda dealt with several aspects of perceptions of the Canada-U.S. trade negotiations themselves. Perceptions of the "dimension of change" people associated with free trade between Canada and the United States were also briefly explored.

A. Satisfaction with the Handling of the Negotiations

Participants were initially asked how content they were overall with the way in which the federal government and its trade negotiators were handling the negotiations with the Americans. The responses obtained reflected the concern which emerged in the initial stages of the discussions about the lack of information available. People were reiterating their earlier comments that it was difficult to express a view given that little information was available and that they "haven't heard that much." Among the comments made stressing the difficulties in expressing a view due to the lack of information available were the following:

There are more questions than answers;

I don't have a firm grasp on the social and cultural issues;

I'm not really sure what's on the table and wonder if we'll ever know until it's too late;

The picture of what we're discussing and negotiating isn't very clear. We should be exposed a little more to the hypothetical issues...should have access to the topics which are being covered; and,

We don't get any of the nitty gritty.

Related to the focus on a lack of information were comments expressed about the role of the media in contributing to this situation. Despite the fact that participants in several groups thought the media would be a source of information for the average Canadian in assessing the merits of a free trade deal, they were also taken to task by some for "not

giving us a fair shake." Those who made such statements said that the media focused more on speculation than on fact (perhaps because the facts were unavailable to them) and were perhaps too superficial in their coverage. One Vancouver participant said that as far as he was concerned, "all you see on TV is Reisman going from his car into the hotel."

While not that frequent, several comments were consistent with a Halifax participant's view that the government and negotiators "can't be doing a super job or they'd be building it up more in the media." This sentiment as well as the overall concern with lack of available information, highlights the appropriateness and necessity of communications initiatives aimed at informing and briefing segments of the media.

B. Key Issues of Concern

Perhaps a reflection of the lack of available information, few participants identified very specific issues when asked whether there was anything in particular of concern to them about the negotiations. Their key concerns were of a more general nature, relating to the need for a "balanced" agreement and for increased awareness and information about the issues and the benefits possible for Canada, as well as those likely to accrue to the United States under a free trade deal. Many also thought that Canadians should have an opportunity to be consulted on the merits of a draft free trade agreement before it was implemented. This reflects concerns noted above about the failure of the key stakeholders to explain the issues to Canadians. A statement reflecting this view was that, "People don't understand because not much effort has been made to explain it all....Before signing anything they should come back to the people."

The issue of the need for balance was raised in several contexts. Most of those people who raised the issue stressed that Canada should not enter into a free trade deal unless it was a fair, balanced and equal one. In the words of a participant in the higher SES Brantford group: "If we're not all willing to do it on a fair and equal basis, it doesn't make sense to go ahead." Others were somewhat more pessimistic or fatalistic in stating a belief that it was "difficult to get something that both sides were going to like."

Among some of the participants in the higher SES groups who exhibited more knowledge of and familiarity with the issues at stake in the Canada-U.S. free trade negotiations, several more precise and specific issues of concern were identified. In addition to the "fair and equal" imperative, some stressed the need for an agreement to limit the freedom of the Americans to continue their protectionist activities, such that an agreement would prevent both sides from being able to reinstate tariffs."

C. What if Canada Decided Not to Sign a Free Trade Deal?

Overall, there was little serious concern expressed by Canadians consulted through the focus groups with the possibility of the Canadian government deciding not to sign a free trade deal with the United States. Specifically, participants were asked if it would concern them at all if, in effect, the Canadian government walked away from the table or decided not to sign a draft agreement worked out by negotiators for both sides.

There was a clear consensus among a majority of participants that "the government can clearly walk away from these negotiations." The reason or rationale presented for this assessment was a belief that the government would likely only take such a step if it was in Canada's interests. Typical of this outlook is the statement made by a Toronto group participant that "If we do sign a deal it must benefit most Canadians. If we turned it down, it meant that a free trade agreement was not in our own best interests." A few people did indicate, however, that they would not be pleased if Canada did not sign a free trade deal. Of concern to them was the effect which they perceived this might have on confidence in Canada and Canadian products in the international marketplace. Some viewed such a development as indicative of a lost opportunity for Canada to become more competitive internationally.

Little in the way of specifics emerged, as well, in response to a question asking participants what they thought "...was most important for the Canadian government to consider in looking at an agreement arrived at by the Canadian and American negotiators

and deciding whether or not it is in Canada's best interests to sign the agreement." The two basic considerations which people said should guide the government in any such determination were:

1. Evidence of a consensus among Canadians, and
2. Making a decision based on what's best for Canada and not what may appear to be politically expedient.

There was a consensus evident among the group participants that if the government rejected signing an agreement based on assessments of its merits relative to these criteria, they would likely be supportive of such a move and not really concerned about such a decision.

D. Dimension of Change

A majority were of the view that a Canada-U.S. free trade agreement was likely to be a major change over the long term, but that the evidence of this change would appear gradually over time. Expressions of this perception of gradualness included statements such as, "It would be so gradual you wouldn't realize it's happening," and even more graphically, "Niagara Falls won't start running uphill." Nevertheless, some of the participants in the Ontario groups who were opposed to free trade did express concern and anxiety about the possibility of very significant, short term-employment effects for Canada in general and Ontario in particular.

VII. CONCLUSIONS

The major purpose of this focus group research on Canadians' attitudes towards Canada-U.S. free trade was to explore in more detail the underlying feelings and concerns of Canadians about free trade overall, as well as about particular aspects of Canadian public opinion revealed in the results from the nation-wide telephone survey conducted by Decima Research in June. Several particular issues were of interest in this context. These include, among others:

1. Possible reasons for Ontarians' relatively more skeptical views on the free trade initiative than those of other Canadians;
2. Why, as revealed in the June survey results, most Canadians other than those in British Columbia and Newfoundland do not move from an observation of increased U.S. protectionism and a recognition of its detrimental impact on the Canadian economy to embrace Canada-U.S. free trade as a solution to this problem; and
3. The reasons underlying the views of Canadians from different regions about the likely effect of free trade upon industry sectors of special importance to the economy of their province and region.

The following are the main conclusions and implications for issue management and public communications stemming from the focus group research.

1. Information and consultation

As noted in the Introduction to this report, the results of the focus group research suggest that the federal government faces the imperative of making a significant and greater effort to inform Canadians about Canada-U.S. free trade. In the period leading up to possible signing of a draft free trade agreement, this is seen as being a requirement for the government to make greater effort to inform and educate Canadians about the issues at stake in the negotiations and possible benefits and costs. People also seem to be calling upon the government as well to explain the rationale behind free trade with the United States and why Canada embarked upon the course of pursuing a free trade agreement with the United States in the first place.

In the event that a draft agreement is reached, group participants expressed an interest in being informed of its contents and in the need for public debate and discussion on the merits or debits of such an agreement to take place. Such a process was seen as critical for average Canadians to first know precisely "what's on the table" and to formulate an opinion as to whether or not they think such a deal is in Canada's best interests.

The findings from the focus group research confirm the quantitative research findings from June that free trade is not well-understood by Canadians. They also point to the fact that the main reason for this appears to be a lack of information and precise definition of "what it's all about," rather than anything inherently confusing or perplexing for the population about Canada-U.S. free trade. Free trade appears to be viewed as more of a "government issue" rather than as an issue "of the population." People are in effect "from Missouri" on the issue and in large part do not know what it is all about or how it will or could affect them.

More particularly, the research suggests that the major challenges for the federal government and for the proponents of free trade are convincing Canadians:

- o Why they are pursuing free trade with the United States and why it is necessary and advantageous for Canada to take this course;
- o Of what the positive effects of free trade are likely to be for themselves personally and for their part of the country; and
- o That the government and its negotiators are managing the issue and the negotiations well and are seeking an agreement which is balanced and fair for both Canada and the U.S., as well as for provinces and regions in Canada.

Of critical importance in convincing Quebecers in particular of the advantages of free trade, will be for them to perceive that their provincial hydro-electric power corporation, Hydro Quebec (HQ), will come out as a "winner."

2. Stakeholders as spokesmen/spokesgroups

There is also a very diverse range of advocates of free trade to be recruited to "sell" the virtues and merits of a Canada-U.S. free trade agreement. Given the public's admitted lack of understanding and knowledge about the issues involved in the free trade negotiations, opinion leaders will likely play an important role in influencing public impressions of the relative merits of a draft trade agreement once its components are made public.

Views expressed by focus group participants suggest that a communications strategy which relies primarily upon federal government and perhaps indirectly upon selected key media players may not prove to be the optimal choice. As a group, politicians (both federal and provincial) were least likely to be among those whose opinion participants would consider most in determining whether they felt a free trade deal was good or bad for the country. Somewhat greater credibility was accorded to the media, but many also felt that it was not an "unbiased" source of information on free trade. A considerable number thought that it would be best to listen to the views of business people, especially those who had been successful in their own right.

Given these perceptions, we conclude in the report that the proponents of free trade would be advised to recruit and present to the public a diversified and varied range of different groups and spokespersons to speak out on the benefits of a free trade deal. Priority should be placed during the period prior to the initialing of a draft agreement in October, on recruiting as diverse a range of spokesgroups and spokespersons as possible for participation in the public debate on the merits of a draft agreement once one is reached.

3. Ontario's skepticism and views on U.S. protectionism

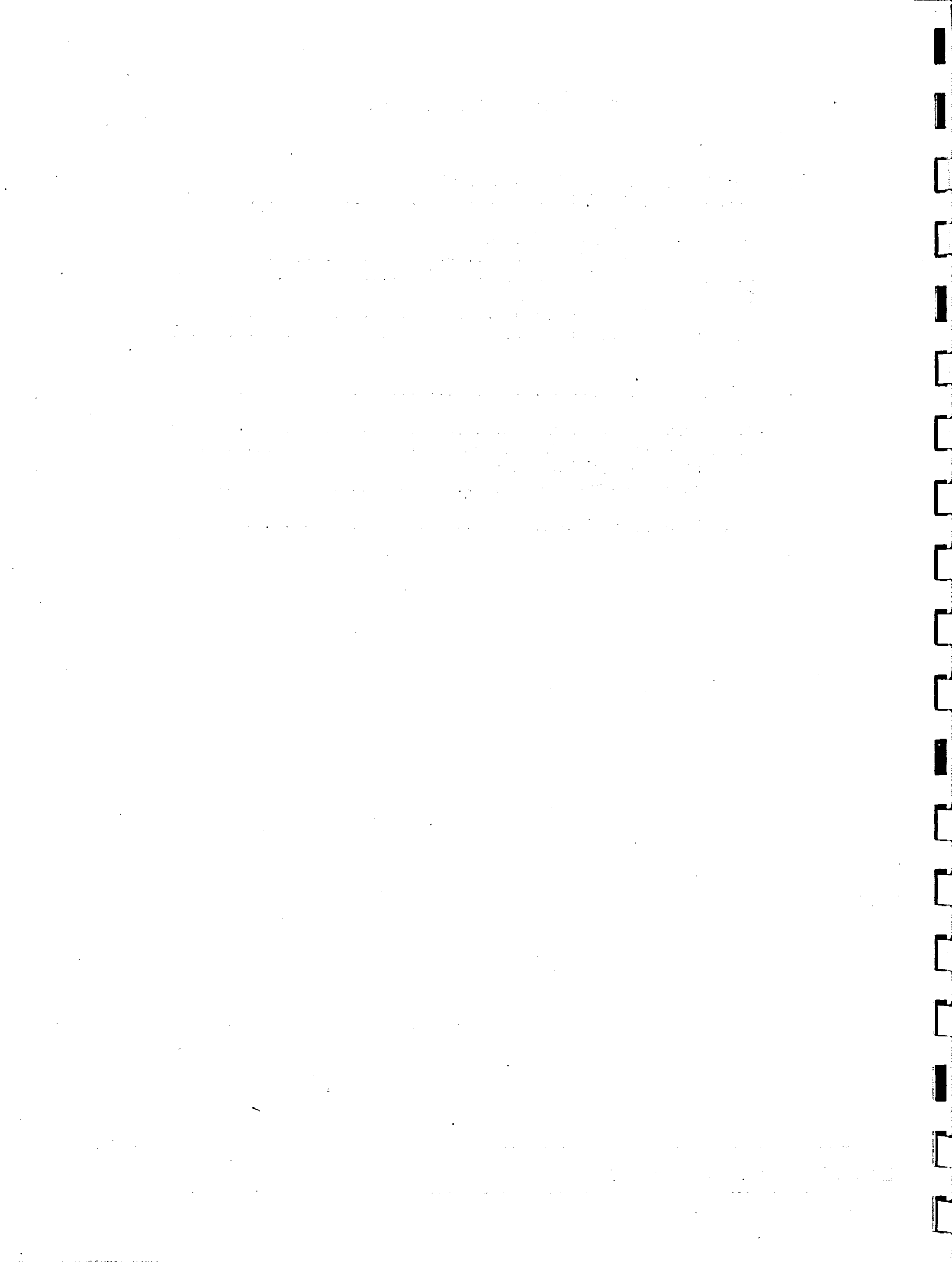
As for Ontarians' more skeptical views on the merits of free trade relative to other Canadians, some of this is obviously linked to a concern about possible major job losses especially in the cars and car parts sectors. What the groups reveal as another underlying concern as well, relates to whether or not the Americans are

prepared to enter into a balanced, fair and fully "free" agreement with Canada. Apart from expectations of the economic effects of free trade, this concern about the willingness of the Americans to enter into a balanced and fully "free" agreement with Canada also appears to be linked to Ontarians' not being moved to support for free trade in light of recent American protectionism.

The prevalence of this attitude could perhaps be diminished through the promotion of the benefits and attributes of a Canada-U.S. free trade deal, which offers greater economic opportunities for Canada overall, as well as its component regions and provinces, within the context of a fair agreement containing effective mechanisms and procedures for resolving disputes and ensuring compliance with the agreement.

Overall, the central message emerging from the focus group research is that Canadians do not know much about Canada-U.S. free trade nor about the issues involved in the current negotiations. As the quantitative research shows, they are at present split on whether they think free trade between Canada and the United States is a good thing or a bad thing. Whether they ultimately support or oppose a Canada-U.S. free trade agreement could in large part be a function of what information they receive on the components of an agreement and the likely benefits or costs it will mean for Canada and for their province, and from whom.

To this end, the research suggests that the proponents of free trade should accelerate and intensify their efforts to explain the issues involved in free trade to Canadians and to recruit a diverse range of spokespersons and spokesgroups to speak out in support of a Canada-U.S. free trade agreement once it is reached and its elements are made public.



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APPENDIX A - MONTREAL FOCUS GROUP REPORT

I. INTRODUCTION

A. Overview

This memorandum summarizes the results of two focus group discussions dealing with free trade which were conducted in Montreal on July 15. These groups were part of a series of groups conducted across Canada by Decima Research for the Department of External Affairs. One group consisted of higher socio-economic status (SES) participants whose annual family or household income exceeded \$40,000, and the other included lower SES individuals, most of whom had annual family or household incomes below \$40,000 per annum.

B. Attitudes Towards the U.S.

While overall positive feelings towards the Americans as a people are present, generally negative perceptions were held of the U.S. government. Some participants blamed President Reagan for the United States' overbearing role in world affairs and what they described as a U.S.A. first or nothing attitude, and many people viewed the American government's initiatives in other countries, especially Nicaragua, as undue interference. A concern shared by many was a belief in the aggressive nature of the U.S. government, both in territorial and economic terms.

While a minority of participants viewed the Americans as "good" neighbours, again referring to the people as opposed to the state, a plurality felt that Canada had to toe the line if it wanted to maintain a good rapport with the United States. Many believed Canada's economy was totally dependent on the United States. A few also thought that if Canada was to take initiatives that the Americans disliked, Canada would have to reverse its position or else face American sanctions. Some felt the United States never assumes its share of the blame for bilateral disputes, problems or issues (several people

pointed in this context to a U.S. refusal to admit to any pollution), and felt that Canada always has to take the blame alone and make amends. The Americans' "superiority complex" was again underlined as an undesirable dimension in the relationship.

Again, most favoured a more distant relationship with the U.S. because they felt that it could easily crush Canada if it wanted to. "As long as we do what it wants, we'll be fine," was a general feeling expressed by participants. A more protectionist attitude by Canadians seemed to be a favoured response by this group.

II. DEFINITION AND AWARENESS

A. Meaning of Free Trade

A plurality in both groups had heard something about the ongoing negotiations; however, none were capable of distinguishing the dominant issues, except mentioning the roles played by Prime Minister Mulroney and President Reagan. Many group participants expressed a belief that Mr. Mulroney was a "neophyte," and easily manipulated by Ronald Reagan. Virtually no one could name the key negotiators or political spokespersons for both Canada and the U.S. in the negotiations.

Free trade, for those who held an opinion on it, was variously seen as a plan to: "abolish the borders between the two countries," "remove the quotas," "sell out Canada," "eliminate all export/import restrictions between the two countries," "eliminate import taxes," and "establish a type of EEC."

The majority had never heard about the talks, but tended to subscribe to the overall mildly negative impressions generated by those who had. Almost everyone believed that the issue was something that ordinary folks had very little say in, with a frequent comment being, "who cares what we think." The issue was also considered to be much too complex for most Canadians and very few were interested in such matters. The minority who claimed to be following the talks said they did so for various reasons, such as: "I believe it will imperil Quebec's cultural identity"; "The talks are going much too fast, for such a complex arrangements should take 5-to-10 years in order to get all the interested parties involved"; and "Although I follow the news, I don't really follow the talks because they are a political issue, and I'm not interested in politics."

Among those who claim to be following the talks or have demonstrated some awareness of them, many were frustrated by the lack of what they call "real" information about them. What they indicated as the type of questions they would like to have answered were the following:

- o What are the issues on the agenda?
- o What does Canada want?
- o What does the United States want?

- o Why did Canada (Quebec) and the United States undertake these talks ?
- o What are the main problems left to resolve?
- o What are the anticipated advantages to Canada, and especially for Quebec likely to result from free trade?
- o How will different components of a free trade deal affect Canadians?

Some suggested that media coverage should be more thorough, perhaps including a special section in the newspapers or magazines outlining the various issues. Some felt that there was a need to have more experts explain the various possible scenarios resulting from the positions being considered by each country. The negative tone of the press was seen as not having been responded to adequately by Canada's politicians, whom many felt should further explain or present their own reasons for going through with the talks. One woman's comments reflected the general mood when she said: "If the talks are such a good thing for Canada, why can't politicians explain why it isn't the bad thing as the press makes it out to be?" This sentiment was also expressed by participants in the other focus groups conducted in Ontario, Vancouver and Halifax.

Several lower and higher SES group participants felt that they could not understand the talks because they felt they did not have sufficient knowledge of economics, politics or international law. A few individuals believed that experts should, as they said has been done in other fields such as science and technology, simplify the information to help them understand the issue better.

III. GOOD IDEA OR BAD IDEA?

A. Overall

The majority of focus group participants believed that the free trade agreement was a bad thing for Canada and Quebec. This contrasts with the results of the June nation-wide telephone survey conducted by Decima, showing that 52% of Quebecers think that Canada entering into a free trade agreement with the United States is a good idea, while 43% think it is a bad idea. Among the focus group participants, the "overwhelming superiority" of the United States was viewed as inhibiting fair negotiations between the two countries. There were also several individuals who believed that the U.S. had a "hidden agenda" behind their participation in the talks. A comment expressing this sentiment was that "Maybe we won't see the negatives right away because the U.S. will present it as a golden opportunity, but in the long run it will enable them to take our country over."

A minority believed it would be a good thing for Canada as long as the agreement reached was equitable, and there existed some form of overseeing body to ensure adherence to the accord and to resolve disputes. An individual expressed concern over the United States' relative independence from other international adjudicative bodies and felt that it would have to be an "iron-clad contract" in order for the United States to respect its agreement at all times. A businesswoman and a policeman believed it would be good for Canada and Quebec, because it would bring jobs and new markets for our goods, and more economic growth for Quebec and Canada.

The elements of a "good" deal for Canada were seen to include the following:

- o If the business community (especially Quebec entrepreneurs) felt it was a good deal;
- o If the value of the Canadian dollar was protected and did not suffer from the strong U.S. dollar;
- o If interest rates were stabilized;
- o If it was clear that the benefits and costs of a free trade agreement for both countries were equal;

- o If there were a regulatory or adjudicative body to oversee the accord and rule on disputes;
- o If jobs were created;
- o If provisions were established for allowing Canada to export more to the U.S. and promote as many goods and services to the U.S. as possible, notwithstanding the size of each respective market;
- o If Canada retained total control over its natural resources; and
- o If Americans were required to obey and adhere to Canada's established laws and regulations.

Features or attributes of a free trade deal which would be "bad" for Canada were seen to be:

- o U.S. superiority in the accord ("Too big for us to get a fair deal");
- o Canadian industries could not be competitive enough and as a result would be taken over by Americans;
- o Job losses;
- o If Canada were to be at a disadvantage in terms of the agriculture sector and the cultural sector, particularly for Quebec;
- o If the free trade agreement were not an equitable deal; and,
- o If the U.S. will get more out of it than Canada, leading to the U.S. growing even stronger, to Canada's detriment economically and culturally.

B. The Average Canadian and Stakeholder Credibility

Business leaders in the Quebec community and small entrepreneurs were perceived as credible spokespersons for the majority of group participants. Others whose credibility as spokespersons on the merits of a free trade agreement were relatively high were Premier Bourassa in particular, as well as "expert" analysts and commentators, identified as including economists and legal experts.

As in the other groups conducted across Canada, the credibility of "politicians" was assessed relatively negatively. Despite this overall view, Premier Bourassa stood out as an exception to this and was perceived as the most credible of present political party or government leaders, either provincially or federally. Several bases for this impression emerged, including respect for his credentials and background in economics, his past record as having "delivered" for Quebec on the James Bay hydro-electric power project, as well as acknowledgement of his demonstrated commitment to advancing and representing the interests of Quebec.

Among other political leaders, federal NDP leader Ed Broadbent was perceived as the most credible spokesman among the three federal leaders, but only by a slight margin among the participants. Almost everyone discredited these politicians as a main source of information for them and similar negative assessments were made of union leaders' credibility, except with respect to their comments regarding prospective job gains or losses from a free trade deal. Journalists were not seen as especially credible, except those who were considered experts in economic or legal matters. While many participants in the other focus groups held across Canada shared this view, there were also a considerable number who did consider the media as somewhat of a relatively balanced and unbiased source of information on the merits or debits of a free trade deal, if only in comparison to other potential information sources or spokespersons or spokesgroups.

Some people in the Montreal groups believed that there should be a public and fully televised First Ministers' Conference on free trade. This was seen as perhaps assisting them in determining how the different Premiers viewed the issues, what they saw as the major benefits and drawbacks, and so on. Such a debate was perceived by these participants as critically important in enabling them to "really know the issue."

C. Provincial Impact

Although several individuals abstained from giving their opinion on whether Quebec would fare better or worse under a free trade agreement, most believed the agreement would worsen Quebec's prospects. The fear of American domination in their own community seemed to predispose attitudes. The perceived economic clout of the United States preoccupied most who believed that although the government may still be run by Quebecers, they thought Americans would be dictating from the background.

The majority of those who believed the free trade deal would be a bad thing for Quebec, completely reversed their opinion when considering the impact it could have on the province's hydro-electric power industry. By way of review, the June nation-wide telephone survey results showed that 69% of Quebecers think that their electric power industry would be better off under free trade. Consistent with this finding, the majority of focus group participants believed that free trade would provide a "golden opportunity" for Quebec to overcome the present Canadian and American barriers for exporting more hydro-electric power to the United States. Almost everyone in the two groups could appreciate the likely benefits for Quebec and participants believed that their expertise was well-known, and that Quebec was perceived as a world leader in this area.

Very few could see any positive results for the manufacturing or service industries. Fear of losing natural resources, of not being able to compete with the giant American corporations, and of loss of jobs to the United States were top-of-mind concerns. One individual also feared the loss of government health care services in Canada as a result of greater American presence. Many believed that labour was less costly in the United States than in Quebec and that therefore, jobs would be lost to a more cost-competitive labour market.

A minority (mostly young, middle SES males, and professionals) felt that Quebec companies could be competitive in specialized goods and services exports, creating new jobs for Quebecers and new growth opportunities for indigenous Quebec corporations.

IV. EXPECTATIONS RE ECONOMIC EFFECTS OF FREE TRADE

A. Expectations Re Jobs

Among those who expressed an opinion, a slight majority felt that more jobs would be created as a result of new economic opportunities emerging under free trade. Those who believed jobs would be lost also believed that the U.S. labour market was more competitive than that of Quebec and felt that this could be a factor contributing to job losses.

B. U.S. Investment

Almost all were concerned about increased U.S. investment under a free trade agreement. The prospect of a large increase in U.S. investment made most participants uneasy about maintaining the political and economic autonomy of Quebec.

Most felt that the relative weakness of the Canadian dollar in comparison to the American dollar would harm Canada's competitiveness. This belief betrays a lack of understanding and comprehension of Canada's export trade at present and how in fact just the opposite is true in terms of exports, with the value of the Canadian dollar enhancing the price competitiveness of Canadian products in the U.S. Increased emphasis in communications on the export side of Canada's trade relationship with the U.S. and the advantages of a relatively lower valued Canadian dollar could contribute to a more complete and more accurate understanding of Canada's trade relations with the U.S., and the possible effects of free trade on that relationship.

The protection of the PME (small and medium size businesses owned by Quebecers) and regulated investment behaviour were seen as being necessary components of a deal in order to protect Quebec's interests. Some even spoke of protecting certain sectors of the economy. Others mentioned that strict environmental regulations should be enforced to limit damage they thought could be caused by American investments. A few also mentioned that Americans should be forced by law to reinvest a part of their corporate profits into Quebec.

Several still did not believe that Canada could come out as a "winner" from the negotiations because of the strength of the United States. Even those who believed that more American investments are needed for job creation, also believed that American influence in Canada must be limited.

C. U.S. Protectionism

The majority said that they are now less inclined than before the United States' recent protectionist initiatives to support a Canada-U.S. free trade agreement. Most felt an agreement would not prevent them from doing the same thing in the future, whether or not there was an agreement, because of a belief that the U.S. always upholds its own interest, without consideration for the others. Other participants felt that the protectionist measures were used by the U.S. to force Canada into a trade agreement which may be unfavourable to Canada. Still others believed that the U.S. was not really interested in Canadian goods and services because they can produce these themselves and felt that Canada should, instead, be considering the sale of its goods and services to other countries which will behave better as trade partners.

Even those few individuals who believed that free trade is the answer to the protectionism wave in the United States, believed that Canada should be thinking of other trade arrangements with other countries more appreciative of our goods and services, and not limit our opportunities to U.S.- Canada bilateral trade.

Apart from increased emphasis on multilateral trade relations negotiations with other countries and limiting trade to Canadian products and services which can withstand competition with the Americans in both markets, no one could volunteer additional measures which could protect Canada from further American protectionist initiatives.

V. CANADIAN IDENTITY AND INDEPENDENCE

A. Independence

A strong majority believed that the Canadian economy would become so closely tied to the American economy under a free trade agreement that it could affect our ability to make our own decisions, over the long term. They also felt that free trade would lead to a loss of independence or sovereignty for Canada in the end.

Free trade was directly linked with the acceleration of a process whereby the Americans were perceived to be increasing control of the North American economy. Very few believed that Canada enjoys an independent economic status at the present time, but even they rallied to the majority view that in the future, Canada will likely fall more and more under American influence.

In the short term, many believed things would not change greatly under a free trade deal, because the Americans would make sure of being "easy" with Canada to persuade us to sign. In the long term, however, virtually all believed that Canada would suffer a loss of independence and identity. This is in contrast to the results of the other groups in which participants expressed concern about a possible loss of independence or control, but were relatively unconcerned about free trade posing a threat to Canadians' sense of identity.

For a plurality of Montreal group participants, the great wealth of the United States was perceived to be the main threat ("they'll buy us out") to Canada's sovereignty, particularly in regard to control over Canada's natural resources.

Participants were asked if a continuance of present practices (i.e. quotas in certain areas, rules on ownership, etc.) would sensibly alter their perceptions of the outcome of the free trade talks, there were indications that participants' views would become more favourable towards the initiative. They appeared to be moved to hold this view if they believed that through free trade Canada was building on its existing strengths, as opposed to entirely reconstituting its bilateral ties with the United States.

B. Canadian Culture and Identity

Participants were asked to define Canadian culture and identity and Quebec culture and identity. The main images conveyed by participants as reflecting "Canadian culture and identity" were: "regional identities and specificities," "way of life," "not like the Americans, but hard to say why," "French and English cultures," "Canadians are 'straighter' than Quebecers," "neutral country," "pride," and "patriotism."

Very clear distinctions existed in participants' minds between Canadian culture/identity and Quebec culture/identity, although the majority thought of themselves as personally belonging to both. A few did not want to define Canadian culture or identity, because they did not believe it existed or claimed it did not apply to them.

Some of the main images participants used to define "Quebec culture and identity" included: "folklore," "minority," "diversity," "tongue," "bon vivant," "more tolerant," "more open-minded," and being "more natural and hospitable."

Among the central components of Canadian culture and identity described were respect for human life, freedom, multiculturalism, more tolerance between anglophones and francophones, a culture to be developed, a young country, and team spirit.

The majority is concerned that the sense of identity among Canadians is not sufficiently strong and can be threatened by increased American influence under free trade.

For the participants in Montreal, another attitudinal dimension further reinforces this insecurity: a French minority living in a dominantly English-speaking continent. Almost all believed that in time (over the next hundred years for some and over generations for others) their French cultural heritage will be Americanized. Free trade was perceived as likely to accelerate this process.

VI. PERCEPTIONS OF THE NEGOTIATIONS AND DIMENSION OF CHANGES ASSOCIATED WITH FREE TRADE

Virtually all participants expressed dissatisfaction with the way the federal government and its trade negotiators are handling the negotiations with the Americans. The majority did not believe that these negotiations were being held in consultation with the Premiers, despite the much publicized and regular consultations at the First Minister level.

The secrecy of the talks, or more precisely a lack of explicit information and the apparent "rush" to sign an accord, were important concerns shared by most participants. Some believed that Canada appears too anxious to sign an accord, which they felt would play to the advantage of the United States which appears to be a reticent player in the talks to many. Most believed that Canada will have to give up too much in a deal with the Americans, "who'll hold out for number 1."

Participants were asked if they would be concerned if the Canadian government decided not sign an accord. The wide majority said they would be reassured by this because it would indicate to them that the government could not reach a deal that meets Canadian interests. On the other hand, few individuals would be concerned about American sanctions if Canada decided not to sign.

The majority are in favour of a referendum on the issue.

The key factors which people felt the government should focus on in deciding whether to sign a draft agreement were public consensus, independence and benefits for Canada. Statements presenting these concerns were as follows: "Public opinion consensus," "majority rule," "clear long term benefits for Canada," "Canada stays Canadian," and "political independence for Canada."

A. Dimension of Change

Very little change was expected in the short term should a free trade agreement be signed with the United States. Also, few believed that it would represent a major break from the present situation. As indicated above, however, most strongly believed that the "Americanization" of Canada had begun and that this would be accelerated under free trade.

VII. SUMMARY

The major findings from the two focus groups held in Montreal can be summarized as follows.

- o There is presently very little awareness of the talks. As could be expected, those who were aware of the talks expressed concerns about them.
- o Perceptions and awareness of the likelihood of free trade benefiting Quebec's hydro-electric power industry had a strong effect on how supportive group participants were of free trade.
- o Of critical importance in convincing Quebecers of the advantages of free trade, therefore, is for them to perceive that their provincial hydro-electric power corporation, Hydro Quebec (HQ), will come out as a "winner." Many participants felt that, as with the Lavalin and Bombardier, HQ has established a high profile in various countries for its unique expertise, and symbolically represents the new economic nationalism growing in the province.
- o Premier Bourassa, "expert" analysts from the legal and economic fields, business leaders in the Quebec community and small entrepreneurs were among those whose opinions participants "would consider most in determining whether [they] felt a free trade deal was good or bad for the country." Other politicians, both federally and provincially, with the possible exception of Ed Broadbent, journalists and labour leaders were seen to be relatively less credible as spokespersons or spokesgroups on the merits or debits of a free trade deal.
- o There was also little knowledge of the present volume of Canadian exports into the U.S. and, conversely, American imports into Canada. A more complete understanding of the actual nature of the Canada-U.S. trade relationship could perhaps set the talks in a more realistic, less-threatening context, for many of these Canadians.

- o To allay concerns that Canada appears too anxious for an agreement and could be taken advantage of by the "big, bad Americans," participants were urging increased public debate of the issues involved in and elements of a free trade deal, perhaps including a televised First Ministers' Conference on the subject. As well, there were calls for "experts" perceived as credible spokespersons on free trade to speak out on free trade and to endeavour to simplify the issue so that it is more easily understood and comprehensible.
- o The inferiority complex/"complexe du colonize" of Quebecers, well documented in the past, resurfaces in the context of discussion of free trade. While the new entrepreneurial mood is growing in Quebec, the majority of group participants seemed to revert to this perspective in viewing free trade with fear of "Americanization" one of the resulting concerns.
- o This fear or apprehension was evident with respect to cultural issues. While many felt that things would change little under free trade in the short term, there was considerable concern expressed about free trade possibly leading to a loss of Canadian and Quebec identity and overall Canadian independence over the longer run.
- o Concern about "Americanization" seemed to be partly linked to the perceived "secrecy" surrounding the trade talks. This secrecy was considered not as an indication of the sensitivity of the talks, but more as cause for suspicion of the ultimate motives and objectives of the Americans in the trade talks. Some even expressed concern about the Americans' having a "hidden agenda" in the talks.
- o One means of diminishing the prevalence of this attitude may be the promotion of a trade deal which offers greater economic opportunities for Canada and Quebec, within the context of a fair agreement which contains effective mechanisms and procedures for resolving disputes and ensuring adherence to the terms of the agreement.

APPENDIX B - DISCUSSION AGENDA

I. INTRODUCTION

- A.
 - STANDARD INTRODUCTION -- DESCRIPTION OF PROCEDURES: TAPES, MIRROR, OBSERVATION.
 - ROUND TABLE INTRODUCTION OF PARTICIPANTS

- B. ATTITUDES TOWARDS THE U.S.
 - GENERALLY SPEAKING, HOW DO YOU FEEL ABOUT THE UNITED STATES ? WHAT DO YOU LIKE ABOUT THE U.S. AND WHAT DO YOU NOT LIKE ?
 - MORE SPECIFICALLY, HOW DO YOU FEEL ABOUT THE UNITED STATES AS A NEIGHBOUR OF CANADA ?
 - WOULD YOU SAY IT IS IN CANADA'S BEST INTERESTS TO HAVE CLOSER OR LOOSER RELATIONS WITH THE UNITED STATES ? WHY?

II. DEFINITION AND AWARENESS

1. MEANING OF "FREE TRADE": THERE'S BEEN A LOT OF DISCUSSION RECENTLY ABOUT "FREE TRADE."

- THINKING ABOUT THE CONCEPT OR IDEA OF FREE TRADE, BASED ON WHAT YOU KNOW OR HAVE HEARD TO DATE, WHAT DO YOU THINK "FREE TRADE" MEANS ?

- MORE SPECIFICALLY, AGAIN BASED ON WHAT YOU KNOW, HAVE HEARD, OR PERCEIVE TO DATE, WHAT DO YOU THINK FREE TRADE BETWEEN CANADA AND THE UNITED STATES MEANS? WHAT DO YOU THINK CANADA-U.S. FREE TRADE IS ALL ABOUT ?

WHEN YOU HEAR TALK OF A POSSIBLE CANADA-U.S. FREE TRADE AGREEMENT, WHAT DOES THIS MEAN TO YOU?

NOTE: IF PRESSED FROM RESPONDENTS RE WHAT IT DOES MEAN, COULD PERHAPS RESPOND AS FOLLOWS: "WHAT CANADA-U.S. FREE TRADE ULTIMATELY MEANS WILL DEPEND UPON WHAT IS INCLUDED IN ANY FINAL FREE TRADE AGREEMENT. HOWEVER, THE PRESENT DISCUSSIONS ARE BASICALLY ABOUT CANADA ENTERING INTO AN AGREEMENT WITH THE UNITED STATES THAT WOULD ELIMINATE TARIFFS AND SIGNIFICANTLY REDUCE OTHER TRADE BARRIERS ON GOODS AND SERVICES FLOWING BETWEEN THE TWO COUNTRIES."

2. ATTENTIVENESS AND UNDERSTANDING

- A) ATTENTIVENESS/FOLLOWING: HAVE YOU BEEN FOLLOWING THE DISCUSSIONS ABOUT CANADA-U.S. FREE TRADE CLOSELY, OR NOT REALLY FOLLOWING THE ISSUE MUCH ?

FOR THOSE WHO HAVE BEEN, WHY DO YOU OR HAVE YOU BEEN FOLLOWING THE ISSUE CLOSELY ?

FOR THOSE WHO HAVE NOT, WHY HAVE YOU NOT BEEN FOLLOWING CLOSELY THE DISCUSSIONS ABOUT CANADA-U.S. FREE TRADE ?

- B) UNDERSTANDING: REGARDLESS OF HOW CLOSELY YOU'VE BEEN FOLLOWING THESE DISCUSSIONS, DO YOU FEEL YOU UNDERSTAND THE ISSUE AS WELL AS YOU WOULD LIKE ?

IF NOT, WHY DON'T YOU UNDERSTAND IT ? WHAT IS IT THAT YOU DON'T UNDERSTAND ABOUT CANADA-U.S FREE TRADE AS WELL AS YOU WOULD LIKE TOO ?

IS THERE ANYTHING IN PARTICULAR, SOME PARTICULAR ASPECT OF THE ISSUE YOU DO NOT UNDERSTAND, OR DO YOU JUST SEE IT AS TOO COMPLEX AN ISSUE OVERALL FOR THE AVERAGE CANADIAN TO HAVE A GOOD UNDERSTANDING OF ?

WHAT KIND OF INFORMATION ABOUT CANADA-U.S. FREE TRADE DO YOU PERSONALLY THINK YOU WOULD NEED OR LIKE TO HAVE OR SEE IN ORDER TO UNDERSTAND THE ISSUE BETTER ?

WHAT WOULD MAKE IT SEEM MORE "REAL" OR COMPREHENSIBLE TO YOU ?

III. GOOD IDEA OR BAD IDEA ?

1. OVERALL:

- O OVERALL, DO YOU THINK IT IS A GOOD IDEA OR A BAD IDEA FOR CANADA TO ENTER INTO A FREE TRADE AGREEMENT WITH THE UNITED STATES ? WHY ?
- O IN ORDER FOR A FREE TRADE AGREEMENT TO BE A GOOD DEAL FOR CANADA, WHAT DO YOU THINK IT WOULD HAVE TO INCLUDE ? THAT IS, WHAT DO YOU THINK THE ATTRIBUTES OF A GOOD DEAL WOULD BE ?
- O WHAT DO YOU THINK THE ATTRIBUTES OF A BAD DEAL FOR CANADA WOULD BE ?

THINKING ABOUT FREE TRADE FROM THE PERSPECTIVE OF...

2. THE AVERAGE CANADIAN:

- O HOW COULD AN AVERAGE CANADIAN TELL WHETHER A DEAL WAS GOOD OR BAD ? WHAT DO YOU THINK THEY WOULD HAVE TO LOOK FOR ?
- O WHO WOULD YOU LISTEN TO ? WHOSE OPINION WOULD YOU CONSIDER MOST IN DETERMINING WHETHER YOU FELT A FREE TRADE DEAL WAS GOOD OR BAD FOR THE COUNTRY ? (PROBE: PM OR FEDERAL OPPOSITION LEADERS ? PROVINCIAL PREMIER ? BUSINESS LEADERS ? LABOUR LEADERS ?)

3. PROVINCIAL IMPACT

- O HOW DO YOU THINK YOUR OWN PROVINCE WOULD FARE UNDER A CANADA-U.S. FREE TRADE AGREEMENT ? DO YOU THINK IT WOULD BE BETTER OFF, OR WORSE OFF? WHY DO YOU SAY THAT ?
- O WHAT ABOUT THE EFFECT OF FREE TRADE ON VARIOUS INDUSTRIES OF PARTICULAR SIGNIFICANCE TO THE ECONOMIC WELL-BEING OF (YOUR PROVINCE) ? I'M GOING TO MENTION A FEW SPECIFIC INDUSTRIES OF SIGNIFICANCE TO (YOUR PROVINCE) AND ASK YOU WHETHER YOU THINK THEY'LL BE BETTER OFF OR WORSE OFF IF THERE WERE A FREE TRADE DEAL, AND WHY. WHAT ABOUT....

MENTION APPROPRIATE INDUSTRIES FOR EACH PROVINCE AS FOLLOWS:

ONTARIO — MANUFACTURING INDUSTRIES IN GENERAL ? (E.G. ELECTRONICS, APPLIANCES, AEROSPACE)

- CARS AND CAR PARTS IN PARTICULAR ?
- AGRICULTURE AND FARMING ? (PROBE IN LONDON AND BRANTFORD ESPECIALLY FOR REASONS)
- SERVICE INDUSTRIES ?

WHY DO YOU THINK THESE INDUSTRIES WILL BE BETTER OR WORSE OFF UNDER FREE TRADE ?

ATLANTIC CANADA — FISH AND FISH PRODUCTS INDUSTRY ?

-- SHIPBUILDING ?

-- WOOD AND PAPER PRODUCTS ?

QUEBEC -- MANUFACTURING INDUSTRIES IN GENERAL ? (E.G.
ELECTRONICS, APPLIANCES, AEROSPACE)

-- ELECTRIC POWER?

-- SERVICES ?

BRITISH COLUMBIA -- FORESTRY ?

-- MINING ?

IV. EXPECTATIONS RE ECONOMIC EFFECTS OF FREE TRADE

1. EXPECTATIONS RE JOBS: ONE OF THE ISSUES WHICH HAS ARISEN IS WHETHER FREE TRADE WILL MEAN MORE JOBS, OR FEWER JOBS FOR CANADIANS. WHICH DO YOU EXPECT FREE TRADE WILL MEAN FOR CANADA OVERALL, MORE JOBS OR FEWER JOBS? WHY DO YOU SAY THAT ? (PROBE BOTH)

2. U.S. INVESTMENT : SUPPORTERS AND OPPONENTS OF FREE TRADE WITH THE UNITED STATES HAVE BOTH POINTED TO THE LIKELIHOOD OF INCREASED U.S. INVESTMENT IN CANADA UNDER FREE TRADE.
 - O ARE YOU AT ALL CONCERNED ABOUT INCREASED U.S. INVESTMENT UNDER A CANADA-U.S. FREE TRADE AGREEMENT ? WHY/WHY NOT ?

 - O SUPPORTERS SAY THAT THE INCREASED U.S. INVESTMENT IS IMPORTANT BECAUSE IT WILL CREATE MORE JOBS FOR CANADIANS. OTHERS SAY THAT MORE IMPORTANT THAN THE JOBS CREATED BY AMERICAN INVESTMENT IS THE NEED TO LIMIT AMERICAN INFLUENCE IN THE CANADIAN ECONOMY ?

 - O WHICH DO YOU THINK IS MORE IMPORTANT -- MORE JOBS FOR CANADIANS, OR LIMITING AMERICAN INFLUENCE IN CANADA ?

 - WHY DO YOU SAY THAT ?

 - O MUST THERE BE A TRADE OFF BETWEEN:
 - A) INCREASED JOBS AND B) INCREASED AMERICAN INFLUENCE ?

- ARE THERE LIMITS TO HOW FAR CANADA SHOULD GO IN ACCEPTING INCREASED AMERICAN INFLUENCE, IN ORDER TO OBTAIN INCREASED AMERICAN INVESTMENT AND MORE JOBS ? WHERE OR WHAT ARE THE LIMITS ?

3. U.S. PROTECTIONISM

OVER THE LAST YEAR OR TWO, THE UNITED STATES HAS TAKEN A NUMBER OF INITIATIVES WHICH MAKE IT HARDER FOR SOME CANADIAN GOODS AND SERVICES TO ENTER THE UNITED STATES, SUCH AS SOFTWOOD LUMBER, CEDAR SHAKES AND SHINGLES AND CERTAIN KINDS OF FISH. CONTINUED ACTIONS OF THIS TYPE BY THE AMERICANS WOULD LIKELY HAVE A SERIOUS EFFECT ON THE CANADIAN ECONOMY.

- HAS OBSERVING THE RECENT "PROTECTIONIST" INITIATIVES BY THE AMERICANS MADE YOU MORE OR LESS INCLINED TO SUPPORT A CANADA-U.S. FREE TRADE AGREEMENT ? WHY DO YOU SAY THAT ?
- IS FREE TRADE THE ANSWER TO U.S. PROTECTIONISM ? IF NOT, WHY NOT ?
- WHAT OTHER ALTERNATIVES BESIDES FREE TRADE, IF ANY, ARE AVAILABLE TO CANADA TO TRY AND CONTEND WITH AMERICAN PROTECTIONISM ?

V. CANADIAN IDENTITY AND INDEPENDENCE

1. INDEPENDENCE : SOME HAVE EXPRESSED A CONCERN THAT, UNDER FREE TRADE, THE CANADIAN ECONOMY WOULD BECOME SO CLOSELY TIED TO THE AMERICAN ECONOMY THAT THEY FEEL IT COULD SERIOUSLY AFFECT OUR ABILITY TO MAKE OUR OWN DECISIONS, AND LEAD TO A LOSS OF INDEPENDENCE OR SOVEREIGNTY FOR CANADA.

DO YOU THINK THAT SUCH CONCERNS ARE JUSTIFIED ? WHY/WHY NOT ?

IF YES, WHY ARE YOU CONCERNED ABOUT A LOSS OF CONTROL OR INDEPENDENCE FOR CANADA UNDER FREE TRADE ?

ARE YOU CONCERNED OR NOT CONCERNED THAT UNDER FREE TRADE THE AMERICANS WILL ASSUME CONTROL OF CANADA'S FUTURE?

ASK THOSE WHO THINK THAT CANADA-U.S. FREE TRADE IS A BAD IDEA:

IS A FEAR OR CONCERN ABOUT A LOSS OF INDEPENDENCE ONE OF THE REASONS FOR YOUR BEING OPPOSED TO CANADA-U.S. FREE TRADE ?

ASK THOSE WHO THINK FREE TRADE IS A GOOD IDEA:

DESPITE BEING IN FAVOUR, ARE YOU NEVERTHELESS ALSO CONCERNED ABOUT A LOSS OF INDEPENDENCE FOR CANADA UNDER FREE TRADE ?

2. CANADIAN CULTURE AND IDENTITY

- WHEN YOU HEAR THE TERMS, "CANADIAN CULTURE" OR "CANADIAN IDENTITY", WHAT DO THEY MEAN TO YOU ?
- DO YOU CONSIDER THESE IDEAS TO BE IMPORTANT ? WHAT FACTORS DO YOU SEE AS CENTRAL TO CANADIAN CULTURE AND IDENTITY ?
- ARE YOU CONCERNED OR NOT CONCERNED ABOUT CANADIANS BECOMING MORE LIKE AMERICANS UNDER A FREE TRADE AGREEMENT, WHICH WOULD LIKELY RESULT IN CANADIANS SELLING MORE GOODS AND SERVICES TO AMERICANS, AND AMERICANS INVESTING AND DOING MORE BUSINESS IN CANADA ?
- DO YOU AGREE OR DISAGREE WITH THE VIEW THAT THE SENSE OF IDENTITY AMONG CANADIANS IS SUFFICIENTLY STRONG THAT IT IS NOT THREATENED BY INCREASED AMERICAN INFLUENCE UNDER FREE TRADE?

VI. PERCEPTIONS OF THE NEGOTIATIONS
AND DIMENSION OF CHANGE ASSOCIATED WITH FREE TRADE

1. THE NEGOTIATIONS

- HOW CONTENT ARE YOU WITH THE WAY THE FEDERAL GOVERNMENT AND ITS TRADE NEGOTIATORS ARE HANDLING THE NEGOTIATIONS WITH THE AMERICANS ? WHAT ABOUT THE HANDLING OF CONSULTATIONS WITH THE PREMIERS?
- IS THERE ANYTHING IN PARTICULAR OF CONCERN TO YOU ABOUT THE NEGOTIATIONS ? ARE YOU CONCERNED AT ALL ABOUT CANADA GIVING AWAY TOO MUCH TO THE AMERICANS?
- WOULD IT CONCERN YOU AT ALL IF, AFTER PURSUING THE TRADE NEGOTIATIONS WITH THE AMERICANS TO THEIR FRUITION, THE CANADIAN GOVERNMENT DECIDED NOT TO SIGN A FREE TRADE DEAL WITH THE AMERICANS ?
- WHAT DO YOU THINK IS MOST IMPORTANT FOR THE CANADIAN GOVERNMENT TO CONSIDER IN LOOKING AT AN AGREEMENT ARRIVED AT BY THE CANADIAN AND AMERICAN NEGOTIATORS AND DECIDING WHETHER OR NOT IT IS IN CANADA'S BEST INTERESTS TO SIGN THE AGREEMENT ?

2. DIMENSION OF CHANGE

- FINALLY, IF A FREE TRADE AGREEMENT IS REACHED WITH THE AMERICANS, HOW BIG A CHANGE DO YOU THINK THIS WILL PRODUCE FROM THE PRESENT ?

- WOULD IT IN YOUR VIEW BE A MAJOR BREAK FROM THE CURRENT SITUATION, OR WOULD IT SIMPLY BE ANOTHER STEP IN CANADA'S ECONOMIC AND OVERALL NATIONAL DEVELOPMENT ?

THANK PARTICIPANTS



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DOCS
CA1 EA27 87R22 ENG
Report to the Department of
External Affairs on focus group
research concerning Canada-U.S.
free trade
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