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TO MEMBERS OF THE CANADIAN CLUB OF MONTRÉAL
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“WORLD DEMOCRACY IN A STATE OF CRISIS”

Madam President of the Board,

Distinguished head table guests,

Dear friends of the Canadian Club of Montréal,

Hello! It's a great pleasure to be with you today. I wish you the most cordial of welcomes, and I thank you for being here.

Before I tackle today's main topic, which is "World Democracy in a State of Crisis," allow me to summarize briefly where things stand at Cogeco, what we do and what motivates us.

Our U.S. cable subsidiary, Atlantic Broadband, has announced the acquisition of MetroCast for US\$1.4B. MetroCast has operations in Maine, New Hampshire, Pennsylvania, West Virginia and Maryland. This major acquisition is highly strategic for Cogeco. It's a coherent addition to a set of networks we already owned on the east coast. In the United States, we now serve about 450,000 customers who consume 851,000 service units, that is, video, Internet or telephony services.

The *Caisse de Dépôt et Placement du Québec* has joined us, investing US\$315M in our combined American operation, which gives them 21% equity ownership. This strategic alliance

has confirmed to financial markets the value of our assets. Together, we wish to continue consolidating the U.S. market. We are well positioned as a mid-sized consolidator in the U.S.

Our Canadian cable subsidiary, Cogeco Connexion, serves 750,000 customers who consume more than 1.9 million service units in Québec and Ontario. In Canada, however, consolidation opportunities are limited.

The value of our cable companies stems from their reliance on state-of-the-art networks, with a fibre optic framework and coaxial cable delivery to the customer. We are upgrading them, at a relatively low cost, to upload speeds of 10 gigabits per second, full-duplex.

Our TiVo video service is among the most advanced in the communications sector. Its powerful search engine provides access to the full content of our networks, the personal video recorder, and Web-based content.

The commercial market in our cabled territories provides tremendous potential. Beyond basic telephony and Internet services, we offer increasingly sophisticated services such as cloud PBX, or hosted PBX, and metro LAN to bring several locations together in a secure network.

This makes our cable companies the ideal partner in supporting those among our residential and business customers who are taking advantage of the digital economy's benefits. We support them enthusiastically, with award-winning customer service.

Our business services subsidiary, Cogeco Peer 1, provides colocation, hosting and data transport services through a network of 16 data centres and more than 50 points of presence in Canada, the United States and northern Europe. We also have dense fibre optic networks

providing total coverage of the cities of Montréal and Toronto, dedicated exclusively to data transport for large commercial customers.

Montrealers are familiar with Cogeco through entities such as 98.5 FM, which is Montréal's number one radio station – and, indeed, based on total listening hours, the most-listened-to station in Canada. We operate 13 radio stations across Québec, including Rythme FM, CKOI and The Beat, along with the province's most powerful private radio news network, Cogeco Nouvelles, which enjoys an enviable reputation.

Cogeco, which this year is celebrating the 60th anniversary of its founding, became a public company in 1985, with annual revenue of 20 million Canadian dollars. With the acquisition of MetroCast in the United States, Cogeco will attain annual revenue exceeding 2.6 billion Canadian dollars on a pro forma basis. We are very proud of this; proud in particular to be operating a family-controlled public company with exemplary governance, as recognized year after year in *The Globe and Mail's* Board Games report.

Our head office, solidly established in Montréal, is increasingly extending its reach beyond Québec. We believe deeply in the importance of community involvement in all the local areas we have the privilege of serving. At the head table today, we are pleased to welcome the President of Centraide of Greater Montréal, Madame Lili-Anna Pereša. I am honoured to be co-chairing the 2017 campaign with my friend Jim Cherry, and I urge you to support Centraide (United Way) which, thanks to some 350 social entrepreneurs, strives to relieve misery and exclusion.

This is where things stand as regards the growth of Cogeco and our pursuit of a dream to build a strong Canadian company that creates services and jobs, adds value for its shareholders,

contributes tangibly to the well-being of the communities in which it operates, and aspires to reach out to the world, a world that it would like to be open, welcoming, generous, multicultural, and liberally democratic.

Tell me, though, is this really the world we see around us? We've got to admit that the answer is no. The world is changing, in a way that runs counter to Canadian tradition. Should we be concerned?

To help answer that question, let's take a quick look back at recent events.

Plenty has already been said and written about Brexit, with a referendum that has plunged the United Kingdom into uncertainty. In the course of a regular democratic exercise, some citizens of the United Kingdom voted against Brussels, others for racial purity, and so on and so forth.

The same applies to the election of Donald Trump. It seems the United States has decided, at least temporarily, to give up its time-honoured role as the moral leader of the world's liberal democracies.

Beyond these two cases closest to us, there are many others that we should find worrisome.

The most striking is that of Turkey, where the current president, Recep Tayyip Erdoğan, used a referendum to amend the constitution and consolidate his power, weakening democratic institutions.

In Poland, the Law and Justice Party, controlled by its unelected leader, Jaroslaw Kaczynski, came within a whisker of being able to conduct a block dismissal of the judiciary and put its

replacements under the direct authority of Parliament, a frontal attack on the basic principle of the separation of executive, legislative and judicial powers, meant to guarantee a healthy democracy.

I will not dwell on the case of Vladimir Putin in Russia, since it has already been amply discussed in the public arena.

And what about Viktor Orban, presiding over the resurgence of the extreme right in Hungary, or Benjamin Netanyahu, who used a simple comment on the radio to tilt the March 2015 election in his favour by playing on the phobias of some voters...

Without comparing them to the previous cases, I shall spare you the most recent chapters on Venezuela, Myanmar, Syria, and North Korea.

There are, of course, some encouraging cases, where the people have refused to be manipulated in favour of the far right. I am thinking here of France, Ireland, the Netherlands and Germany, which have chosen the path of open-mindedness.

In every case involving a shift toward isolationism, opportunistic politicians have channelled voters' dissatisfaction, whether justified or not. The scenario is simple and well documented: the typical opportunist will evoke a real or imaginary threat from which they promise to protect the people: unfair competition, immigration, fear of terrorism, attacks on democracy, and so on. In the most dangerous form, the opportunist will act on a referendum decided by a simple majority. The opportunist will intimidate journalists from the independent media or, worse yet, have them imprisoned or assassinated. Their political opponents will suffer the same fate.

To complicate matters, in our digital age, which we entered 25 years ago, social media, big data and artificial intelligence are, regrettably, skewing the democratic process. All types of information, whether true or false, now flow freely. Opportunists in particular lie with impunity. Worse yet, opportunists can target voters individually and tell them what they already know each of them wants to hear!

This is the great paradox of the 21st century: the democratization of content and of means of communication is gradually undermining democracy itself. Having worked in media for more than 40 years, I am especially sensitive to this paradox.

Who are the losers in these scenarios? First and foremost, all of us, the people as a whole. Studies by Transparency International have shown this clearly: as an autocracy or an illiberal democracy becomes established, and as independent media are reduced to silence or discredited, corruption takes hold, to the detriment of most citizens and to the benefit of a handful of friends of those in power, who collect disproportionate economic advantages. The country's ranking in the Corruption Perceptions Index declines, foreign investment dries up, economic growth slows, unemployment rises and – well, you know the result. As a general rule, the less well educated, who spontaneously supported the opportunist, are the first to suffer: unemployment, loss of health benefits, tax cuts only for the wealthy few – in short, the opposite of what they had been promised.

Are we Canadians sheltered from such a scenario? I'm afraid the answer is, NO. We are not protected by default from such a scenario, even if things are going well for us now.

My point today is not to engage in politics. However, to take an example, we should remember that, barely three years ago, we had a Prime Minister in power who regarded the press as an

enemy to be kept in the dark, who scorned the United Nations, and who didn't hesitate to prorogue sessions of Parliament under the pretext of efficiency.

To elucidate on this, we are releasing the results of a Cogeco Media / CROP survey that polled 1,000 respondents across Canada between August 24 and 29 of this year.

The survey reveals that Canadians consider that our democratic system remains the best political system for ensuring respect for the rights of all in society. However, when presented with a hypothetical populist agenda, 60% say they would be prepared to vote for a candidate who offered that option! Disturbing, don't you think?

Still, I believe sincerely that the values of openness to the world, openness to immigration, mutual aid, generosity, and social justice are an integral part of what clearly sets Canada apart from other nations. Our friend, the Toronto lawyer Bill Macdonald, speaks of "mutual accommodation" in describing a harmonious cohabitation in which problems are settled by engaging in dialogue, favouring pragmatic solutions and avoiding dogmatic points of view.

What can we do to protect democracy? Well, we have several levers at our disposal. I would like to review some of the avenues available to us. And I hasten to add that they are global in scope, not limited to Canada or Québec.

Let's look first at those who vote: we, the people. How can we shield ourselves from manipulation, from misplaced fears and from promises that are too good to be true? Here are some ideas. At the heart of this thinking is the need to raise the level of critical judgment of all citizens, especially the most vulnerable.

In this regard, I welcome the initiative of the Québec Minister of Education, Sébastien Proulx, who has decided to introduce compulsory courses in basic economics and financial literacy at the high school level. These financial education courses began this fall and are being taught in the last year of high school. This worthwhile initiative, which we and many others have been promoting over the last four years, will demystify economic issues among young people and boost their sense of inclusion in our economic system – and, we hope, spur new generations of entrepreneurs.

An initial observation with respect to voters is that – in general terms but not always – a higher level of education helps increase critical judgment. This indicates a need to ensure that as many people as possible reach as high a level as possible, culminating in a university graduation rate that would grow from about 35% today to, for the sake of argument, about 50%, as in San Francisco.

In my opinion, when it comes to our young people's academic journey, curricula have become too technical, too quickly. To produce citizens, in addition to training technicians, we need to emphasize history, art and general knowledge. And getting there will require increasing the number of hours spent in school, teaching and receiving education in greater depth. Of course, this raises significant budgetary and social issues that cannot be ignored. But let's not forget that, in a competitive world, those who come out ahead will be those who are intellectually better prepared. And, need I remind you, Québec has some catching up to do: we are not an especially prosperous society, as shown in the ranking of per-capita gross domestic product, which puts us 60th among the 64 jurisdictions in the U.S. and Canada, at the very bottom of the class.

I can tell you that, based on our survey results, more than 90% of Canadians favour adding courses in history, general knowledge, as well as social, political and civic education. This is highly encouraging!

We also hold the view that it is vital to increase people's critical-thinking skills when it comes to information circulating on the Web. The United Nations Alliance of Civilizations has recognized this problem and is holding conferences on media and information literacy. These programs are intended to raise citizens' ability to flush out false and misleading news. This is a welcome initiative from a universally recognized body. It is worth noting in this regard that 47% of Canadians feel they are fully capable of distinguishing fake news from real news. Are they right? And what about the other 53%? This is something to think about....

Now let's consider some more strategic initiatives with respect to government.

The first initiative is self-evident. I present it to you from an objective and global perspective. Major changes that shake up existing states and that may weaken societies cannot and must not be decided by referendums decided by a simple majority of 50% plus one. All that this threshold tells us, when it's reached, is that a society is divided and there's no clear consensus. I would suggest that a higher threshold, supported by a minimum participation rate of 50%, is more representative of a clear societal consensus. A simple majority is perfectly appropriate for the regular electoral process, but not for fundamental changes. Indeed, our poll found that only 44% of Canadians support the 50%-plus-one threshold, while the other 56% favour a higher threshold, generally between 60 and 69%.

The second recommendation is based on the assertion that our actions need to be structured so that population groups don't fall into a sense of rejection and social uselessness in the wake of

fast-moving technological change. Of course, this change has led to substantial improvements in people's quality of life, with global warming remaining one of the major unresolved issues.

Simple economic theory suggests that, when certain industries disappear following social and technological upheavals, human and financial resources are recycled or redirected toward more promising economic sectors, reflecting their relative usefulness to society.

In a dense urban setting, where dislocations may not be extreme, this reallocation of resources can occur without inordinate damage. But when this sort of dislocation occurs in a more remote area, where there is presumably less opportunity, or when the dislocation is too great in relation to the size of the living environment of its inhabitants, we witness human tragedies. This generally occurs when the resource allocation system fails to find a way of making a replacement activity economically viable.

This is where enlightened governments need to intervene. I suggest that governments establish a system of tenders for projects to be submitted by private enterprise, subject to the granting of government assistance proposed by the bidder. Programs such as this would select projects producing the greatest benefits and requiring the smallest grants. Leaving poorer communities to fend for themselves in the name of orthodox economic rectitude is unacceptable.

Of all the factors likely to fuel populism, the greatest by far is immigration. This is confirmed by the Cogeco Media / CROP poll. Yet we all know that societies that fail to offset low birth rates with immigration are condemned to forgo economic growth, with all the human problems this involves. Economists have pointed this out repeatedly. It is therefore of utmost importance that the civic education aspects we spoke of earlier include information on the enriching contribution of immigration to society, so that it ceases to be regarded by many as a threat. History has

taught us that open, welcoming societies are creative and prosperous societies, to the benefit of all citizens.

Dear friends, this completes my roundup of ideas to help safeguard our democracy.

Before concluding, I would like to say a few words about Canada's international diplomacy.

We welcomed with great satisfaction and relief the June 6th speech in Parliament by the Honourable Chrystia Freeland, Minister of Global Affairs, on Canada's leadership role in the world. Canada, among the most privileged of nations, is called upon to contribute more to the well-being of those who need us. We have a responsibility to get involved in shaping a better world.

I will comment nevertheless on the topic of our diplomatic relations. Our governments are being urged increasingly by groups to end our diplomatic relations with particular countries. The issue at stake may be disregard for human rights, an absence of real democracy, terrorism, and so on. The need to adopt a clear and so-called principled position is then invoked.

In my view, this is a serious mistake. Curtailing diplomatic relations means depriving ourselves of useful information and losing any means of influencing the other party. Both are completely contrary to Canada's interests. This is what we did with Russia and Iran. Thank God, we're not doing it with China. While it's true that we may have ample reason to disagree with the policies and behaviour of others, it would be a mistake to deprive ourselves of the chance to influence them in the direction of our values of peace, tolerance and liberal democracy.

A final brief observation before we take leave of each other. Canada's Minister of Finance has proposed a tax reform. We all understand the importance of treating taxpayers fairly. What's more, redistributive measures, applied with discernment, probably have a lot to do with the social harmony that reigns in Canada. However, we caution the government against the unpredictable effects of a hasty reform. The tax planning required to transfer corporations between generations and to retain control in Québec and Canada is complex, and the planning periods extend over periods of 20 to 30 years. Improvisation can jeopardize legal planning measures that have been judiciously conceived and implemented. We urge the Minister to show caution.

Dear friends, I thank you for the opportunity to speak to you today, and also thank you for taking the time to listen. We have the good fortune and privilege of living in one of the most favoured countries in the world. Let us be vigilant.

Thank you, and have a good day.