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The Effects of an Alternative Programming Service
on the Canadian Broadcasting Corporation

Zsolt Szigetvari

A Thesis

in

The Department

of

Media Studies

Presented in Partial Fulfillment of the Requirements
for the Degree of Master of Arts at
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ABSTRACT

The Effects of an Alternative Programming Service
on the Canadian Broadcasting Corporation

Zsolt Szigetvari

This work asserts that the licensing of an Alternative Programming Service will empower this Government to relinquish its commitment to CBC television. The history and rationale of the Canadianization of television broadcasting is analyzed focusing on the CBC. It is argued that due to the recent licensing of Newsworld and the steady decrease of budgetary allocations the status of the CBC has fundamentally eroded. The Alternative Programming Service legislated by Bill C-136 is examined, especially its requirement to be formed as a consortium with the private sector. In conclusion the thesis suggests that this Service would permanently undermine the role of CBC Television.

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Chapter I

Introduction and Rationale

Radio frequencies in this country have always been considered public property. As such they are seen to be a natural resource to be used in the service of all Canadians. The Canadian Broadcasting Corporation (CBC) was formed as the national broadcaster¹ to ensure that all Canadians would be served by this resource.² Private broadcasters were initially to be licensed only when the CBC had achieved full coverage, and even then there remained the understanding that the national broadcaster would remain the dominant element of the system. Because the granting of a broadcast licence generally ensures a significant profit, private stations were licensed with the explicit understanding that in return for that privilege they would fulfill the objectives of Canadian broadcasting policy. Over the years so many licences were granted to individuals that the private sector became the dominant element of the system. The private sector's current basic mandate is to ensure that the programming it distributes is "predominantly Canadian." However, by the early sixties the number of private stations far outnumbered those of the national broadcaster, consequently the role of both the private sector and the CBC was

¹The terms "CBC," "Corporation" and "national broadcaster" are used interchangeably to refer to the Canadian Broadcasting Corporation. Unless otherwise specified it applies more specifically to CBC Television.

²A chronology of the major events and players in the history of Canadian broadcasting is presented in the Appendix.

permanently altered. Because the CBC was no longer the dominant sector of the industry its mandate focused more specifically on those aspects of broadcasting which the private sector found unprofitable to pursue. These were principally to extend its coverage to all parts of the country; to cover the whole range of programming; to serve the special needs of the regions; and, to contribute to the flow of cultural and regional information and entertainment. The private licensees found it far more profitable to import the cheaper foreign programming and, contrary to its responsibility to "Canadianize the airwaves," continues to distribute predominantly foreign programming. This practice has created a great deal of financial wealth for those privileged few who have received licences, all of it collected from the right to exploit a natural resource. It has also become the dominant financial element of the system. Because it costs more to produce Canadian shows than to buy foreign ones, successive Canadian governments have found it necessary to assist the private sector in its accumulative function in order to ensure that it remains financially able to produce the more expensive Canadian programming. Additionally, governments provide incentives to them to distribute indigenous productions.

While the private sector has been provided with incentives and encouraged to accumulate capital the CBC has continually lived up to its mandate to serve the regions and appeal to minority audiences. Since there is no revenue to be gained from fulfilling such a mandate each of these responsibilities virtually requires the Corporation to rely on government allocations. Unwilling to comprehend the nature and mandate of the CBC the current Conservative Government has severely underfunded

the national broadcaster, forced it to more vigorously pursue advertising dollars and, therefore, solicit a more mainstream audience. The result of this underfunding has been a direct reversal of the very reasons for the existence of the CBC.

At present the Government has written legislation, Bill C-136, which was to form the new broadcasting act.³ Within this Bill the Government intends to legislate an Alternative Programming Service whose mandate it would be to provide innovative and complementary programming, reflect Canada's regions and be made available throughout Canada. While this has historically been the exact reason that the CBC exists the Government is insisting that the Service be operated as a consortium involving the private sector. Furthermore, while currently underfunding the CBC the Government intends to assist in the funding of this Service. This thesis asserts that the Service would effectively and permanently undermine the role of the CBC.

Rationale and Review of Literature

Since 1968 the status of the CBC television has continually diminished, and with the legislating, in Bill C-136, of the "Alternative Programming Service" it appears that the role of the CBC will be completely undermined. The responses to a number of inter-related questions seem to point to this assertion. First, what was the initial rationale for the establishment of a broadcasting policy in this

³The Bill went through a second reading in the House of Commons but died when the Government called an election in 1988. Although a new law appears to be imminent this Bill may or may not be written into law.

country? Second, what is the significance of the CBC in pursuing that policy? Third, what is the role of the CBC in an era in which the regulatory body (CRTC) has adopted a supervisory approach? Fourth, how will the recently legislated "Alternative Programming Service" affect CBC Television?

Policy analysis is critical because it enables one to examine the relationship between each of the actors in the field. As such the basic methodology will employ an analysis of historical documentation, of which there is plenty. In fact, one of the many complaints that private broadcasters have is that the industry is inundated with studies. Unlike the more purely market-driven system in the U.S. Canadians tend to study every possible effect before we commit ourselves to any sort of action. The very beginning of official Canadian broadcasting was delayed for a number of years because the government found it necessary to form a royal commission on broadcasting (Aird). Canadians in border towns received American programming but had to wait at least three years for the first comprehensive Canadian Radio Broadcasting Act in 1932 which, after a series of studies, recommended that the most suitable system of broadcasting for Canada could only be formed by a public utility. That Act is examined as are subsequent acts and the findings of Commissions leading up to the Broadcasting Act of 1958, which was the first since the advent of television. The period before 1958 is examined in a cursory way, but the findings of commissions and the subsequent 1968 Act are examined in detail, especially those aspects which relate to the CBC. Because the Corporation's mandate is key to this study it is the laws governing the CBC which forms the basis of

research. Thus, it is the Act of 1968 against which all assumptions are judged.

CRTC documents relating to the CBC and the Canadianization of the broadcast industry are also examined and compared to the guidelines stated in the Act. These documents serve the function of allowing for the understanding of how government intentions are interpreted by the policy-making body. It is interesting to compare the Act to related CRTC documents because laws must be specific in spelling out the intention of the government yet flexible enough to allow the regulator the freedom to adapt to changing times. In Canada this system has often served to frustrate both the CBC and the private sector.

The Board of Broadcast Governors' (BBG), "Radio (TV) broadcasting regulations" in 1960 was the first to deal with the issue of Canadian content. Subsequent related documents are also examined and include the CRTC "Television broadcasting regulations" (24 June 1970), and the Report of the Special Senate Committee on the Mass Media (1970), which among other things noted, "the CBC, whatever its faults, performs a unique public service, and has special obligations laid upon it by the Broadcasting Act." The renewal of the CBC's television and radio licenses in March 1974 in which a less commercial future for the Corporation was suggested is also examined. The next major study to be commissioned was the Report of the Federal Cultural Policy Review Committee (1982) which dealt more broadly with culture but had some very radical recommendations about the CBC, including that it should abandon all television production except news in favour of acquiring its programs. For our purposes this Report is also significant because it

is the first official instance where the notion of a second CBC or alternative network is addressed. The Report comments favourably on the Corporation's proposal for a CBC-2 license.⁴ The Minister of Communications, Francis Fox in "Building for the Future: Towards a Distinctive CBC" rejected the idea and his arguments are also examined.

Since the Corporation's proposal for a second television network, two others have been formally submitted. One called Tele-Canada was submitted by a team including Paul Audley, and a second in 1986 called TV CANADA was submitted by François Macerola of the National Film Board (although it was not presented through the NFB). This latter application was similar in nature to the network proposed by the Report of the Task Force on Broadcasting Policy (1986). These applications are examined broadly because the purpose of the study is not so much to define an ideal application but rather to critically examine the Government's stated intention regarding the CBC, and juxtapose that with the reality which seems to be unfolding. For that purpose the Report of the Task Force on Broadcasting Policy mentioned above is a key document because it is the most recent and probably the most comprehensive document to deal exclusively with broadcasting. The Report is also significant because it was roundly applauded by most sectors of the industry (at least one notable exception is to be found in Hardin (1988)). Though the whole document is valuable this work will focus on the sections dealing with the CBC and the Report's recommendations regarding TV CANADA. This Report is also significant because it was

⁴The proposal for CBC-2/Tele-2 was submitted in 1980.

assumed that it would form the basis for what many feel is a long overdue new broadcasting act. It is further significant because following its publication the Government formed an all-party Standing Committee on Communications and Culture which had as its mandate to review the findings of the Report and make recommendations for a new broadcasting act. The findings of that Committee which relate to the CBC and the Alternative Programming Service also form a basis for research.

The CBC All-News application and the subsequent documents surrounding its appeal; its suspension; the Cabinet's directives; and the renewed license, which includes the association with the private sector called for by the Minister, are examined. This Application is interesting because it provides an interesting glimpse of the politics which are so deeply ingrained in virtually every aspect of Canadian broadcasting.

The ministerial speeches which refer to a more mainstream role for the CBC are examined as are the speeches by the President of the CBC which suggest that the Corporation extend its coverage to reach U.S. audiences. These are significant statements in that speeches are often employed by governments and public servants as trial balloons when they intend to make major shifts in policy.

Finally, and perhaps most importantly, Bill C-136 is examined. This thesis contends that the Bill outlines a fundamental new direction in Canadian broadcasting policy. The Bill formally acknowledges a "supervisory" role for the CRTC which, if passed, will operate using a series of incentives rather than punishment for broadcasters who fail to

meet the guidelines laid out for them by the proposed act. Such a role was advocated by the Report of the Task Force on Broadcasting Policy which stated that incentives for the private sector to produce Canadian programming ultimately focus around the bottom line. The thesis is significant in that it is the first to focus specifically on Bill C-136's recommendations for an Alternative Programming Service, and its effects on the CBC. Government documents are obviously critical in a study such as this which attempts to illustrate how the Government can keep repeating proclamations and all the while, consciously or not, the reality keeps unfolding in various seemingly contradictory ways. Part of this apparent contradiction lies in the very real fact that quite often a departmental initiative from the Communications Minister may have its roots in another department.

Government related documents are also an excellent resource for attempting to establish the will of the government. Even legislation such as Bill C-136, which at this point is not yet law provides a valuable perspective on the Government's intention. However, the inherent problem of examining only government related documents is that they lack a critical perspective and are unable to respond to the changing reality of a situation. No government documents adequately deal with these aspects and due to the sensitive nature of politics, public comments by actors in the process are often, understandably, too diplomatic to serve a useful analysis on their own. Therefore, in addition to government documents it is important to examine the works of critical actors and writers in the field.

Because this issue is a contemporary one this study is able to rely on interviews with key figures like Gerald Caplan and Paul Audley. The thesis also draws on a number of seminal works on Canadian broadcasting. Among those are Frank Peers' two volumes (1969; 1979), Robert Babe (1979), Herschel Hardin (1974; 1985), and Paul Audley (1983) each of which deal very informatively and broadly with most of the related issues which are of concern to this study. Additionally there is a cadre of works which deal more specifically with each of the aspects within this text. The following writers deal a little more closely with the specific issues examined in this study. The Canadianization of airwaves has been dealt with on numerous levels ranging from a nationalist to an economic perspective. George Grant's Lament for a Nation is a valuable philosophical discussion of the loss of nationhood while broadcasters like Mavor Moore and Carol Off each deal with the issue on the CBC Ideas series. Works by Susan Crean (1976; 1988); Brenda McPhail (1986); and Joyce Nelson (1986); deal with the issue of Canadian content in a more scholarly fashion. From a more political perspective Francis Fox (1983); Herbert Schiller (1971, 1973); and Dallas Smythe (1977) all write from different perspectives of the significance for a nation to maintain control of its own broadcasting system. While this study focuses on alternative television and its effects on the CBC it has at its roots the principle that the "ether" is deemed public property.

An important context for this study is an economic perspective. For example Clause Offe (1975) examines the problems inherent with the writing of public policy in a capitalist state and Charles Lindblom

(1977; 1984) asserts that the policy process is often captured or imprisoned by market forces. In Public Policy in Canada (1988) Stephen Brooks outlines how the political economy of Canada has shifted. Finally, although this study does not focus on the economic determination of the issue of alternative broadcasting it must, even if only implicitly, form a base for almost any cultural study in a capitalist society.

If nothing else the juxtaposition of these readings show that Canadian broadcasting has been written about from every conceivable angle, much of it commissioned by successive governments. The policy-making process attempts (even if unsuccessfully) to carefully study every scenario before a decision is made. As illustrated there are also a number of nationalists; artists; producers; academics; policy-makers; etc. who are quick to critique virtually every move made by government. Much has been written about the industry which deals indirectly with the issue at hand, but I have not found a study which directly analyzes the effect of such an Alternative Programming Service on the CBC. It also serves as an examination of the Government's intentions for the public sector in a climate of international competition and "deregulation."⁵

Description of Subject

As stated above this thesis asserts that despite the support expressed for the national television broadcaster (CBC) as laid out by

⁵As Robert Babe has said and Stephen Brooks writes, "All forms of government action are, in the broadest sense, regulatory" (Brooks, 1989:14).

each of the broadcasting acts the status of the CBC has successively been diminishing -- with the legislating in Bill C-136, of an "Alternative Programming Service" it appears that the role of the CBC will be diminished.

Having outlined the significance of this study and examined the relevant literature the remainder of the thesis will focus on the CBC by examining its historical role, its current status and the likely repercussions for the Corporation given the legislation of an Alternative Programming Service.

Chapter two.

This chapter examines in detail the history of the mandate to Canadianize the airwaves and provides an analysis of some of its successes and shortcomings. The concept of each element of the "single system" having to contribute to the Canadianization process is critiqued. The significance of the CBC is outlined and the perspective broadened somewhat to include an analysis of its role in catering to cultural minorities and regional audiences. Finally, the current role of the CBC as defined by the Broadcasting Act is examined.

Chapter three.

This chapter examines the post-Task Force on Broadcasting Policy era which reflects a period in which most observers feel that a new act is imminent. This period is characterized by a Government which is privatizing many public-sector elements. Its approach regarding broadcasting is to give the CRTC a more supervisory mandate, one which

reflects the "de-regulated" climate of the U.S. As such the "new" role of the CRTC is examined. The role of CBC television is also analyzed, more specifically its Newsworld license; its increasing reliance on advertising dollars due to budget cutbacks; and, therefore, its necessity to appeal to a more mainstream audience.

Chapter four.

Following the Report of the Task Force on Broadcasting Policy and the Standing Committee on Communications and Culture was the legislation which was (and perhaps is) to form a new broadcasting act -- Bill C-136. The Bill is examined focussing very specifically on Sections 3 (i) and (j) which legislates an alternative television network. The mandate of this network is analyzed, especially its insistence on it being formed by a consortium of the public and private sector. The question this raises is why is the government legislating such a network at this period of Canadian broadcast history.

Chapter five.

This final section asserts that the licensing of an Alternative Programming Service will undermine the role of the CBC. The analysis shows that the mandate of this Service is, for all intents and purposes, the same as that which has been legislated for the CBC by every broadcasting act -- the major significant difference being its public/private structure. Every study on the broadcasting industry has reiterated that "paramount consideration shall be given to the objectives of the national broadcasting service [the CBC]" yet the

private sector now holds a very significant edge on the share of available stations. This thesis attempts to determine what further effect this new network will have on the CBC. Finally, there is a brief recommendation regarding the Canadianization of broadcasting in an increasingly fragmented market.

Chapter II

The Canadian Broadcasting System

This chapter provides a broad overview of the role of government in a capitalist democracy, and its approach to regulation. Then, more specifically the history of legislation relating to the Canadian television broadcasting system is examined in the context of the current Government's agenda which includes the privatization of public sector institutions. The significance of the public sector CBC within a single system of broadcasting is evaluated followed by a critical reading of the CBC's mandate within the current law governing the Corporation, the 1968 Broadcasting Act. The chapter closes with an evaluation of the CBC's performance.

An Analysis of Government Regulation

Some form of order has been imposed on every society, whether it be by the church, a dictator, or a democratically elected government. In societies where the church dominates the production of culture is often subsidized by and for the service of the church, likewise every form of government subsidizes those institutions which it feels best reflect its goals. While this does not mean that the government even has a say in the workings of those institutions which it chooses to subsidize, the very fact that it assists one sector over another implies an inherent "control" over the workings of the market. For example, democratic governments, in principle, fund those institutions which best fulfill the demands of the largest majority of the public. Cultural

institutions have never been an exception, as Brooks illustrates, "The state and the church have been the two main financiers for much of the artistic heritage of Western civilization" (Brooks, 1989:319). Many democratic capitalist governments, however, have been turning traditionally public institutions (i.e., airlines; hospitals; postal services; and, most importantly for our purposes, broadcasting) over to the private sector and in turn the government is performing more of a supervisory function. As Brooks states, "there can be no doubt that the dividing line between the public and private sectors -- never firm in Canada's history -- has been effectively obliterated in the late twentieth century" (Brooks, 1988:33).

The approach towards the privatization of public institutions revolves around the concept of "de-regulation," with its Canadian counterpart consisting more of a "supervisory" approach. This distinction exists because it would appear that the Canadian public still seems to prefer some government intervention (i.e., medicare; unemployment insurance). In either case, the assumption is that "supervision" implies less regulation. Classical economists have traditionally argued that the government is inefficient and should therefore turn over as many of its institutions as possible to the private sector. However, as Robert Babe illustrates:

When we use the term "deregulation" . . . we are never speaking of the government getting out of an area of economic activity; we are merely speaking of government reapportioning rights and obligations amongst contending interests . . . in fact what would have taken place is the withdrawal of rights and benefits from some groups (namely creative artists, technicians and audiences), and apportionment of increased rights and benefits to other groups (principally broadcasters). But in so doing the

government certainly has not withdrawn. It still enforces and apports privileges: the broadcaster is still empowered to transmit signals on a given frequency to the exclusion of others; the broadcaster still sells advertising time; imports (and perhaps even exports) programs; it can sell its transmitter, and so on. All of the broadcasters' rights are supported by the underlying legal system, and in no sense has the government withdrawn. (Babe, 1985:24)

As Block adds, this transfer of power can place government in a subordinate position to that of the private sector:

In a capitalist economy the level of economic activity is largely determined by the private decisions of capitalists. This means that capitalists, in their collective role as investors, have a veto over state policies in that their failure to invest at adequate levels can create major political problems for the state manager. This discourages state managers from taking actions that might seriously decrease the rate of investment. It also means that state managers have a direct interest in using their power to facilitate investment, since their continued powers rests on a healthy economy. (Block, 1984:38)

In this Marxist perspective a capitalist state performs two critical functions: legitimation and accumulation. Legitimation policies are those that reduce inter-class conflict by providing subordinate classes with benefits that reduce their dissatisfaction with the inequalities generated by the capitalist economy . . . [and] Accumulation policies are directly supportive of the interests of capital because they maintain the social conditions necessary for profitable business activity. (Brooks, 1989:56)

Inherent in this are very specific assumptions. For example as Offe says, "the state does not only have the authority, but the mandate to create and sustain conditions of accumulation . . . [finally]. Its power relationships, its very decision-making power depends (like every other social relationship in capitalist society) upon the presence and continuity of the accumulation process" (Offe, 1975:126). That is, while the state's role may be perceived as one employing a hands-off

approach it has a responsibility to private corporations to ensure a healthy economic climate within which to work. So the government still regulates, but not so much for the direct common good, but rather to ensure the accumulation process. The rationale is that the accumulation process must function efficiently if a) the economic wellbeing of society is to expand, and b) the state is to maintain power. The capitalist state's role, then, has become increasingly that of ensuring a healthy business atmosphere. It does this largely through incentives. For example, while American broadcasters are the least directly "regulated" they rely to a very large extent on indirect subsidization. In fact, "Indirect subsidization through the tax system is the preferred policy instrument in the United States [and] . . . non-profit performing arts groups in the United States are at least twice as dependent on tax-deductible private donations as their Canadian counterparts" (Brooks, 1989:320). Furthermore, the government subsidizes broadcasters through substantial research grants provided by the Defence Department (Schiller; Smythe; Nelson; Chomsky; Levy).⁶ Whereas in the ideal structure of capitalist democracy the government would ensure benefits to a society, the reality in North America suggests that the system now functions largely to ensure that the private sector is provided with the incentive to perform, and it in turn it is left to the private sector to ensure that society is best served.

⁶The purpose here is not to suggest that the media are tools of the military complex, but that portions of their financing comes directly or indirectly from the government.

By providing incentives to one sector (private broadcasters) the government may very well be withholding funds to another sector (public broadcasters). As such, even the U.S. Government actively regulates broadcasting through the choice of sectors it chooses to subsidize. As Babe illustrates:

an incentive to one person or group will be a regulation or restriction to another, and vice versa; furthermore, a regulation is an incentive, and vice versa, for each person or group, if and when the privilege awarded is circumscribed. Few privileges, rights or benefits are unlimited or uncircumscribed While from one perspective the model of pure competition may exemplify economic freedom (no special licences are required to enter a field, no special or explicit regulations or standards are imposed by fiat, and so forth), nonetheless, the model of pure competition is also the ultimate in economic control. (Babe, 1985:23)

So, first, it is critical to understand that some form of control has always existed, and, second, that the control is shifting towards the private sector. It is also clear that a "de-regulated" market does not exist, there is, rather, "re-regulation" which is inevitably regulation by different means and imposes conditions for or against one segment of society (in favour of the private sector in this model). Offe reiterates the point made by Babe, "All of them [examples of state activity] can be said to be interventionist, in so far as they impose a certain order created by the state on an area of social and economic activity" (Offe, 1975:128).

For our purposes it is critical to realize that an attempt by the state to de-regulate often ends up being re-regulation. Even the most competitive market relies on a series of government incentives to survive. In fact, the U.S. government "regulate[s] more business

practices than most other democracies" (Wilson, 1984:92). For the average North American this does not mean that there is less regulation, it implies, instead, that significant power has shifted from the elected government to the private sector. In the Canadian context this Conservative Government has already actively facilitated the shift in power over to the private sector. It has done so through the privatization of numerous Crown Corporations (i.e., Air Canada; Teleglobe; Canadair) (Chodos, 1988). This is not to suggest that this trend to privatize is virtually inevitable in this or any other capitalist democracy. In fact, the increased monopolization of capital may eventually lead to a return to a more socially controlled structure. However, it does appear that the very structure of capitalism suggests that this trend will continue, at least for the short-term. "We shall consequently have to abandon the traditional view that corporations are private organizations . . . We shall have to acknowledge that they have become social instruments in the same way that government agencies are social instruments" (Lindblom, 1984:22).

This study will show that there has been a substantial shift of power over to the private sector (in both numbers of stations and revenues) and attempts to determine whether the objectives of Canadian broadcasting policy are being met given this shift in power. In summary, the current broadcasting environment is one which is increasingly moving towards de-regulation (this will be shown more clearly in the analysis of Bill C-136). As stated above, this does not imply that this Government is abandoning its regulatory capacity, rather its approach towards regulation has been altered. The Government now

regulates not so much by direct enforcement but by providing incentives to meet quotas. Nevertheless this remains a form of regulation. Given this shift in the Government's regulatory stance and the power that private industries wield the next section of this chapter examines the rationale and approach to state intervention focussing on the Canadian broadcasting sector.

The Historical Justification for Canadian Broadcast Regulations

Virtually every country in the world regulates and appreciates the value of its broadcast industry, knowing full well that even seemingly neutral technology carries with it enormous cultural and economic significance. A contemporary government which intends to protect its culture is doing so from an increasingly foreign influence. Because, as Gonick states, "We should bear in mind that capitalism is an international rather than a national system" (Gonick, 1970:47). Furthermore, the development of communication technology is increasingly indifferent to political boundaries and therefore the likelihood of cultural homogenization [is increased] (Brooks, 1989:297). It is also important to remember that "most countries have regulations regarding the content of broadcasting. These restrictions have been accepted with the understanding that no freedom is absolute" (McPhail, 1986:49). In fact, as Prime Minister Bennett understood, "I cannot think that any government would be warranted in leaving the air to private exploitation and not reserving it for development for the use of the people" (Bennett in Crean, 1976:34). This is why governments "structure their national systems of broadcasting in ways thought to be consistent with the

achievement of goals set for their systems" (Babe 1979:8). Every country in the world recognizes the pervasiveness of the media and its potentially powerful effect on its citizens and thus:

Various levels of government regulate . . . not because these industries are immune from effective competition and thus in a position to charge monopoly prices, but because we wish them to serve objectives other than, or in addition to, the objective of selling their products at the lowest price. (Wilson, 1984:83)⁷

In Canada one of the major objectives we strive for in our broadcast system is to ensure the health of our cultural sovereignty. We have historically felt a need to do so because of our proximity to the U.S., which is a major economic power, and "The most [culturally and economically] progressive society on earth and therefore the most radical force for the homogenizing of the world" (Grant, 1965:43). From the earliest days of broadcasting Canada felt threatened by the burgeoning radio empires in the U.S. "In the early 1920's, the United States had arrogated to itself every wavelength on the North American continent . . . , and Canada had to fight for eight years to get back even a handful of channels for its use" (Moore, 1987:1). Canada has reacted like most other countries of the world by maintaining governmental control over broadcasting. However, in addition to normal concerns relating to broadcasting policy Canada has also had to adopt a

⁷As we shall see in a later section the private sector does not necessarily strive to sell its product at the lowest prices but to sell to as large an audience of a specific "type" as possible to its advertisers. Wilson's point, I believe, is that few governments leave broadcasting to market forces, and that other issues besides those of the "market" are also important.

defensive and reactionary stance to the pervasive cultural and economic pervasiveness of the U.S. media. As Margaret Prang writes:

Two conditions have been primarily responsible for the extent of state intervention in Canada: the inability or reluctance of private enterprise to take the business risks imposed by the vast extent and small population of the country, and the willingness of influential groups of Canadians to use the power of the dominion government in the search for national security in the face of economic and political threats from the United States. The establishment of a system of public broadcasting in Canada occurred mainly because these two conditions once more prevailed; in response, the federal government again resorted to "defensive expansionism." (Prang, p. 1)

In summary, while these have been the historical objectives of the Canadian broadcasting system it is important to remember that these goals change with the times. For example, under the previous Liberal Government the threats to Canadian culture were perceived to be not only from outside our borders but from internally as well. The existing Act reflected a period during which there was a concern that the Quebec nationalist movement might have torn the country apart. In contrast, the current Conservative Government sees the goals for broadcasting as being its survival in an "international," market-driven environment. This implies a shift in emphasis from a nationalist perspective to a more global, economic one. Inherent in this vision is the necessity for television programming to appeal to global and economic rather than nationalistic goals. In this global environment the current Government appears to be reacting increasingly to the market and, therefore, decreasingly to cultural sovereignty. These approaches reflect a fundamental shift in the objectives of the Canadian broadcasting system.

The Public Nature of the Airwaves.

Realizing the significance that broadcasting would hold for the future sovereignty of the country, the Canadian government formed the Aird Commission in 1929 whose task it was to determine which method of broadcasting would best suit Canada: the British public model or the American commercial model. After studying both systems the Aird Report suggested a public system of broadcasting for the country. The Report determined that the airwaves are a limited resource, and as such should be used for the benefit of the public good. And so, on 26 May 1932 the Canadian Radio Broadcasting Act became law (forming the Canadian Radio Broadcasting Commission (CRBC)). It included three basic principles:

- The protection of national sovereignty (particularly from the incursions of U.S. operators, though this was not made an explicit issue);
- the extension of broadcasting to all settled parts of the country;
- and the notion that the airwaves constituted a limited natural resource, which should be exploited as a public monopoly (Canadian Radio Broadcasting Act, in Ellis, 1979:8).

In its study of broadcasting the Aird Commission also found that, "There has . . . been unanimity on one fundamental question -- Canadian radio listeners want Canadian broadcasting" (Royal Commission on Radio Broadcasting, in Bird, 1988:43). Parliament's objective, in this case, was to ensure that Canadians have access to Canadian programming. Additionally, one of the key factors guiding our broadcast regulations

was to ensure that our own culture survived the predominance of the American culture which is so close and so dominant.

Significance of a Public System (CBC) in Canadian Broadcasting

The previous section illustrates the historical rationale for operating broadcasting as a public service, through the CBC. As will be shown, the CBC has historically best fulfilled that goal for Canadian broadcasting. This is true in part because of our geography which makes it expensive to broadcast to all the regions, and therefore, unappealing to the private sector. Additionally, given the economics of private sector broadcasting it is more profitable for a broadcaster to import foreign, usually U.S., programming than to produce it indigenously. Because the U.S. market is ten times the size of Canada's a U.S. production usually pays for itself in the American domestic market and it can then be exported at a fraction of the cost of production.⁸ Furthermore, it costs about ten times the price for a broadcaster to produce a Canadian program as compared to buying an equivalent U.S. production. In a purely market-driven structure a private broadcaster will obviously choose to buy as much foreign programming as possible. As a result, Canadian viewers actually receive a disproportionately large amount of U.S. programming.

On the other hand, as is shown later in this thesis, studies, polls and statistics have consistently shown that Canadians want

⁸In most industries this practice is referred to as "dumping," in the television production industry it has been accepted as a norm. This practice has led many foreign countries to complaining of "dumped" U.S. cultural products. For an in-depth analysis see Nelson, 1988.

domestic programming, and want a healthy CBC which is able to do what the private sector may not want or be able to afford to do. There are a variety of arguments as to why the CBC is better able to achieve national objectives. However, there are two central arguments against the CBC by its detractors which must be addressed at the outset. The first is that the mandate imposed on the CBC by government limits viewer choice;⁹ and, the second, is that competition in an open market keeps prices for consumers down.

Viewer choice.

Babe (1979:61) refutes the notion that a commercial structure ensures freedom of choice. He shows that in a market-driven structure it is not necessarily the largest segment of the audience which is served but rather that segment of the audience which is most appealing as a "target" for advertisers. For example:

Competition under the commercial system of broadcasting tends to produce a great deal of duplication of program types as broadcasters each attempt to garner the largest mass of audience (of a particular class). It is only after competition has fragmented the mass audience to a significant extent among the various competing stations that it becomes profitable to "target" programming for a significantly sized minority. (Babe 1979:58)

On the other hand, the CBC is (or was) not so much concerned with market forces as with its mandate to serve minorities and the regions.

⁹For example, it is argued that Canadian content quotas imposed on broadcasters, and the nationalist mandate of the CBC is a form of government censorship.

In a commercial, market-driven structure of broadcasting it has also been shown that "The more stations there are in a market, the less likely that any one of them is offering, in any half-hour period, a program type different from all of the others [and] the more stations there are in a market, the lower the proportion of option" (McFayden, Hoskins, Gillen, 1980:209). Clearly, the combination of "de-regulated" markets, and increased channel capacities is continuing to further fragment the market. According to these studies it would follow then that the viewer is not always receiving a broader choice of programming. In fact, a recent study shows that "a broadcasting industry financed by advertising will provide inadequate balance, diversity, and choice. Inadequate is defined in the economic welfare sense that viewers and potential viewers could be made better-off at the same cost with a different program mix" (McFayden, Hoskins, Gillen, 1980:209). For example, the American networks are virtually de-regulated in the common sense of the term yet there is little "freedom" in the U.S. to view anything but domestic programs: "American [commercial] television networks export nearly 400 hours of television programs every year; they import 12" (Off, 1987:16). This limitation on foreign programming can also be seen as a limitation of choice. Furthermore, in a commercial structure there is a great deal of duplication of genres, both in content and style. So, it is clear that while Americans are theoretically free to watch what they want, in a global sense they are offered almost no diversity of choice. Having examined the possibility of introducing commercials on the BBC the Annan Committee also found that:

Virtually unrestricted competition between three broadcasting networks [in the United States] narrows the range of programmes. . . . Competition for the same source of finances lowers programming standards so as to satisfy the lowest common denominator. (Annan in Peers 23 August 1985:10)

Furthermore, "the addition of PBS to the system added more to viewer choice than 4 commercial stations" (McFayden, Hoskens, Gillen in Audley, 1983:298).

The Canadian context provides further arguments regarding real freedom of choice. Pierre Juneau addressed the issue of freedom to view what we want. He said: "As a matter of fact in one sense it's true [that Canadians don't have freedom of choice]. But the real choice they don't have is the Canadian one" (Juneau, 6 November 1986:6). He goes on to point out that only 29% of all English language television available in Canada is Canadian and that 80% of the television viewed by the age of 12 for Canadian children will be foreign, because that is all that is available (Juneau speech, 6 November 1986:6-7). Ironically, because of the economics affecting Canadian programming this very structure "give[s] rise to what broadcasters apparently take to be "immutable" laws about audience preference" (Babe, 1979:31). In other words, because U.S. programming is much cheaper to procure there is more of it made available to the public, and because there is more of it available the assumption is that it is what viewers demand.¹⁰

¹⁰Statistics show that Canadians do not have access to their own programming (Task Force on Broadcasting Policy (1986); Audley (1983); Babe (1979); Hardin (1985)).

Lower cost.

The second key argument in favour of a market-driven structure is that because the viewer is not being taxed his or her programming is inevitably lower cost but:

The economic reality is that television commercials . . . represent an enormous waste of money. The overheads of commercial financing of television (agency commissions, sales commissions, production costs and so on) amount to over \$500 million annually in Canada.¹¹ Non-commercial financing avoids these overheads and eliminates advertisements at the same time. (Hardin, 1988:227)

and thus provides savings to its consumers. In other words, the built-in costs associated with advertising increase the price of advertised goods. "The consumer is thus paying for marketing "services" he [or she] did not ask for and which do him [or her] no perceptible good -- in effect, an industry-imposed tax" (Barnett & Muller, 1974:353).¹²

A CRTC study also found that "In 1977 . . . the broadcasting cost per household is \$151.30, of which \$65.93 can be allocated to supporting the CBC and \$85.37 for private Canadian radio and television services" (CRTC 1979:82 & 84).

Furthermore, a recent study shows that "Because of profit margins -- coupled with high administrative and selling costs -- replacing the CBC with the private sector with its current economic structure would

¹¹"BMW's advertising budget in 1987 amounted to \$1,132.25 for every car it manufactured . . ." (Bruce, 1989:K10).

¹²"Harry Skornia, former president of the National Association of Educational Broadcasters, says that he knows of no case of price reductions after a successful advertising campaign despite the standard claim that advertising lowers consumer costs by increasing the market" (Barnett & Muller, 1974:353).

cost Canadians substantially more on an annual basis (McKinsey & Company Inc., in Peers, 1985:59).¹³

This section is meant only to show that a commercial structure of broadcasting does not offer a greater variety of choice, nor does it always cost less for the consumer. It is also meant to illustrate that there are limitations in every structure. Regardless of the merits or virtues of the CBC in Canadian policy analysis it is the Broadcasting Act and the stated intention of government against which all analysis must be measured. As Hylton states, "The Broadcasting Act . . . is not an act to regulate users of frequencies, it's to establish, by Parliament's wish an act to implement broadcasting policy for Canada" (Hylton, 1985:27-28).

The 1968 Broadcasting Act

The first regulations of Canadian broadcasting were found in the Wireless Telegraphy Act of 1905. Since then there have been additional acts in 1913; 1932; 1936 and 1958. The latter forms the basis for the existing Act which is the central document in this debate in that it is currently still the law governing broadcasting. One of the most significant aspects of the Act relating to this section of the study is

¹³The Corporation operates: two TV networks, one in English one in French; four radio networks, two each in French and English; a Northern Service in English, French and 7 aboriginal languages or dialects; Radio Canada International in 12 languages; a French and English Parliamentary service; CBC Enterprises; and, Newsworld, an all-news channel; and perhaps eventually Northstar beaming Canadian programs into the U.S.

that it created the Canadian Radio -- Television Commission (CRTC),¹⁴ a single regulatory agency which replaced the Board of Broadcast Governors (BBG) and was to "regulate and supervise all the aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy enunciated in section 3 of this Act" (Broadcasting Act, 1968: Section 15). A discussion of the broad objectives of Section 3; the functioning of the CRTC; and an evaluation of its success in meeting its objectives is presented in the following chapter. At this point the focus continues on the sub-sections of the Act which relate more specifically to the CBC as the national broadcaster.

The "Broadcasting Policy for Canada" defined in Section 3 lists as its first priority the principle that "3(a) broadcasting undertakings in Canada make use of radio frequencies that are public property and as such undertakings constitute a single system herein referred to as the Canadian broadcasting system, comprising public and private elements" (Broadcasting Act, 1968: Section 3(a)). This reaffirms the findings of the Aird Report that radio frequencies are a limited resource and are meant to be used for the public good; and it legislates for the first time the principle that Canadian broadcasting is comprised of a "single system" with the public and private sector each expected to contribute to the objectives of the Act. Section 3(f) calls for, ". . . a national broadcasting service of information" which should:

¹⁴Previous to the CRTC the industry was regulated first by the Canadian Radio Broadcasting Corporation (CRBG), and then, after demands made by the private sector for a separate regulatory agency, by the Board of Broadcast Governors (BBG). For a detailed chronology of events see Appendix.

Section 3 (g)

- (i) "be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion";
 - (ii) be extended to all parts of Canada, as public funds become available";
 - (iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information, and";
 - (iv) contribute to the development of national unity and provide for a continuing expression of Canadian identity;"
- (h) where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public interest but paramount consideration shall be given to the objectives of the national broadcasting service;
- (i) facilities should be provided within the Canadian broadcasting system for educational broadcasting"

Interpretation.

The mandate of the national broadcaster is clearly separate from that of the private element (with which it is a partner in a single system) in a number of key factors. Each of the sub-sections of the Act spell out characteristics for the CBC which requires it to perform in a way which is incompatible with the interests of the private sector. For

example, Section (g)(i) demands that it serve audiences and provide programming which may not be attractive or profitable to advertiser-based stations. This in itself ensures that the CBC will always rely on adequate governmental funding, which, because of its mandate, cannot likely be provided by advertising based support. Section (g)(ii) legislates that the CBC serve the entire nation, which is also unprofitable and therefore not desirable to the private sector; Section (g)(iii) states that it must broadcast in both official languages and serve "special needs of geographic regions" and contribute to the "exchange of cultural and regional information," a mandate which is totally unrealistic for a purely market-driven broadcaster; Section (i) requires that it provide educational broadcasting.¹⁵ Most importantly, Section 3 (h) states that if there is a conflict between the public and private element which comprise the single system "paramount consideration shall be given to the objectives of the national broadcasting service." The Act clearly reaffirms the status of the national broadcaster as the dominant element of the broadcasting system and further enjoins it to perform functions which are in excess of and incompatible with those envisaged for the private sector. The CBC also has the mandate to achieve the above in an area in which it is certain the Corporation is unable to perform profitably, and therefore must always rely on Parliamentary appropriation.¹⁶

¹⁵This can also be seen as the federal government ensuring that broadcasting remain under federal jurisdiction in that education normally falls under provincial jurisdiction.

¹⁶In fact, the Fowler Commission stated that it was the responsibility of the CBC to provide services which "are certain to

Analysis of Studies

Canadian broadcasting has been marked by numerous studies and commissions. This thesis examines those commissioned before 1968 in a cursory way. 1968 marked the introduction of the existing Broadcasting Act and, as such, it is the findings of those studies which are more pertinent to this thesis.

The first government study of broadcasting was the 1929 Report of the Royal Commission on Broadcasting (Aird). As mentioned above its major recommendation was that Canadian broadcasting should be operated on a basis of public service, with private stations being turned over to the Canadian Radio Broadcasting Commission (CRBC) until there was at least one public station in each market.

In 1951 the Royal Commission on National Development in the Arts Letters, and Sciences released its Report which maintained that there should continue to be careful and considered regulation of broadcasting (this was in response to the private sector which continually demanded more freedom). The Report was also critical of the commercialization of broadcasting and supported the introduction of television, but advised that it should be under the control of the CBC. The next study was produced by the Royal Commission on Broadcasting (1957). That Report's major recommendation was significant in that it was the first study to explicitly affirm the permanent place of the private sector in the Canadian broadcasting system, although it supported the principle that the national broadcaster should be dominant. Further implications of

operate at a loss" (Royal Commission on Broadcasting, 1957:224).

this Report are examined in detail in the subsequent section of this dealing with "a single system of broadcasting."

The final major study of broadcasting before the passage of the existing Act was that of the Report of the Committee on Broadcasting (1965). Its major element examined the workings of the "single system." The Report was also significant in that it outlined the prototype for a regulatory authority which was to become the CRTC.

Post-1968.

Numerous studies and commissions have been tabled since the Broadcasting Act of 1968 and this section provides an analysis of the findings and the expressed government role for the national broadcaster. The intention here is to examine what successive governments state publicly, and to later juxtapose that with the reality as it has unfolded. Perhaps the most that can be implied is that some elements of state intention manifest themselves despite the expressed wishes of policy-makers. Unfortunately, there seems to be no certain way of establishing what a state's real plans are against its actions.

The efforts of this study thus far have been to show the legislated dominant role of the national broadcaster. In fact, most official government documents and studies have expressed a desire for a broadcasting system with the CBC as its dominant element. This is in line with Prime Minister Bennett's early realization that "Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership;

it is an inescapable and inherent demerit of the system" (Bennett, 18 May 1932:3035). This has been acknowledged by countless findings.

The first study established by the government following the Broadcasting Act was the Special Senate Committee on the Mass Media (1970) with a mandate to "report on the ownership and control of the major means of mass public communication in Canada." It focused on cross-ownership of the major media, but the chapter on broadcasting was vicious in its comments on commercially driven television. In a very broad philosophical position on commercialism the Committee writes, "We have had it painfully brought home to us in recent years -- and the signs were there long before that -- that the consumption of some things may be very bad for us; and for all our neighbours and descendants" (Special Senate Committee on the Mass Media, in Bird, 1988:513). In a toned-down observation the Committee stated that "the primary public complaint about television is about the commercials, both their content and their timing. The commercials are seen by the public as irritating interruptions in the programmes . . . (Report of the Special Senate Committee on the Mass Media, in Bird 1988:512-513). In fact, even in the U.S "the main body of complaints the FCC receives from viewers about radio [sic] and television concerns commercials" (William Lewis, in Weir, 1965:384).

Perhaps in an attempt to reaffirm the role of the Corporation the CRTC used the opportunity of its CBC Radio and Television licence renewals in 1974 to suggest that the CBC should not be a commercial

broadcaster.¹⁷ This comprehensive 1974 CRTC Report functioned as a major study of the national broadcaster and in addition to the major recommendations for the CBC it found that:

As long as television is in a commercial, mass-marketing straightjacket, there is little long term hope that it will become freer of the violence, cheap sensationalism and facile treatment of serious human questions that so easily attract audiences in such an environment. (CRTC 1974:16)

Despite the constant repetition that television is an expensive medium the CRTC acknowledged that the mandate of the CBC was so diverse that:

the Commission considers that every effort must be made to remove all constraints which handicap the Corporation in achieving the objectives for which it exists. Commercial activity deflects the CBC from its purpose and influences its philosophy of programming and scheduling. It must, in the Commission's considered opinion, be reduced or even eliminated entirely. (CRTC, 1974:44)

By 1977 the "problems" of Quebec nationalism touched every aspect of Canadian life and broadcasting was no exception. Federal ministers openly accused Radio-Canada of being actively pro-separatist, and that the news in the French arm of the Corporation was distorted to a nationalist point of view. A CRTC Committee was established to evaluate these accusations, but in its Report it found little basis for the complaints and suggested that the news be used to provide a better understanding among the cultural differences (CRTC, 20 July 1977).

In 1979 another Committee (Clyne) was struck, this one to examine how telecommunications could be re-structured to "contribute more

¹⁷It was subsequent to this Public Announcement that CBC radio became a truly public network in that it now functions almost exclusively on parliamentary appropriations and no longer broadcasts commercial messages.

effectively to the safeguarding of Canada's sovereignty." The broadcasting environment was evolving very quickly and it became increasingly apparent that "communications" began to include elements never before imagined. Some, technologies like Direct Broadcast Satellites (DBS) were correctly perceived to have profound implications on the sources and quality of programming Canadians could expect to see. The Committee was:

unanimous in its belief that the CBC is an absolutely essential factor in the development and maintenance of a Canadian identity . . . we believe it is an institution that should be supported to the fullest possible extent by Canadian governments and citizens alike. (Report of the Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty, in Bird 1988:610)

By 1980 the cable industry was lobbying the federal government to introduce Pay-TV services into the country. Another CRTC Committee (Therrien, 1980) was examining the extension of service to northern and remote areas, and it included a section on pay-TV. The Committee's Report supported pay-TV because it was seen to be beneficial to the development of the Canadian production industry, however, the dissenting opinion found that there was no demand for the new service and that there would be no significant benefits (CRTC, 1980). The cable lobby argued that it would provide greater choice of programming and help build a Canadian production industry. They claimed this would happen if cable operators were allowed to import foreign programming 15 per cent of gross revenues would be put into the production sector. Critics of the plan referred to the rationale behind the service as "Canadianization -- through -- Americanization" (Hardin, 1985:296).

In 1980 the CRTC also published a report on the implications of future technology on broadcasting which found that:

A basic Canadian presence on the broadcasting system has to be guaranteed by public support before one can confidently move on to address the nature of the supplementary contribution that the private sector can provide. To approach this issue in any other way is to delude oneself that profit-making motives can easily be reconciled with social and cultural objectives. (CRTC, 1980:34)

In 1982 yet another committee (Federal Cultural Policy Review Committee) reported to the government -- this one with a mandate to examine cultural policy more broadly. The Report was criticized from most quarters especially regarding its two most notorious recommendations which called for the NFB to become little more than a research centre, and the CBC to abandon all television production except news. Although this was perceived by some as a step towards the dissolution of the Corporation, an examination of the Committee's recommendations suggests that it, in fact, embraced the notion of public, non-commercial broadcasting.¹⁸ In its chapter dealing with broadcasting the Committee recommended that CBC discontinue airing commercials (Federal Cultural Policy Review Committee, 1982:289) because, as it stated, one effect of the reliance on advertising "has been a reduction in the CBC's ability to devise programming that truly fulfills its role and objectives as a public broadcaster" (Federal Cultural Policy Review Committee, 1982:279). Finally, the Committee found that:

¹⁸Although most policy analysts agree that the approach recommended by the Report would spell the end of the Corporation.

The key element in the system, fundamental to its operation, is the publicly owned broadcaster. . . . We must have a public broadcaster to provide original and stimulating programs that private broadcasters will not provide because they may not be profitable. . . . In short, we need a better, more vital, more courageous CBC. (Report of the Federal Cultural Policy Review Committee, 1982:288)

Recommendations for a New Broadcasting Act

By 1983 the assumption was that a new broadcasting act was imminent. The current Act was almost twenty years old and the period which had passed introduced profound cultural and technical changes in the broadcasting environment. The Minister of Culture, Marcel Masse, commanded respect from the cultural community and a significant amount of power in the Cabinet. He almost immediately commissioned a task force to make recommendations concerning broadcasting. In fact, the Report produced by the Task Force was meant to serve as a blueprint for a new act. That Report of the Task Force on Broadcasting Policy proved to be a comprehensive document which was generally well received. While some (Hardin, 1988) complained of the failure to take the opportunity to strengthen the public sector; the evasion of democratizing broadcasting; and the failure to tackle commercialism the Task Force's supporters argue that the Report was the most realistic document possible and therefore the most likely to have a chance of at least winning some ground for the CBC. And, while Hardin's arguments are significant, the Report called for "a substantially expanded public sector in broadcasting, with the CBC as its major component" (Task force on Broadcasting Policy, 1986:265).

Perhaps specifically because of its pragmatic, compromising approach the Report was taken very seriously by the Government, with the new Minister of Communications, Flora MacDonald,¹⁹ publicly embracing most of its ideals. The Standing Committee on Communications and Culture was directed to travel across the country and solicit reactions to the findings of the Task Force regarding, among other things, the Report's recommendations for a new act. The Standing Committee made a number of recommendations, all of which recognize the significance of the national broadcaster: "In the Committee's hearings and in the briefs submitted, it is clear that the CBC has an important regional role to play and that the mandate to provide a national service must incorporate regional responsibilities" (Standing Committee, May 1987:59). And, more specifically, "The Committee's unanimous view is that the new law should be built upon a reaffirmation of the public character of broadcasting frequencies . . ." (Standing Committee, May 1987:6). The Standing Committee also re-affirmed that:

The economics of English-language television in Canada seem to indicate that only the public sector, and principally the public network, can redress the balance of Canadian programming. (Nielsen Report (1985) in Standing Committee, May 1987:54)

The Department of Communications (DOC) also went on to wholeheartedly embrace those findings of the Standing Committee "[which have] argued for increased funding for the CBC and for a stronger emphasis on the

¹⁹The Task Force was commissioned by the Minister of Communications, Marcel Masse, however, by the time it was tabled Flora MacDonald was appointed the new Minister of Communications. Following her defeat in the elections Marcel Masse resumed his position as Minister of Communications, a post he holds at the time of writing.

regional dimension of the Corporation" (DOC June 1988:24). It is the CBC's consistent success at performing in a way that the private sector is unable to (i.e., serving minority audiences and the regions) which is singled out as its principal function. In May 1985 Marcel Masse reiterated his Government's public views on the Corporation: The Progressive Conservative Government intends to ensure that public broadcasting not only survives, but prospers in the coming years . . . (Marcel Masse, in Peers, December 1985:3). And, in May 1986 Masse also publicly acknowledged the achievements of the CBC:

[the CBC] is one of the great links in the Canadian community. . . . For fifty years now, a strong and vibrant CBC has been central to the health of the Canadian broadcasting system, indeed, to the Canadian community as a whole. That was true in the 1930's It is especially true today, now that the cascade of technological change has gained such momentum. All these events have presented to the Corporation a series of great challenges. It has met these challenges triumphantly. (Hon. Marcel Masse, Notes for an address at the Banff Television Festival, May 25th, 1986 in Task Force on Broadcasting Policy, 1986:694)

If we can draw any conclusion from this extensive documentation it should be that every commission, every study, every report, and even every government since 1929 has embraced (at least publicly) the notion that there exists a desire for a vital CBC in order to fulfill its historic mandate (to provide programming complementary to that which the private sector is unable or unwilling to produce); to cater to minority tastes (as opposed to mass audiences); to be non-commercial and to serve and reflect Canada's regions and multicultural nature. The private sector, too, has argued at length that the CBC should be allowed to disassociate itself from commercial broadcasting. "It [CBC] should not

compete with the private sector for advertising or for the purchase of American programs. It should be a non-commercial mandate to serve only those program areas where there is no possibility of private entrepreneurial involvement" (Brinton, 1985:47).

A Single System of Broadcasting.

Since 1957 the objectives of the broadcasting system were to be achieved not by a dominant CBC, as had been the case, but by both the Corporation and the private sector of the industry. This represents a fundamental shift in the status of the CBC in the broadcasting system as a whole. It also confers greater responsibilities on the private sector as players in Canadian broadcasting. This section examines the status and responsibilities of each sector within the single system.

Over the years the private broadcasters, represented by the Canadian Association of Broadcasters (CAB), had lobbied continuously for a separate regulatory body over broadcasting because they argued that the CRBC was both player and referee. But in 1951 the Royal Commission on National Development in the Arts, Letters and Sciences (Massey) upheld the notion that broadcasting in Canada was still "one national system." The Massey Commission reaffirmed the stance of the Aird Report that private broadcasters were:

licenced only because they can play a useful part in that system; and that the CBC control of network broadcasting, of the issue and renewal of licenses, of advertising and other matters related to radio broadcasting, is a proper expression of the power of the CBC to exercise control over all radio broadcasting policies and programmes in Canada . . . [and that] . . . direction and control of television broadcasting in Canada continue to be vested in the Canadian Broadcasting Corporation . . . no private

television broadcasting stations be licensed until the Canadian Broadcasting Corporation has available national television programmes and that all stations be required to serve as outlets for national programmes. (Royal Commission on National Development in the Arts, Letters and Sciences, Ottawa: King's Printer, 1951; p. xvii & 302-303)

Although, as Peers writes, "The concept of a single system, at least for regulatory purposes, goes back in Canada to the first legislation dealing specifically with broadcasting -- the act of 1932 . . .," it was the findings of the Royal Commission on Broadcasting in 1957, chaired by Robert Fowler, which would institutionalize the notion of a "single system" of broadcasting. This Commission made two significant recommendations which would have profound effects on Canadian broadcasting. The first, as mentioned above, was to establish the BBG. The very formation of this separate regulatory agency diminished the status of the national broadcaster because there would now be "competition between the CBC and private applicants for new licenses" (Royal Commission on Broadcasting, 1957:224). The second, contrary to the recommendations of the Aird and Massey Reports states that:

for the foreseeable future, we will continue to have a single broadcasting system in which all Canadian radio and television stations, public and private, present and future, will be integral parts, regulated and controlled by an agency representing the public interest and responsible to Parliament. (Royal Commission on Broadcasting, in Bird 1988:257)

The recommendations of Fowler were eventually translated into the 1958 (and subsequently, 1968) Act which states that "such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements"

(Broadcasting Act, 1968: Section 3(a). An evaluation of the "single system" of broadcasting is presented in Chapter III.

The Canadianization of the Airwaves: A History and Rationalization.

Perhaps the most fundamental aspect of the single system was its expectation that each sector would contribute to the objectives of Canadianizing the airwaves. In fact, even before the Act of 1958 the BBG took the initiative of licensing a second television network (CTV) which it felt would provide more Canadian programming. The rationale being that the more stations there were, the more domestic programming would be produced. "Fully aware, [however], that the new television network, if unregulated, would concentrate on the importation of American entertainment programs and offer a minimum of Canadian programming, the BBG was compelled to issue the first set of Canadian content regulations for television in 1959 . . ." (Babe, 1979:20). Though the objectives of Canadianizing the airwaves remained the goal of the BBG this represented a fundamentally different approach to realizing those objectives.

Although the goals for content quotas existed since the early 30's it was Section 10 of the new Act (1958) which legally enabled the BBG to ensure that the national broadcasting system be, ". . . basically Canadian in content and character" and Section 11 (1) urged "greater use of Canadian talent by broadcasting stations" (Canadian Broadcasting Act 1958: Section 11(1)). Within these phrases were born the first formal and legal precedent for the establishment of Canadian content

regulations. This established that "the payments to society for permission to use society's airwaves [were] to be made through services rendered, as opposed to direct monetary payments" (Babe 1979:32), or any other form of compensation. Previous to this legislation the objectives of the Canadian broadcasting system were to be met by a dominant national broadcasting service. As a major element in the fulfillment of its mandate to ensure the Canadian character of broadcasting, the BBG announced in 1959 that it would require that all television broadcasters show a minimum of 45 per cent Canadian content, with the level rising to 55 per cent in 1962. The CAB and the Association of Canadian Advertisers (ACA) both fought the decision. Eventually the BBG softened its stand and allowed Canadian content to include programs deemed to be of general interest to Canadians (these included Presidential addresses and World Series coverage). In 1960 Canadian content was more specifically, but almost as generously, defined by the BBG to include:

- any program produced by a licensee
- news and news commentary
- broadcasts in which Canadians were participating
- special events outside of Canada of general interest to Canadians
- $\frac{1}{2}$ of programs produced in French or Commonwealth countries
- programs, films or other productions made in Canada

The Board also announced in 1960 that 55 per cent of all broadcast time must be Canadian in content and character.

Protests by private broadcasters were immediate. In response to these protests, the averaging period was altered from one week to four weeks and no special quota was imposed for prime time. The transition

period was extended, with no quota the first year and only 45 per cent in the second. The full requirement of 55 per cent was to be effective in 1962. (Federal Cultural Policy Review Committee, 1982:286)

However, in 1962 the prime time quota was reduced to 40 per cent and ignored for the summer months; Commonwealth and French programs received full credits, and programs dubbed into one of the official languages were given $\frac{1}{4}$ credit.

In 1970 the CRTC announced new content quotas of 60 per cent averaged on a calendar quarter. The Commission also restricted to 30 per cent the maximum amount of programming from any one foreign country, and eliminated the points for Commonwealth and French language productions. In 1971, like its predecessor, the CRTC backed down to the pressures of private broadcasters. It re-defined prime-time as six to midnight; foreign programming from any one country was raised to 40 per cent; and the averaging period was changed from a quarter year to a full year. Further liberties were announced in 1972. While the CBC had to maintain 60 per cent Canadian content private broadcasters had to achieve only 50 per cent in prime-time; all restrictions on foreign programming from any one country were deleted; and the preferred treatment for Commonwealth and French language productions were reinstated.

On 15 April 1984 the CRTC made a major change in adopting a point system and cost criteria to rate the recognition for Canadian programs (CRTC, 1984-94). This new ratings system (which is still in effect) is the same as the one applied by the DOC's Canadian Film and Video Certification Office (CFVCO) for feature film productions, thus

standardizing the method of evaluation. Unlike the previous BBG standards the new criteria leave far less room for interpretation. It is based on a system which awards points for each creative function performed by a Canadian. Each production must earn a minimum of six points to qualify as Canadian content.

Under Section 11 of the 1984 ruling co-ventures with foreign production companies can also qualify as 100 per cent Canadian content. Other features of the ruling grant one half of program time to foreign (non-English or French) productions which are dubbed into an official language; and one quarter of air time to non-Canadian productions in one official language dubbed into another official language. Because it was felt that there was a distinct lack of Canadian dramatic productions the Commission ruled that 150 per cent of air time will be granted to dramatic productions which: achieves 10 points, and is scheduled for prime time, or, in the case of children's programming, at an appropriate time.

In 1986 the CRTC proposed to reduce the time allocated to Canadian programming over the broadcast day from 60-50 per cent provided the licensee agreed to spend as much on Canadian programs in that year as it had in its best performance of the last three years. The CAB and ACTRA, among others opposed the proposition and it was thus withdrawn. However, on 9 January 1987 the Commission made further changes regarding the percentage of Canadian content in Section 4 (6) the Commission ruled that "A licensee shall devote not less than 60 per cent of the broadcast year and of any six month period specified in a condition of licence to the broadcasting of Canadian programs" (CRTC 1987-8).

In the recent decision Renewing CBC Television Network Licences (CRTC, 1987) the Commission stated that the CBC should "Canadianize the full-day broadcast schedule of both the English and French television networks to an annual average of 90 per cent" and "Attain a level of 25 hours per week of Canadian programming in the 7 pm to 11 pm time period on both the English and French networks" (CRTC 1987:25). The serious lack of Canadian drama was re-emphasized by the CBC and corroborated by the Commission. Thus the Commission recommended that the CBC should, as a long-term objective, "Attain a level of 10 hours per week of Canadian drama in the 7 pm to 11 pm time period on both the English and French television networks" (CRTC 87-140:25). These recommendations clearly indicate that the Commission intends to continue to view and regulate the national broadcaster drastically differently from private broadcasters. Concerning Pay Television, the Canadian content regulations vary for a number of reasons. Perhaps most importantly, the CRTC acknowledged that Pay TV was less than six years old and the start-up costs were substantial (CRTC 82-240). As a result the minimum Canadian content for Pay TV services in the initial year is 30 per cent, rising to 50 per cent in the last 15 months of the licence term applying to the overall schedule. Further, by conditions of licence, Pay TV networks are required to spend a given percentage of their gross revenues on the acquisition of Canadian programs.

Public governmental support for the CBC.

The previous sections provide a history of the regulations and policies regarding Canadian broadcasting. The following, then, is a

cross-section of the findings of commissions, studies and official government documents which provide a historical account of the views held regarding the mandate for broadcasting in this country, focussing specifically on the CBC versus the private sector broadcasters. Contrary to public perception the findings of the commissions and studies also illustrate that Canadian governments promoted, at least rhetorically, the CBC. From the period when broadcasting (radio) was first available Prime Minister Bennett realized that, "No other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting" (Bennett, 1932:3035). In fact, the Aird Commission felt so strongly about a public form of broadcasting that it saw the broadcasting system as one in which the private sector would exist only to expedite the status and coverage of the national broadcaster. To do this, it recommended that "one existing station in each area be taken over from private enterprise and continued in operation by the Canadian Radio Broadcasting Company until such time as the larger stations in the proposed scheme are placed in operation" (Royal Commission on Radio Broadcasting, in Bird, 1988:46-47).

Canada is a unique nation in that, perhaps because of its cultural and physical proximity to the U.S., one often gets the sense that the public favours a market-driven system. However, as Aird found "Resolutions have . . . been received from numerous representative bodies, the large majority favouring the placing of broadcasting on a basis of public service" (Royal Commission on Radio Broadcasting, in Bird, 1988:43).

The Canadian Broadcasting Act of 1936 reflected that feeling by stating that the airwaves are public property; that frequencies may not be owned; and the privilege of using one should be in the public interest (Canadian Broadcasting Act, 1936). This notion was based on the Aird Report which concluded that to ensure that broadcasting fulfills the stated needs "we are impelled to the conclusion that these interests can be adequately served only by some form of public ownership, operation and control behind which is the national power and prestige of the whole public Dominion of Canada" that "As a fundamental principle, we believe that any broadcasting organization must be operated on the basis of a public service" and that "The ideal program should probably have advertising, both direct and indirect, entirely eliminated" (Royal Commission on Radio Broadcasting, in Bird, 1988:44).

In 1949 the Government appointed the Royal Commission on National Development in the Arts, Letters and Sciences (Massey Commission); its mandate, in part, was to make recommendations about the "principles upon which the policy of Canada should be based in the fields of radio and television broadcasting." The Commission forecasted that the much higher programming costs of television would encourage private broadcasters to obtain the cheaper American programming. As with radio, the Commission recommended that private television stations be licensed only after the CBC had been firmly entrenched following which they would still be under the legislative jurisdiction of the public broadcaster (Babe, 1985:71). The Commission made the further suggestion that:

stations under the direct control of the C.B.C. should not accept commercial business at all. This proposal came not only from the operators of private stations who feel that advertising is their business,

but from listeners everywhere who dislike advertising and who take particular exception to certain C.B.C. commercial programmes which they think unworthy of a national broadcasting system. (Royal Commission on National Development in the Arts Letters and Sciences in Bird, 1988:224)

This statement is interesting partly because it acknowledged the status of the public broadcaster, but also because of its comment paraphrasing the private broadcasters who state that "advertising is their business." This reaffirms the notion that for the private sector broadcasting is foremost a business, with the concern for bottom line being paramount. It is argued that this is incompatible with the goals of cultural development. The Massey Commission, therefore, went on to recommend "That the Canadian Broadcasting Corporation exercise a strict control over all television stations in Canada in order to avoid excessive commercialism and to encourage Canadian content and the use of Canadian talent" (Royal Commission on National Development in the Arts, Letters and Sciences, in Bird, 1988:238).

By the time the Massey Report was published (1951) the relatively new medium of television was imposing further threats to Canadian cultural sovereignty. U.S. stations promoted their shows so aggressively that private broadcasters asserted that Canadians favoured American programming (Task Force on Broadcasting Policy, 1986:11). There was general dissatisfaction with the broadcasting system and, as with radio previously, many Canadians were picking up border TV stations well before Canada produced regulations, or licensed broadcasters.

In this context the Royal Commission on Broadcasting (Fowler Commission) was appointed in 1957 to make recommendations for an

imminent new broadcasting act. Many cultural critics now view the Fowler Commission as the one which delivered the hardest blow to the CBC by recommending the formation of the BBG, a separate regulatory body. Until that point the Corporation was charged to regulate the Canadian broadcasting system. The institutionalization of the "single system" of broadcasting regulated by the BBG in turn entrenched the role of the private sector as an equal player and thus effectively diminished the role of the CBC. In other words, until this point the CBC was treated as the dominant element of the system -- within the single system it was to be one of two (private and public) equal sectors. Despite its devastating effect on the CBC the Fowler Commission did acknowledge the value of the Corporation:

If we are to have a Canadian broadcasting system, with some flow of programmes in an east-west direction across the country, with some Canadian content and with some contribution to a national consciousness, there must be a public broadcasting agency supported by substantial amounts of public money. (Royal Commission on Broadcasting, in Bird, 1988:257).

The first major decision made by the newly created BBG was to licence a second television network (CTV), this one private. The Fowler Commission presumably felt that the private sector would serve the objectives of the Canadian broadcasting system, but in 1965, only four years after CTV was licensed the subsequent Fowler Committee²⁰ found that "the program performance of the private stations . . . bears very little relationship to the promises made to the BBG" (Committee on Broadcasting Policy, 1965:98).

²⁰The Fowler Commission reported in 1957 and the Fowler Committee reported in 1965.

In 1966 the government tabled a White Paper on broadcasting which re-affirmed the notion of a single system, but made the significant distinction that "the public element should predominate in policy areas where a choice between the two is involved" (Canada, White Paper, in Bird, 1988:357). The White Paper also stressed that one of the mandates of the CBC was to strengthen national unity, a principle which was entrenched in the subsequent broadcasting act.²¹

Support for the CBC by the General Public.

In addition to the official government support for the CBC, this section shows that the national broadcaster has also received considerable support from the Canadian public. In his in-depth analysis, Canada's Cultural Industries, Paul Audley found that "One profoundly misguided myth for which little or no evidence has ever been advanced is the claim that Canadians are not interested in Canadian programming" (Audley, 1983:302).

As Babe illustrated above, the fact that we import so many foreign programs gives the impression that we do not want Canadian programming yet "National survey after national survey indicate that the majority of Canadians not only want the CBC; they are also prepared to have the

²¹Such mandates often serve to shed light on government objectives. While this can be perceived as a cultural stance intended to strengthen the Canadian element of the broadcasting sector both culturally and economically, another perhaps more pertinent factor, is that it was more specifically meant to counter the growing separatist movement which was shaping up in the province of Quebec. The Quebec nationalists interpreted this as the federal government unduly interfering in the political struggle by legislating the CBC to act as an instrument of nation-building.

Government maintain or increase its financial support to the CBC" (Juneau, Notes for an Address, 25 February 1988:23).

A CROP survey in 1984 asked Canadians: "Do you think the Government should spend more, less or the same as they currently do to support [the CBC]? Fifty-nine per cent of Canadians responded that the government should spend more or the same on the CBC, and in a 1986 Environics survey two-thirds of the Canadians polled favoured "increased Government spending on the CBC in order to subsidize more Canadian production (Juneau, Notes for an Address, 25 February 1988:16). In every survey conducted in the last twenty-five years, a large majority of the population approves of the objectives set out for the CBC. In the most recent survey by Canadian Facts, close to 90 per cent of the respondents felt it was important that Canada have a service such as the CBC and, "Whenever Canadian public opinion has been sampled in the last twenty-five years, we find that a large majority approves of the objectives set out for the CBC, and clear majorities in both English and French Canada feel that the CBC is fulfilling its objectives either "very well" or "fairly well" . . ." (Peers, 1985:2). Contrary to the negative attitude perpetuated towards the CBC statistics since 1929 consistently show that while Canadians want access to foreign programming they also demand indigenous programming -- and are willing to pay for it. There is clearly an expressed desire that Canadians have for domestic programming. Therefore, if the broadcasters are to fulfill that desire it is important to realize which sector is most successful at producing Canadian programming. The all-party Standing Committee on Communications and Culture reported that:

In the year which ended August 31, 1985, the CBC spent \$540 million on Canadian television programming, while all private broadcasters combined spent \$292 million. . . . If one were to exclude from these totals expenditures on Canadian news, information and sports programming, then the extent of dependence on the public sector is even greater. Of total expenditure of \$278 million for children's, entertainment, and arts programming the CBC accounted for \$203 million, or roughly \$3 out of every \$4 spent for this purpose. In children's programming alone the CBC accounted for 93% of expenditures on Canadian programming. Private broadcasters spent just \$2 million. (Standing Committee, 1987b:25)

The CBC's gross revenues were 11 per cent lower than that of the private sector, but the Corporation invested 59 per cent more in domestic programming (Audley, 1983:300). And even though the revenues of the CBC are considerably less than that of the private sector by March 1984 CBC/SRC's commitment represented 85 per cent of the Broadcast Fund's ²² projects (Peers, 1985:61). As Audley states:

The public sector CBC now provides a substantial majority of all financing for Canadian programming. . . . Only the public broadcasting service can and will take the risks involved in developing new talent, testing new concepts, and providing, on a continuing basis, access to a wide public for excellent Canadian entertainment and creative talent. (Audley 1983:302)

Average Canadians seem to agree: in a survey 90 per cent of those interviewed thought that it was important that Canada have a service like that of the CBC (Peers, 1985:2).

It is admittedly one thing to call for increased support for the CBC and more domestic programming but statistics also show that "both CBC owned and operated stations always attract a larger share of the

²²A pool of resources used to finance Canadian programming.

viewing audience than their share of available programs" (CBC, 1985b:4). Domestically CBC regularly sweeps awards and the programs are also of international standards. In 1987 the Corporation received 78 international awards and has been acclaimed with the PRIX ITALIA; EMMY AWARDS and the OSCAR (Juneau speech 25 February 1988:23-24). In fact "Foreign broadcasters are amazed that Canada attempts so many program-hours, national, regional, and local, French and English, with a population of 25 million divided on the basis of language" (Peers, 1985:22).

While there is clearly an audience for Canadian programming,²³ a consistent argument against the national broadcaster is its disproportionate costs to the public. However, the total cost of all of the CBC/SRC's services for each Canadian is about \$33 per year, which is a little less than 10 cents a day (Juneau, Notes for an Address, 5 April 1989:5). Furthermore:

the Corporation is substantially more efficient than the other [British, Australian, French and Japanese] public broadcasters, as measured by hours of programming output per employee and per dollar expenditure. Their [McKinsey's] analysis showed at that time (1978), using hours of programming per year for each employee, that the CBC was twice as productive as the next most productive public broadcasters, in Australia and Sweden, and over three times that of the BBC. (McKinsey & Company Inc., in Peers, 1985:58)

Additionally, based on information gathered from Britain's 1977 Annan Report, if the CBC received an equivalent subsidy as the Danes the

²³The Report of the Task Force on Broadcasting Policy (1986) has shown that Canadians watch domestic programming in almost the exact proportion to which it is available.

Corporation would have received \$1.045 billion. The Swedish equivalent would be \$616 million and the German \$534. In 1977-78 the CBC actually received \$402 million and, "the CBC, unlike these other systems, must compete directly against American commercial networks whose programming budgets alone are each over \$850 million today" (NFB, 1980:18).

The statistics indicate that Canadians favour domestic programming; the CBC provides programming which the private sector is unwilling or unable to; Canadians are willing to pay for the national broadcaster; they watch it; the quality of the CBC rates with the best that is available internationally; the Corporation receives proportionately less than other similar systems; it functions efficiently; and costs the viewer less than commercial television. As Babe sums it up: "All data and statistics point to the CBC as the success story in Canadian broadcasting. Therefore, we should be contemplating means of strengthening and expanding the role of the CBC: in particular, additional channels and new sources of funding . . ." (Babe, 1985:25).

And, while Canadians want a healthy CBC there is also ample evidence to support the contention that the finances exist within the Canadian broadcasting system to adequately support the national broadcaster. Babe (1979); Hardin (1988); Audley (1983); the 1981 Tele-Canada and the 1986 TV Canada applications and even the DOC's recent Canadian Voices Canadian Choices: A New Broadcasting Policy For Canada indicates that, through cable tax or subscriptions, public funding is possible. A recent study commissioned for the Task Force further illustrates that funds exist:

If we assume . . . that of the nearly \$1 billion spent on television advertising in 1984, a small portion of it could be redirected to support Canadian programming, a substantial amount of funds is potentially available. . . . This proposal could potentially provide a good level of advertiser support to Canadian programming, although, this may be at the expense of existing non-Canadian shows. (Coopers & Lybrand, 1986:47)

This chapter illustrates the justification for government regulation within a capitalist democracy. It deals more specifically with the regulations regarding broadcasting in Canada. In this country, as in most, broadcasting has been deemed public property and the significance of this is illustrated. The existing Act maintains the principle of a dominant national broadcaster (the CBC) and the findings of the Commissions and Studies listed above provide an indication of the rationale behind the continued support. An analysis of the current debates surrounding the possibility of a new broadcasting act also indicate that there is support for the principle of a dominant CBC as well as a significant proportion of domestic programming. Furthermore, it is shown that it is the CBC which best fulfills the demand for indigenous programming. In summary, it is shown that there has been continued support for the CBC by successive governments and by the public. Despite that support the Corporation has been consistently under-funded and the next chapter illustrates the subsequent diminishing status of the CBC.

Chapter III

The Current Reality in Canadian Broadcasting

The previous chapter compared the nature of the private sector to the CBC and provided evidence of the support for the CBC, both from the public and the government. The chapter also showed that the law which still governs broadcasting legislates the CBC as the dominant element of the single system of broadcasting. This section evaluates the financial burdens placed on the CBC and examines the repercussions of under-funding. The all-news licence (Newsworld) is examined to determine how it is likely to affect the status of the CBC. The status of the Corporation is then compared to the private sector. It is crucial to understand the Corporation's current status because the goal of the study is to determine the effects of an Alternative Programming Service on the CBC in its contemporary context. Finally, there is an evaluation of the CRTC focussing specifically on its mandate to Canadianize the airwaves, and oversee the functioning of a single system of broadcasting. This evaluation of the CRTC is also crucial in that it is the body which will determine who receives the licence, and will dictate the regulations by which the Service must operate.

The Financial Status of the CBC

In attempting to evaluate the status of the CBC it is imperative to understand the financial condition it is currently in and juxtapose that with its historical budget limitations. The Canadian broadcasting system was built in 1931 with the CRBC as its cornerstone. The

Commission had as its mandate the protection of national sovereignty, and the extension of its service to all parts of the country. It also had powers to advise on licences and regulate the private sector, with funding to come largely from licence fees which were re-directed through Parliament. The previous chapter illustrates the historical support for the national broadcaster, yet from the outset it was never provided with the financial means to operate as Bennett and Aird had foreseen. The CRBC collected licence fees but it was dependent on Parliament for access to the funds. In its first fiscal year, 1933-34, the CRBC was provided with a budget of \$1 million, which was less than what was called for by both the Aird Report and the Canadian Radio League. Parliament continued to refuse to raise the licence fees to \$3.00 which was called for by most advisers, and it "did not even represent the full amount of revenue generated by receiver licence fees" (Ellis, 1979:12). As late as 1938 the CRBC still only received \$2.50 in fees. In 1953, however, the government abolished the receiver licence fee and replaced it with a 15 per cent excise tax on receivers and parts. "This was not only a decision of great timidity, it was extraordinarily short-sighted, given that in a few years' time the dramatic rise in the sale of TV sets would peak and cause an equally dramatic and irrevocable drop in revenues to the CBC" (Ellis, 1979:36).

Before that, in 1951 the Fowler Commission reaffirmed the need for CBC funding to include a five-year statutory grant which would allow the Corporation to make long-term plans. The recommendation was once again rejected, this time by the 1958 Broadcasting Act which stated that "The Minister shall annually lay before Parliament a capital budget and an

operating budget for the next ensuing financial year of the Corporation . . ." (Broadcasting Act, 1958: Section 35(1)). However, the following section of the Act calls for the Corporation to submit "a five-year capital program." This reliance on a yearly Parliamentary allocation is perhaps the greatest constraint on the CBC -- it is virtually unmanageable when coupled with the insistence that the Corporation submit a five-year plan.

The 1966 White Paper, which was to provide recommendations for a new (revised) broadcasting act, suggested that the CBC should strive for a 25 per cent share of the television advertising market. "This suggestion was not well met by the CBC: for one thing, it subordinated the CBC's income to that of the private sector; for another, it tied the CBC to commercial dependence" (Skinner, 1988:142). The subsequent 1968 Broadcasting Act formally acknowledge that while broadcasting operates as a single system the CBC has duties which are above and beyond those legislated for the private sector. And, although the 1963 Royal Commission on Government Organization reiterated that "Decision-making in the Corporation would be immeasurably strengthened if a definite pattern of financing were developed . . ." (Royal Commission on Government Organization, 1963:36) the 1968 Act still maintained that the CBC should rely on an annual Parliamentary allocation. In addition to this legislated inability to make long-term plans the Corporation continued to be straddled with a shortage of funds. In the 1974 CBC licence renewal decision the CRTC acknowledged "that the CBC has been seriously under-financed since 1968" (CRTC, 1974:6). The current Act explicitly states that the CBC should still maintain predominance in

broadcasting, but as recently as 1986 the Task Force on Broadcasting Policy found that:

Although the CBC has taken on some additional responsibilities, its government appropriation in 1985-86 was slightly lower in real terms than it was in 1977-78, and 12 percent lower than in 1978-79. On the other hand, CBC's earned revenues in constant dollars from advertising have increased between 1978 and 1986 by 25 percent and are projected by CBC to rise roughly in line with inflation this year. CBC's parliamentary appropriation was cut sharply twice in the past decade, by \$70 million in 1979-1980 and by \$85 million in 1985-1986 [and] . . . was cut further in 1986-1987. . . . (Task Force on Broadcasting Policy, 1986:676-677)

By the fall of 1984 the Government cut the CBC's budget by \$85 million and a subsequent slight increase was below that of the rate of inflation (Hardin, 1988:217). Furthermore, due to the recession each government department had been called upon to reduce expenses. As a result since 1985 the CBC was forced to eliminate 12.5 per cent of its staff; however, by comparison the federal government as a whole eliminated only 4.4 per cent of its staff (Juneau, Notes for an Address, 25 February 1988:26). Ironically, as recently as August 1988 the Government, in a Fact Sheet released through the DOC, re-affirmed its commitment to the public sector and pledged further financial assistance: "The CBC budget (\$1.219 billion in 1988-1989) will be permanently increased by \$35 million a year (in constant 1989-1990 dollars). The special increase will be above and beyond any annual increase for inflation (five per cent in 1988-1989), and it is in addition to the \$65 million recently approved for the new broadcasting centre in Toronto" (DOC, 1988a:2). Less than one year after this report was published the CBC's budget was reduced once again by \$140 million over the next four years. "The

budget hit the CBC in other ways as well. There is an increased tax on telecommunications (satellite time and telephone lines), higher general sales tax on all goods, higher employer share to unemployment insurance and a new tax on corporations" (Tadros, April-May 1989:24). In a recent speech regarding the further cuts Pierre Juneau said, "Our best estimates are, that taken altogether, these factors mean that we face a shortfall ranging from \$40 million next year and between \$80 and \$100 million in yearly purchasing power by 1993-94" (Juneau, Notes for an Address, 7 June 1989:8). Furthermore, due to ongoing budget cuts the CBC has been forced to expand advertising "to 28 from 18 per cent of its budget -- budget that has increased only 13 per cent during the past five years, far short of the 18 per cent inflation in costs" (Winsor, 24 June 1989:01). Ironically, since its inception a fundamental aspect of the Corporation's mandate has been to provide services which the private sector finds unprofitable to pursue. This implies that the national broadcaster is, by legislation, forced to operate at a loss and must in turn rely on funds from the public purse. Unfortunately, as Chin-Chaun Lee has noted in his study of international broadcasting "Canadian governments . . . have tended to finance public broadcasting not to make it flourish but just to keep it alive" (Lee, 1979:44).

The Repercussions of Uncertain Financing of the CBC.

Broadcast licences in the country have always been accepted and legislated to be "public property." Historically, the role of the private sector has been to expedite the growth of the CBC, and, since the licensing of the first commercial network, to actively Canadianize

the airwaves. What was once a legislated subordinate role for the private sector has shifted to the point where (as will be shown) it is now the dominant element of the broadcasting system. Although that relationship has fundamentally been altered the current Act still places responsibilities on the CBC far beyond those of the private sector. Successive governments have legislated the Corporation to perform in a manner that the private sector was unable to because of its reliance on advertising revenues/mass audiences (i.e., balanced programming for "people of different ages; interests and tastes covering the whole range of programming in fair proportion"; extend to all parts of the country; be in French and in English; serve the regions; contribute to "the flow and exchange of cultural and regional information"; and contribute to "the development of national unity"). However, the Broadcasting Act continues to state that "paramount consideration shall be given to the objectives of the national broadcasting service." This continued rhetorical support places the Corporation in an increasingly awkward situation juxtaposed with its consistent underfunding. On the one hand it is given a significant mandate and praised for fulfilling it, and on the other it faces the inherent problems of operating with decreased and insufficient finances. This section examines the effects on the Corporation given its continually diminishing resource base.²⁴ The earliest regulations regarding CBC television show that the network has

²⁴The previous section showed that the Corporation has been underfunded since the early days of radio, whereas this section focusses only on the effects this has had on television. The under-funding of radio is significant to the debate in order to determine government policy towards the Corporation. However, for the purpose of this study, its repercussions are significant only for TV.

been placed in a position in which it has to struggle to be the dominant player. In fact, "The 1958 Act's very existence suggested that the CBC was in competition with private broadcasters . . ." (Fortner, 1985:30). The lack of sufficient financing has also placed the Corporation in a situation in which it must target mass audiences in order to attract advertising. As Babe points out, "On the one hand, the CBC itself is dependent, in part, upon advertising revenues. . . . On the other hand, however, it is required to provide minority programming of a distinctly Canadian nature. Dependence on advertising revenues is inconsistent with minority programming of this type" (Babe 1979:116). A more recent study concurred with Babe and added that:

Clearly, the continued reliance upon commercial techniques to resolve programming and extension of service problems spawned primarily by inadequate government financial support, has inevitably led the Corporation into a scheme whereby it is now unable to actively contribute to "the flow and exchange of cultural and regional information and entertainment," as is required of it by the Broadcasting Act. (Anderson in Lata, 1984:87-88)

A recent study elaborates showing that because of its financial constraints and its reliance on advertising the programming aired by the CBC "closely resembles that of the private broadcasters" (Hoskins & McFayden, 1986a:13).

Due to severe budget cuts the Corporation has been forced to adapt its programming policy in two fundamental areas. The first was a reduction in funds for regional services and the second resulted in the CBC reducing its budget earmarked to Canadianize its prime time schedule. As the Task Force noted, due to decreased budgets the Corporation's programming has already begun to suffer . . ." (Task Force

on Broadcasting Policy, 1986:676-677). An independent policy analyst added that:

one of the consequences of the CBC's mixed revenue base has been to muddy the waters regarding its distinctiveness from commercial broadcasters. Government cuts to the CBC's budget, which shrank 12 per cent in real terms between 1978-79 and 1985-86, would seem likely to result in increased pressure to raise money from advertising. (Brooks, 1988:318)

The Task Force concluded that "CBC television consequently remained a curious hybrid, obligated to offer programming both for advertisers and for demanding fans of public broadcasting, by no means identical constituents" (Task Force on Broadcasting Policy, 1986:37). In a study commissioned for the Task Force Liora Salter noted that rather than being a dominant force in Canadian broadcasting the CBC has increasingly become an instrument which has been used only to "fill in the gaps" in programming more properly provided by the private sector" (Salter, p.17). This continued decrease in funding for the CBC has forced the Corporation to find new sources of funding. One alternative has been for the CBC to rely increasingly on selling commercial time, and as a result being forced to attract a broader, more mainstream audience. Another study commissioned for the Task Force examined possible options to attract increased audiences (and in turn the advertising revenue). The study suggests that "A policy alternative might be to encourage the Canadian production of a limited number of exportable shows" (Coopers & Lybrand, 1986:51). The Corporation is now considering this latter option. In a recent speech Juneau expressed that, "eventually, we also hope, the "Northstar" service, beaming the best of Canadian programming to American viewers, via satellite to U.S. cable systems -- to help

reverse the cultural flow" (Juneau, Notes for an Address, 7 June 1989:14). While "Northstar" may open up new markets and financial gains for Canadian broadcasters, and "reverse the cultural flow" the significant point is that this quest to attract a mainstream, foreign audience is diametrically opposed to the CBC's historic mandate.

While obligated to pursue projects which have little to do with its mandate, the CBC, because of insufficient funding, is also being compelled to abandon obligations which have served as its *raison d'être*. For example, in a recent interview Pierre Juneau suggested "that the corporation's goal of achieving 95% Canadian content in prime time over the next five years, "has gone out the window'" (Tadros, April-May 1989:24). In a speech following that announcement Juneau added a list of other services which only the Corporation provides yet may be forced to abandon:

Among them the CBC Board will have to decide: Should they close down? Should they eliminate supper-hour programs on regional and metropolitan stations? Should they reduce Canadian content on the television networks? Should they abolish Radio Canada International? Should they reduce the more costly cultural programs or eliminate amateur sports from their schedule? Should they eliminate local programs on radio stations in the afternoon? Should they sell advertising in *The National* and *The Journal* [sic], in *Le Telejournal*? Should they commercialize the radio networks? I repeat that no single measure among these would be sufficient to cover such shortfalls. A combination of measures will be needed. (Juneau, Notes for an Address, 7 June 1989:10)

In another speech, this one to the Members of Parliament Mr. Juneau repeated that after the impact of the budget takes place the CBC will be "unrecognizable" (Winsor, 1989).

All of the manoeuvring required by the CBC is explicitly related to its steady decrease in parliamentary allocations. While the Government was attempting to enact Bill C-136 into law the DOC published a major policy paper which attempts to interpret the "new broadcasting policy for Canada." A passage from the document serves to illustrate the failure of the public sector as the dominant force in Canadian broadcasting; its increased reliance on commercial revenue and its subsequent obligation to attract a mainstream audience (also inconsistent with its mandate). Furthermore, the passage indicates the Government's apparent acceptance of the subordinated role of the national broadcaster. The passage reads:

In view of the dominance of popular U.S. productions, the CBC's primary concern is to attract large audiences for Canadian programming. To capture an audience share consistent with the size of its parliamentary appropriation and to be able to generate sufficient commercial revenues, the CBC needs to reach large audiences, particularly in the evening prime time. Therefore its programs, especially drama, have to be appealing and competitive. These factors imply change in the way the CBC addresses its mandate.
(DOC, 1988b:23)

This paragraph exemplifies the contradictions which have become an intrinsic aspect of broadcasting policy. The first part of the sentence acknowledges with a tone of resignation that there is a "dominance" of popular U.S. productions. This thesis has shown that policy in this country was formed from the outset specifically to counteract exactly what the DOC now accepts as the norm. The second part of the sentence formally reverses the initial mandate of the CBC, which was to serve the regions etc. . . ., by definition not "large audiences." Although this and other studies show that Canadians have shown an interest in

supporting the CBC the following sentence speaks of the necessity to capture a large audience share "consistent with the size of its parliamentary appropriation" (more specifically, under-funding). The paragraph then goes on to say that the CBC "needs to reach large audiences" in order to "be able to generate sufficient commercial revenues" and as a result the programs should be "competitive" -- even though this final description was exactly what the CBC was created not to have to do. The Corporation was established partially to provide services to minority audiences which private broadcasters found unprofitable. In fact, each of the positions outlined within this DOC document are diametrically opposed to the mandate of the national broadcaster as formed by successive Canadian governments. And finally, the paragraph speaks of "these factors" which imply change -- the factor which the paragraph explicitly avoids is consistent under-funding. The text leaves the distinct message that the Government does not intend to attempt to salvage the Corporation, rather, the admission is that the CBC must react to this new "mandate."

A further irony lies in a succeeding section of the same document. The Government states the following as the reason for a sudden need for alternative programming: "Since the CBC broadcasts primarily to mass audiences, it is hard-pressed to find room in its schedules for programming directed to smaller audiences" (DOC, 1988b:33). As this study has shown it is the consistent lack of funds which has forced the CBC to broadcast primarily to "mass audiences" which in turn is what makes it "hard-pressed" to "find room" for programming directed to audiences which it is legislated to serve. In this one document this

Government acknowledges that because it has underfunded the CBC the Corporation has been unable to fulfill its mandate -- and because it is unable to fulfill that mandate the Government intends to fund another service to do so.

The Licensing of the CBC All-News Service (Newsworld).

Despite the consistent under-funding of the Corporation it would appear that the granting of the all-news licence would enhance the status of the CBC somewhat. A brief examination of the events leading up to the granting of the licence to CBC serves to dispel that notion.

On 7 July 1982 the CRTC indicated its intention to consider "the appropriate allocation of various types of cable services among available channels and the related matter of service tiering" (CRTC, 1982:1). In a Public Notice following that announcement the CRTC stated that "it believes that the objectives of the Broadcasting Act will be best achieved by licensing those who maximize the Canadian element in their programming schedules" (CRTC, 1984-83).

At the time Allarcom, the owner of CITV in Edmonton; and CBC Television commenced work on competing applications to operate an all-news television station to be offered on cable across the country. In the interim the Conservative Minister of Communication, Marcel Masse, commissioned a Task Force on Broadcasting Policy. The Report included a chapter which called for the establishment of an all-news television network. The Task Force recommended that the:

CBC should seek from the CRTC a licence to operate an all-news and information channel, to be delivered by satellite to basic cable subscribers, and financed by both advertising revenue and a small pass-through fee to subscribers. This service should be operated by the CBC as a self-sustaining enterprise. (Task Force on Broadcasting Policy, 1986:304)

The Conservative government subsequently established the Standing Committee on Communications and Culture which held public hearings across the country to determine the reaction to the Report. After crisscrossing the country soliciting responses the Committee made recommendations regarding a new broadcasting act for Canada, and, among other things, suggested ways to redefine the role of the Government in broadcasting. For the purposes of this section its most significant recommendation was that "Directions [from the Governor-in-Council] should not have a retroactive effect and should not be issued in respect of a particular licence" (Standing Committee, 1987a:47). This recommendation was meant to ensure that the CRTC continues to maintain the entrenched principle of arm's-length from government. With the advice accumulated for the Task Force; public hearings across the country; and the Committee's recommendations the Government announced on 30 November 1987 that CBC received the licence to operate the all-news station.

On 21 December the owner of Allarcom, Dr. Allard, launched an appeal of the all-news decision to the Conservative Cabinet. In the appeal Allarcom's arguments included:

- The CBC has exceeded its mandate and should have sought government approval before applying;

- The CBC's "virtual stranglehold on television news and information" should not be increased;
- The CRTC showed an unjustified preference for the public sector, despite the successful example of the Cable News Network;²⁵
- One government agency shouldn't have granted another monopoly on a TV news service;
- The CBC is supposed to provide a balanced programming mix and this would upset the balance (McElgunn, 1988:1-2).

On 29 December MP Jim Edwards (PC - Edmonton South)²⁶ resigned as Chair from the aforementioned Standing Committee on Communications and Culture to lead the appeal campaign in favour of Allarcom. About one month later, on 27 January 1988, the Minister of Communications announced her position on the Allarcom Appeal; "the government could not deliberate on petitions against the CBC's newly awarded all-news licence until "after the effective date of issuance of a licence on September 1, 1988'" (Davis, 1988:24). Eventually, the Minister sent the licence back to the CBC asking for revisions. With this decision the Minister effectively put a halt to the licence which the CRTC awarded to the CBC. She also went against the principle of the "arm's-length policy" of both

²⁵Because this is the only point which reflects the actual reason for the appeal presented by the Government it is the only the one dealt with in this study.

²⁶Jim Edwards was the Chair of the Committee which recommended to his own Government that the Governor-in-Council should not hold the power to make retroactive decisions, nor should it have the power to interfere in respect of a particular licence.

the current Broadcasting Act, and the Standing Committee's recommendations regarding the Government's role in an appeal process.

However, in her letter to the President of the CBC, Pierre Juneau, the Minister stressed only one of the arguments presented in the Allarcom appeal. In the letter she focused on only two issues:

La mesure dans laquelle la licence projetée risque d'occasionner une concentration excessive dans le domaine des émissions d'actualités. On pourrait répondre à cette préoccupation au moyen d'un service de rechange faisant appel à la fois au secteur privé et au secteur public du système canadien de radiffusion

and,

L'opportunité de s'engager dans une importante expansion des services d'émissions d'information dans l'une des deux langues officielles sans répondre en même temps aux besoins de l'autre groupe linguistique.
(MacDonald, 1988:1-2)

In response to the appeal the CBC vice president of English television, Denis Harvey, stated, "We will be listening to proposals from about 15 interested parties in the near future . . ." and "We were always committed to providing a French all-news service, but on our own timetable. It will be much tougher to make a go of it now because there are fewer Francophone cable subscribers. We wanted to wait until the English side started making money, in about three years, before starting a French service" (Davis, 1988:25).

The Government finally announced its decision regarding all-news before the 31 October deadline and reinstated the licence to the CBC on the conditions that it address the concerns expressed by MacDonald. As a result the CBC has agreed to purchase 20 per cent of its shows from the private sector with this figure increasing to 25 per cent in the

second year of operation. Additionally, 70 per cent of the programming will originate in Calgary, Halifax and Winnipeg. The CBC is also pursuing plans to implement a complimentary French service.²⁷

Additionally, as this section illustrates, the status of the CBC is further called into question. For example, stations such as Much Music and TSN, which air largely foreign content, are on basic service yet cable operators are not required to distribute Newsworld. In fact, the CRTC in its renewal of the Newsworld licence called for a start-up date of 15 February 1989, "But then Canadian cable companies . . . rebelled. They said that they had already raised subscribers' monthly rates by \$1 to \$2 in September, 1988, and that they were unwilling to impose another hike so soon" (Allen, 1989:41). It is further estimated that these delays cost Newsworld approximately \$2.5 million. Close to \$1 million of that was lost because it was unable to take advantage of satellite discounts and staff was hired earlier than necessary but still had to be paid (Cuff, 29 July 1989:C1). As a result the public CBC network is in a position in which it is forced to lose money simply to ensure that cable operators don't. Although the CBC is legislated as the dominant Canadian broadcaster this scenario leaves the make-up of the Canadian broadcasting system up to private, individual cable operators. Furthermore, this fundamental service will, in effect, only be available to Canadians who have access to cable; can afford cable;

²⁷As it stands now the CBC intends to charge approximately five cents extra per subscriber which will go towards the eventual financing of this French service. However, a number of cable operators (in Montreal both CF Cable and Videotron) are refusing to accept these terms.

and subscribe to a service which chooses to carry Newsworld and charge for it. In a recent interview both Videotron and CF Cable, the two companies which form an oligopoly of cable in Montreal, announced that as it stands they are refusing to carry Newsworld on the basis that the 42 cents a month it will cost would be unreasonably high (CBC Radio, 6 July 1989). However, CF Cable in Montreal charges \$18.09 a month for the First Choice network, \$10.83 for TSN, and \$16.83 for Telelatino. While the CNN service is optional, and distributors cannot offer the U.S. all-news station alone, it is offered in a package with TSN for 13.25. If one subtracts the entire \$10.83 for the TSN portion of that package the consumer is still paying over two dollars for a foreign all-news station while the local cable company is refusing to carry a domestic news service for less than one quarter that price claiming that it is too high. (This is not to suggest that CNN has the same status as Newsworld, but rather that subscribers are willing to pay for an all-news service).²⁸ In addition to forcing Newsworld to rely on commercials and subscription fees the CRTC went even further:

It ordered the CBC to -- for all intents and purposes -- run this new licence as a private broadcaster would. There is to be no resort to any money supplied by Parliament. And there is to be, by CRTC decree, a rigid, almost inflexible, arm's length relationship between the all-news channel and the CBC proper [and], has fixed a ceiling on potential revenues or fiscal options in a way that could seriously hamper the new venture. (Waters, 1988:5&6)

²⁸In a recent phone enquiry the author found that the CF Cable customer service department is informing potential subscribers that CF Cable is not carrying Newsworld because the CRTC is not allowing it to.

Due to this financing scheme imposed by the CRTC perhaps the most significant blow to Newsworld is its reliance on commercial revenues. Numerous studies (Audley; Task Force on Broadcasting Policy; Tele-Canada; TV Canada) have shown that money exists in the cable system through basic cable to negate the need for advertisements, and, in fact, many pay TV channels are forbidden to air commercials. Furthermore, because of the nature of on-going editorial decisions, and aware of the sensitive nature of news dissemination, for a number of years legislation existed in broadcasting which ensured that there were to be no commercials within a newscast. It was only in 1970 that the CRTC, under pressure from the private sector (which is now enforced to be a part of Newsworld), granted "Permission to include advertisements in television news programs . . ." (CRTC, 12 February, 1970).

In addition to the reasons provided for in the Government's appeal there is reason to believe that the Conservatives had ulterior motives for delaying the licence. Initially, Newsworld was to be on the air on September 1, 1988. However, the Government called an election for that Fall, and Prime Minister Mulroney was at one point reported to have opposed the CRTC's decision because, as he put it, "Instead of hammering us two hours a day [the CBC] will be hammering us 24 hours a day" (Mulroney in Allen, 1989:41). The insinuation was that Mulroney did not want 24 hours of "hammering" in the midst of an election campaign. The Government's decision proved to be politically astute because by the time the licence was re-issued the elections were over. Adding credibility to this scenario is the fact that in the original licence hearings the CBC stated that it had approached the private sector to

take part in the venture and was refused, and the CBC also wrote in its Promise of Performance that it intended to establish an equivalent French network as soon as financing became available. These two points were exactly what the Government's appeal was based on.

In summary, numerous studies have indicated that the CBC is best equipped to operate an all-news channel and the CRTC finally granted the Corporation the licence. Despite that, it would appear that the Government did everything in its power to ensure that the CBC not be allowed to keep the licence and ultimately imposed a costly delay on the process. Furthermore, due to the nature of the licence the CBC is actually reliant on the private sector to carry its signal. This has created the absurd situation in which individual cable operators have veto over the daily operation of the Crown broadcaster. The Conditions of Licence imposed on the CBC also force it to rely on commercial revenues and impose an inflexible working relationship with the rest of the Corporation. Finally, as is outlined in greater depth below the most significant damage created by the licensing of Newsworld may be to the Corporation as a whole. A major reason for the very existence of the CBC has been its mandate to "inform and enlighten" the public. This mandate has now been turned over to Newsworld which is not entirely a public institution in that it has been impelled to operate in association with the private sector (and distributed at the whim of the private sector). Nevertheless, critics may now argue that with the licensing of Newsworld there is less of a real need for the CBC proper.

So while on the surface it would appear that the granting of All-News to CBC has heightened the status of the Corporation, an informed

analysis of the circumstances leading up to the licensing suggests that the CBC received the licence not because the status of the Corporation was recognized by the Government as being dominant but, rather, in spite of Government intention.

Status of the Private Sector of Canadian Broadcasting

It is important to note that while the status of the CBC has been diminishing the private sector, as illustrated below, has become far more lucrative and dominant. Initially, the CBC was to be the only national broadcaster in the country, with privates being licensed largely to expedite that reality. The licensing of a private network and the subsequent addition of numerous U.S. stations on cable, therefore, served to fragment the original audience share of the CBC, and, as a result its status (CRTC 1979:105). To further exacerbate the problem, U.S. programs are sold to Canadian broadcasters at a tiny fraction of what it would cost to produce them domestically. This aspect of the system has made it inevitable for the private sector to import this less expensive programming. On the one hand the CBC had as its mandate to provide services which the private sector found unprofitable to pursue, in other words, it had a mandate not to pursue profits. And on the other hand with the private sector ultimately becoming dominant this would suggest that the CRTC regulated the private sector in such a way as to ensure that it be allowed to accumulate profits.²⁹ This juxtaposition of regulated mandates should serve to

²⁹The rationale being that with the profits accrued from importing U.S. programming the private sector could produce the more expensive domestic programming. Furthermore, as Hardin (1988) exhaustively

explain the relative financial status of each sector as laid out below.

By 1967, only six years after the licensing of the first private television network, the total broadcasting revenues in 1967 for CBC were \$150 million and \$206 million for the private sector. However, by 1977 CBC's total revenue went up to \$468 million compared to the private sector which went to \$831 million (CRTC 1979:83). In its "Special Report on Broadcasting in Canada 1968-1978" the CRTC also made further financial comparisons between the two sectors. The Commission found that:

In 1967, the [CBC's] revenues earned amounted to about 21 per cent of total requirements; the proportion fell to 17 per cent in 1972, and again to only 15 per cent in 1977 . . . [on the other hand the private sector] appears to be in a very healthy position indeed. Total revenues increased from \$95.2 to \$331.7 million in 1977, or by 249 per cent, and operating profits from \$15.9 to \$81.4 million, or by 413 per cent. (CRTC, 1979:85)

In his study of broadcasting published four years after the CRTC report Audley confirmed the financial dominance of the private sector of broadcasting:

the revenues of private-sector television and cable have been increasing much more rapidly than those of the CBC. In the case of private television, revenues increased by 491 per cent between 1967 and 1980, from \$95.2 million to \$562 million. By comparison, the CBC's revenues increased by 331 per cent and those of the cable industry by 1,492 per cent. (Audley, 1983:298-99)

Much of this financial advantage enjoyed by the private sector can be attributed to the relatively low cost of buying foreign productions at

illustrates whenever a private licensee was in danger of losing profits the CRTC would lessen its regulatory "burden."

the expense of domestic productions. But there are also at least three other legislated factors which have contributed to the growth and profitability of the private sector: 1) capital cost allowance, 2) simultaneous cable substitutions, and, 3) Bill C-58.³⁰

The low cost of foreign programming and the incentives listed above serve to facilitate the accumulative process for the private sector, making it one of the most profitable enterprises in the country. Herschel Hardin noted, that "In 1984, the approximate pre-tax rate of return of private television in Canada was an astounding 97 percent" (Hardin, 1989:223).³¹ It is also interesting to compare the rate of return of private broadcasters to that of Bell Canada, each of which are regulated by the CRTC. The rate of return judged to be "just and reasonable" for Bell in the period between 1974-78 averaged at 13 per cent. Using the same method of interpretation the rate of return in 1975 for private broadcasters was 34 per cent (Babe, 1979:70). Unlike Bell, however, "In the case of broadcasting, the companies themselves attempt to maximize revenues through their rate-setting practices while the CRTC merely attempts to induce a certain level of Canadian content, which serves to inflate their expenses" (Babe, 1979:70).

The public sector is legislated to be the dominant presence on Canadian screens yet clearly it is the private sector which dominates

³⁰In 1984 Bill C-58 had the effect of increasing the net revenues of Canadian television stations and networks by \$35.8 million to \$41.8 million, and simulcast regulations increased them by about \$33 million (Task Force on Broadcasting Policy, 1986:460).

³¹The rate base used was net fixed assets plus working capital less deferred income taxes.

the industry. Beyond its financial success in a regulated industry an evaluation (Babe; Hardin; Skinner) of broadcasting regulations (both the BBG and the CRTC) indicate that the Regulators have existed not so much to implement Section 3 of the Broadcasting Act but to ensure the financial well-being of the private sector. From the outset:

The Commission worked toward developing Canada's broadcasting "resource" at several levels. First, it acted as a vehicle for the investment of capital and the development of the resource. It put more money into the system than it removed, thus accelerating development. Second, intervention was focused to invest money in the development aspects of the resource that private industry was loathe to. In the two areas that comprised the CRBC's greatest expenditures -- program production and network construction -- the financial incentives pointed private stations toward the importation of material and affiliation with existing US networks. The CRBC moved to fill the void left by this logic of commercialism. Third, the CRBC provided income and programming to marginally profitable stations in tough economic times, thereby directly subsidizing their operation. (Skinner, 1988:81)

In other words, in addition to directly assisting in the accumulative process of the private sector the regulators have also served to subsidize the growth of private broadcasters. For example, Weir shows that microwave services which cost the CBC \$5,250,000 was supplied to the private sector free of charge (Weir, 1965:331). The CBC network also provided programming almost free of charge to the private sector during the introductory period of television (Walters, 1988:96). In fact, "During the first three months of the life of most private television stations, up to 85 per cent of their programs were supplied by the CBC without cost to them" (Weir, 1965:331). As Babe further illustrates the BBG also helped protect the financial interests of the

private sector which argued that without this assistance they would be unable to meet Canadian content requirements (Babe, 1979:23). He adds:

The BBG refused to grant increases in power to private stations in a number of cases on the grounds that this would allow the station to enter new markets and cause economic injury to another private station. Unlike the CBC, however, the BBG never restricted power in order to protect the national CBC service from the competition of the private stations. (Babe, 1979:23)

Furthermore, the CBC pays its private affiliates for their coverage of the national network service, which Liora Salter points out, "is tantamount to providing a subsidy for private broadcasting" (Salter, p. 18). The Federal Cultural Policy Review Committee stresses that:

As a result, we have the ironic situation in which the CBC not only gives financial assistance (much of it being taxpayers' money) to private affiliates to carry a portion of its programs, but also itself carries shows imported from the United States to ensure this limited distribution of its own programming."
(Federal Cultural Policy Review Committee, 1982:290)

Because the CBC buys these shows in a competitive bidding situation with private broadcasters the Corporation actually drives the price of the U.S. shows up for Canadians. Ironically, this results in the national broadcaster, using tax-payer's dollars, investing in the private American production industry. The power of the CBC was subordinated in comparison to the private sector in other ways as well. For example,

as the private sector grew stronger, network rules were relaxed: initially, allowing auxiliary hook-ups and later, by permitting the second national network. Primarily then, it would appear that network practices worked to encourage the growth of private capital. Further, as private capital gained in strength, it exerted pressure on the CBC to make room for private capital accumulation, and thus both looser network arrangements and greater distribution of the benefits of network broadcasting were instituted. (Skinner, 1988:104)

The argument put forth by the private sector is that it can best serve the Canadian broadcasting industry, not by producing indigenous programming, but by being provided with the opportunity and incentives to accumulate as much profit as possible from the cheaper U.S. shows and inject those profits into the Canadian system. The private sector has indeed been assisted by successive legislation to accumulate a great deal of profit from the U.S. shows -- of the \$1 billion dollars private broadcasters received for advertising time in 1984 about 70 per cent was during foreign (mostly U.S.) shows (Task Force on Broadcasting Policy, 1986:462). However, the English sector spent only "10 per cent of [its] total program budgets on domestically produced entertainment programs" (Brooks, 1989:309).

This trend continues as the decisions presented by the CRTC still seem to favour the accumulative function of the private sector. For example, "In electing to go ahead with specialty service licensing hearings despite the uncertain policy environment, the CRTC put the monetary interests of programmers and cable operators ahead of the rights of Canadians to a full public process" (Hargadon, 1989:17-18). Although the initial premise of Pay TV was for it to be non-commercial, a number of stations have now been allowed to sell air time.

Furthermore:

the Commission in the Call for Applications has elected to ignore or reverse all three of the key requirements set out in its 1978 Report on Pay-TV (i.e., "that Pay-TV be established on a monopoly basis and operated by a single national agency; that a minimum 50% of programming be Canadian; and that a minimum 35% of gross revenues be returned to the Canadian programming industry." (Tele-Canada, 1981:2))

As mentioned above the CBC has also proposed the idea of initiating a "superstation" to deliver programs from the CBC, commercial broadcasters and independent producers. Among other things if enacted this network will act as a further subsidy to the private sector by providing an additional window for their programming.

As a recent study found "A good case can be made that regulation in Canada has largely been to the benefit of private broadcasters. In return for undemanding levels of Canadian content, which in any case have not always been met, the CRTC has protected broadcasters from competition" (McFayden and Hoskins 1980:355). But none of this should come as a surprise since in 1982, as the new Chair of the CRTC André Bureau listed his first priority thus; "We must encourage -- not hinder -- the entrepreneurial spirit in the Canadian communications field" (Bureau in CRTC, 1982-1983:viii). This sentiment is reflected by the current Minister, Marcel Masse, who said at a recent CAB Convention that "he and the Government are convinced that one of the ways to encourage the creativity needed to achieve a strong dynamic Canadian broadcasting industry is to unleash the entrepreneurial spirit of the private sector" (Brinton, 1985:47). In fact, as long ago as 1958 Lester Pearson appears to have foretold such a sentiment. Pearson, then leader of the Opposition "argued that "what was once . . . a privilege for private broadcasters had gradually become a vested interest and eventually has been invoked as a right'" (Standing Committee, 1987c:9). Statistics also bear out the fact that, in direct contradiction to broadcasting policy, the revenues and number of outlets now greatly exceed those of the national broadcaster (Peers, 1985:46). The first private station

opened in 1953, however, by 1958 there were eight CBC stations and 36 private stations (Ellis, 1979:35). The dominance of the private sector relative to the CBC has been equally staggering from the 70s to the 80s. In 1970 there were 18 CBC owned and operated stations (O&O) and that number grew to 28 by 1987. The private sector, on the other hand, had an impressive rate of growth from 15 stations in 1970 to 71 by 1987. In addition to that Pay TV and Specialty Services provided an extra 18 stations in 1987 (these services were not yet licensed in 1979). Not including the affiliated stations in the period from 1970-1987 the national broadcaster grew with an increase of 10 stations as compared to the private sector which increased its dominance with the addition of 84 new stations (Statistics compiled from: Babe, 1979:51 & 105; CRTC Annual Report, 1987-1988:65). As the Task Force on Broadcasting Policy has observed, through the 1960s and 1970s the dominant position of the CBC was taken over by the private sector (Task Force on Broadcasting Policy, 1986:694). The Federal Cultural Policy Review Committee noted that, again in direct contradiction to the supposedly predominant position legislated by broadcasting policy, "Private broadcasters in Canada have been well served by the protection offered them by public regulation" (Report of the Federal Cultural Policy Review Committee, 1982:74). Nor does it appear that the status of the national broadcaster will gain any sort of precedence based on the policy direction of this Government.

There is, however, further evidence which suggests that the CBC, still legally the "predominate" actor in the system, is being allocated to a subordinate position. A recent major policy document out of the

DOC outlining the broadcasting environment envisaged with the passing of Bill C-136 made this seemingly innocuous statement:

The CBC's responsibility for over-the-air transmission facilities may also diminish over time. Today, 70 percent of Canadian homes are hooked up to television by cable. Another quarter of a million have satellite receiving dishes, and this number is growing. It is possible to envisage, in future, that the CBC could rely (my emphasis) more on these methods and less on conventional transmission to get its signals to Canadians. (DOC, 1988b:23)

This position has shifted full circle from the initial position of the private sector being licensed almost exclusively to build the CBC's public network to what we have now where the Corporation will be "relying" on the co-operation of the privately owned cable companies.³² So in addition to the Government acting largely to encourage the accumulative capacity of the private sector, in an industry which is technologically determinant³³ the CBC is forced, technologically as well as financially to rely on the private sector. This indicates that the dominant position legislated for the Corporation is in practice drastically diminished.

³²The history of cable companies has shown that although there is a "Canadian first" policy they have consistently used their channels to distribute commercial (often foreign) programming. They correctly argue that there is no profit in distributing the CBC's programming. Ironically, this is because, as part of its mandate, the CBC targets relatively small audiences.

³³This is not meant to suggest that it is a "natural" dependency, only that the industry itself relies on the technological determinist argument to continue its never-ending expansionism (see Babe, 1988:58-79).

The Regulation of the Canadian Broadcasting System:

An Evaluation

The previous section juxtaposes the current status of the CBC and the private sector. It asserts that the status of the CBC has significantly diminished in comparison to the private sector. Given that the current reality is exactly opposite of the objectives of every broadcasting act (the "paramount consideration" of the national broadcaster) this final section of the chapter evaluates the Canadian broadcasting system as a whole. Although each of the governing bodies which have regulated the Canadian broadcasting system have had different approaches, the basic assumptions and objectives were the same. The first priority has always been, and continues to be, that the airwaves are public property and as such any body licensed to use radio frequencies does so as a privilege, with the interest of the public being paramount. Until the appointment of the BBG the objective of the broadcasting system was to ensure that there exist a dominant national public broadcaster. With the passing of the 1958 Broadcasting Act the BBG was created as a single regulatory agency whose task it was to ensure that the objectives of the new Act be met. Rather than limit the licensing of the private sector the BBG chose to fulfill the objectives by assisting in the burgeoning of private licensees, with the understanding that said licensees contribute to the goals of Canadian broadcasting by airing a given percentage of domestically produced programming -- Canadian content. Additionally, since the 1958 Act, the major element of the system remains the notion that "paramount consideration" be given to the national broadcaster. This section

provides an evaluation of the regulatory agencies in dealing with those two basic mandates: a) the dominance of the public sector, and b) the Canadianization of the airwaves.

Regulation of the Private Sector.

Before the passage of the 1958 Act Lester Pearson had misgivings about a single regulator:

This new BBG, because the CBC program standard will likely be above the minimum prescribed, will tend to become a regulatory body for private stations only, influenced increasingly by the financial situation of these private stations. More and more, then, this board may be concerned with private stations rather than the control and regulation of a national system. (Pearson in Crean, 1976:41)

As this study and the statistics above suggest "throughout the remainder of its life, the main function of the BBG was seeing to the economic well-being of the private broadcasters" (Babe 1979:23). By 1970 the Special Senate Committee on the Mass Media provided evidence that some sections of private broadcasting were "immensely profitable." The Report added that, "One reason it is so profitable is that broadcasters have been protected by successive regulatory agencies against competition" (Special Senate Committee on the Mass Media, 1970). In fact, the subsequent Federal Cultural Policy Review Committee added that another reason that broadcasting is so profitable is precisely because the CRTC treats the licensing process as the allocation of private property rights. That is, by restricting the number of available licences; by not considering the community at large when issuing a licence or at least issuing it to the highest bidder; and, by reducing

the conditions of licence (i.e., Canadian content requirements) "the CRTC can raise the value of a licence" (Federal Cultural Policy Review Committee, 1982:285-286).³⁴ Furthermore, inherent within the CRTC's mandate is to ensure diverse programming in each community. While this is meant to serve the public it also provides a virtual monopoly situation for the Licensee because the CRTC will not award a licence to an Applicant which will encroach on an existing licensee's "market" or offer the same "product." This, therefore, becomes an inherent contradiction between the policy and the practice of the CRTC. In fact, by ignoring the option to strengthen the national broadcaster the Report (Federal Cultural Policy Review Committee) recommended that the private sector be encouraged to maximize profits which they would then, presumably, return finances to the system. But, as David Mitchell points out, the Report did little more than reflect "a new "consensus" to privatize public cultural endeavours and redirect public resources to support private sector cultural industries development" (Mitchell, 1988:169). By the early 70s it was clear that "the attentions of the Commission supervising the "single system" established by the 1968 Act [were] focused overwhelmingly on the private side" (Peers, 1985:10). The findings of studies as recent as the Task Force on Broadcasting Policy all illustrate the heightened status of the private sector. This coupled with the previous section which provides statistical evidence of the dominance of the private sector suggest that the objectives for the CBC to be the dominant element of the system have not been met.

³⁴See also, Hardin (1985).

Regulation of Canadian Content Quotas.

There is an annual licence fee which is a percentage of revenues to operate a broadcasting licence in Canada. Additionally, the payments for using public property are attached as an enforceable Condition of Licence which, among other things, stipulates that a Licensee must air a pre-determined amount of Canadian programming. This allows the private sector a considerable amount of autonomy to operate its business as it deems to be the most profitable. There are no restrictions regarding the quality or source of the remainder of the programming, nor is there a specific requirement enforcing the airing of programs at specific times (although the legislation stipulates a time frame it has been so watered down that it has become extremely flexible). These conditions are deliberately flexible so as to ensure that a private licensee remains financially viable (see Hardin, 1988) and thus able to contribute to the system as a whole, either financially or through the production of Canadian programming. We have seen above that the private sector of broadcasting is lucrative. This section attempts to determine if the profits collected by the private sector are, in fact being used to produce Canadian programming.

As Babe has found the Canadian content regulations have dual principles: state imposed Canadian content quotas, and, more importantly, the protection of the licensees' markets in order to help finance such Canadian content (Babe, 1976:6). As a recent study indicates, however, "even where protective measures have been successful in boosting broadcasters' profits, there is no evidence that these additional profits lead to incremental expenditures on Canadian

programming. This is not surprising as such measures do not affect the economic incentives that favour exhibiting U.S. programming" (Hoskins & McFayden, 1986:10). Instead the incentives have the counter-effect of ensuring that a broadcaster never programs more than the minimum required. For example, in the peak viewing time between 20:00 and 22:30 the percentage of Canadian content on CTV went from 22.8 in 1967 down to 5.7 by 1978 (Audley, 1983:260). The Task Force also found that in 1984 about one per cent of prime time programming was Canadian drama, while about 50 per cent was foreign, mostly, U.S. (Task Force on Broadcasting Policy, 1986:38). Numerous authors (Babe; Hardin; Crean; Audley; Peers) and every commission and study of the industry has also shown that the private sector rarely meets its quotas. The Task Force on Broadcasting Policy provides the most recent figures which also indicate that the private sector has failed to achieve the quotas set for it (Task Force on Broadcasting Policy, 1986:415-472). In fact, the CRTC has had to go all the way to the Supreme Court over a requirement of CTV to produce an average of 30 minutes a week of Canadian drama (the Court upheld the CRTC's right to set such Conditions of Licence). By consistently lowering the levels required of broadcasters, and by having to provide incentives even the CRTC acknowledges that the basic requirements are not being met.

Additionally, "broadcasters try to maximize profits subject to this constraint by offering Canadian programs at the less popular times and by producing the least costly types of programs" (McFayden 1980:234). There exists the further irony that even if Canadian programming receives a proportionately large audience its production

costs are still considerably higher than it is to import a U.S. show at discount prices and so private broadcasters would logically air only the legally constrained minimum imposed upon them by the CRTC (McFayden, Hoskins & Gillen, 1980:257). Such Canadian content quotas serve to virtually ensure that a broadcaster would never air more than the prescribed minimum. This action also tends to further contradict the objectives of Canadian broadcasting in that the majority of domestic programs are produced with as little financial assistance as possible and thus the public gets the impression that Canadian shows are inferior to imported U.S. shows. In this way the quota system perpetuates the myth that Canadian are unable to produce quality programming:

To summarize, Canadian content regulations have failed to result in the programming performance envisaged by the Broadcasting Act. This type of regulation, known as conduct regulation, which attempts to dictate conduct without effecting the underlying economic incentives against such conduct, is invariably met by "tokenism" whereby the spirit of the content regulation is broken if not the letter. . . . Evidence that Canadian content quotas and protection have failed is overwhelming. (Hoskins 1986:27)

Evaluation of Regulations.

The objective of the legislation and the CRTC regarding the establishment of Canadian content quotas was that the private sector would contribute to the broadcasting system by producing domestic programming. Given this logic one alternative for the Commission has been to license more private stations, the assumption being that they would then go on to fulfill the objectives of the Act. However, as Bennett recognized very early, there is an inherent contradiction in

expecting the private sector to perform in any way that is incompatible with the accumulation of profit. He noted, "All you have to do is grant enough licenses [to private broadcasters] and you destroy the public character of Canadian broadcasting" (Bennett in Fortner, 1986:26). Indeed, this is precisely the tack that has been employed and it is clear from the results that there is an inherent illogic in a "single system," which has gone on to license so many private broadcasters as to totally dominate the national broadcaster. As a result the history of Canadian broadcasting has been marked by a constant struggle between the commercial goals of the private sector, and its responsibility to fulfill public policy goals (Babe, 1979:11; Hardin; McPhail, 1976:1). The Standing Committee on Communications and Culture concurred with this point of view, and said in its Report to the Minister that "the interests of private broadcasters and the public interest in distinctively Canadian programming cannot be expected to co-exist in pre-established harmony" (Standing Committee, 1987c:116). Donald Brinton of the CAB acknowledged before the members of the Task Force, that a "private TV licence is an assignment of extensive public service responsibilities to a private, profit-making activity. . . [these are] inherently opposite objectives . . ." (Donald Brinton of the CAB, in the Report of the Task Force on Broadcasting Policy).

As we have seen, the result of such policy is that the private sector is provided with incentives (protected markets; Bill C-58; Telefilm funds) which have served largely to maximize profits but have failed in fulfilling the intended effect of producing Canadian programming. On the other hand, due to lack of funds the national

broadcaster has been placed in a situation where it must behave more like the private sector in its quest to attract commercial revenue:

The fifteen-year trend towards reduced support and a diminished position for the public sector has, therefore, both damaged the quality and quantity of CBC's own programming and reduced dramatically the proportion of Canadian programming available in peak viewing time. This trend in public broadcasting, if combined with continued lack of success in regulating the private sector, represents a phase-out strategy for Canadian entertainment programming. (Audley 1983:268)

This has not only failed to fulfill the objectives of the Act but has allowed the private sector to justifiably argue that the national broadcaster should not be competing for a limited amount of advertising dollars. Industrial and cultural objectives are contradictory, and clearly cannot be expected to co-exist.

Every study since the formal implementation of a "single system" of broadcasting has admonished the results of such regulation -- the intended effects have simply not manifested themselves. The most recent report to the Minister acknowledged "that the Commission had failed significantly to ensure compliance with the regulations and licence conditions it had established. . . . Most of our witnesses agreed with this assessment" (Standing Committee, 1987c:96).

The previous chapter systematically illustrates the historical public and governmental support for the CBC. This chapter shows that despite that rhetorical support the financial status of the CBC has been severely diminished to the point where it is virtually unable to fulfill its considerable mandate; and the effects of the severe under-financing are presented. This chapter also provides an analysis of the Newsworld

licensing and its repercussions on the CBC as a whole. Finally, the chapter outlines the status of the private sector, and provides an evaluation of the regulation of the Canadian broadcasting system, focussing on the private sector, and the success of the content quotas.

It is clear in this analysis that what we have, then, is a complete reversal from the initial intentions of broadcasting policy. That is, a subservient CBC subsidizing the accumulation of capital for a private sector which consistently fails to fulfill its Conditions of Licence. Given this reality the next chapter examines Bill C-136 and its likely effects on the CBC.

Chapter IV

Bill C-136: A New Broadcasting Policy

The preceding chapters have established the context within which the CBC functions. This chapter looks towards the future to speculate the CBC's status in the coming years. Broadcast audiences are being increasingly fragmented as more channels are made available; the Government is cutting the budgets of most Federal institutions; the Government has privatized a number of Crown Corporations and is performing more of a "supervisory" function with others. In this context the Government has attempted to pass a new broadcasting act. Bill C-136 which was to become the new act was tabled and was about to be passed when the Conservatives called an election in September 1988, thus nullifying the Bill. This Chapter examines that Bill in an attempt to determine the Government's broadcasting agenda for the coming years. It provides an analysis of the objectives of the Bill and the new powers which it would set out for the CRTC. The Bill also legislates a new Alternative Programming Service. The premise of this study is to examine how this Service would affect the national broadcaster, and thus that part of the Bill dealing with the new Service is examined in detail and juxtaposed with the mandate of the CBC.

Bill C-136

It has been over twenty years since the current Broadcasting Act has been in force. This period has been marked by profound changes in society and technology -- factors which any law must be flexible enough

to address. The passing of the current Broadcasting Act in 1968 reflected a Canada which had matured somewhat since the confidence of the Expo 67 summer. More significantly, it reflected a country which was forced to deal with the linguistic and cultural struggles of Quebec. The current political climate is one in which Quebec may be recognized as a distinct society and the centre of French speaking Canada. It is also a period in which the Government is privatizing many public institutions. The current Act reflects a government which had a very different perspective of Canadian culture and thus in many ways is in contradiction to the views of the current Government.

With these fundamental shifts in broadcasting, the Conservative Minister of Communications, Marcel Masse, commissioned the Task Force on Broadcasting Policy to "make recommendations on a cultural and industrial strategy to govern the future evolution of the Canadian broadcasting system . . ." (Task Force on Broadcasting Policy, 1986:introduction). According to the Report's Executive Director, Paul Audley, the Task Force focused on: the balance between Canadian and foreign broadcasting services; French language broadcasting; the balance between public and private broadcasting; network structures; the licensing of satellite-to-cable services; the fragmentation of audiences and Canadian television production (Audley, 1988). Following the publication of the Report of the Task Force the Government established the all-party Standing Committee to examine the Report and to make recommendations for a new broadcasting act based on it. What followed this long period of reflection and analysis was Bill C-136, which

received second reading in the House of Commons and would likely have been passed into law had an election not been called.³⁵

Bill C-136: A General Overview.

The Bill states that through its programming both the private and public elements of the system should provide the "enhancement of national identity and cultural sovereignty" (Section 3 (1)(a); and that "English and French language broadcasting, while sharing common aspects, operate under different conditions and may have different requirements" (Section 3(b). This is the first time that French has been legislated into the entire broadcasting system, and it reflects this Government's stance that there is a separate French Canadian and an English Canadian culture. By acknowledging that the two linguistic groups "operate under different conditions," the Bill is, in effect, the broadcast equivalent of the Meech Lake Accord.³⁶ This clause is profoundly different from the 1968 Act written by a Liberal Government which saw Canada as one culture with two official languages.

The Bill's definition of the "single system" is also significantly different from the existing Act. This Bill recognizes that two elements, private and public, which comprise the system "may have different requirements." A careful reading of the Bill suggests that

³⁵The Bill was tabled by Flora MacDonald who went on to lose her seat in the election. The new Minister of Communications, Marcel Masse, is now responsible for the outcome of the lengthy studies and the Bill which was produced.

³⁶The implications of this are significant and deserve more analysis.

the "different requirements" referred to implies less stringent expectations of the private sector. For example, Section 3(d) of the Bill states that "each element of the Canadian broadcasting system shall contribute in an appropriate manner to the creation and presentation of Canadian programming, making maximum use of Canadian and other creative resources." This represents a profound decrease in the expectations of the private sector which previously was charged to use "predominantly Canadian creative and other resources" (Broadcasting Act, 1968: Section 3(d)). It is the "predominantly Canadian" concept which ultimately empowers the CRTC to enforce specific levels of Canadian content programming. With a decrease to the level of "making maximum use" and "in an appropriate manner" any broadcaster could justifiably argue that the amount it airs is the maximum it is able to while remaining financially viable -- that is, to maximize profits.

As we shall see in the subsequent section the private sector, under Bill C-136, would be charged with further responsibilities. However, each of them are of the variety which have never been imposed by legislation. They serve more as a principle for operations and are virtually unenforceable. The fact remains that the one enforceable condition, the production of predominately Canadian programming, has been so watered down that incentives will be provided to those licensees which meet the conditions.

The CBC.

For the purpose of this paper one of the most significant aspects of the Task Force was its call for a "substantially expanded public

sector in broadcasting, with the CBC as its major component" (Task Force on Broadcasting Policy, 1986:265).³⁷ The Standing Committee also endorses a dominant role for the CBC within the broadcasting system. The Committee's unanimous view is that "the new law should be built upon a reaffirmation of the public character of broadcasting frequencies . . ." (Standing Committee, 1987c:6).

Bill C-136 acknowledges the recommendations and maintains the principles that radio frequencies are "public property"; and that "where any conflict arises between the objectives of the Canadian Broadcasting Corporation and the interests of any other element of the Canadian broadcasting system, it shall be resolved in the public interest and where the public interest would be equally served by resolving the conflict in favour of either, it shall be resolved in favour of the objectives of the Canadian Broadcasting Corporation" (Bill C-136: Section 3 (o)). While this principle has always existed, we have seen that the clause has done little to prevent the CBC from being subordinated to the private sector.

In addition to weakening the requirements placed on the private sector the Bill also profoundly diminishes the status of the CBC. For example, Section 3(g)(i) of Bill C-136 states that the Canadian broadcasting system should "be varied and comprehensive, providing a balance of information, enlightenment and entertainment for people of

³⁷Hardin provides a strong argument that the Task Force, in its attempt to be pragmatic, evaded the opportunity to truly strengthen the public sector. He does, however, concede that it called for the "expansion of the public sector" (Hardin, 1988:215).

different ages, interests and tastes" and Section 3 (g)(ii) "be drawn from local, regional, national and international sources." In the current Act each of these elements are the sole responsibility of the CBC.

A further weakening of the status of the Corporation is evident in Section 3(n)(v) which states that the programming provided by the CBC should "be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose" (Bill C-136, 1988: Section 3(n)(v)). This phrase is based on the spirit of the 1932 Radio Broadcasting Act which established the CRBC specifically to ensure that it, and only it, be legislated to extend to all parts of Canada. Although this principle remains in the current Act which states that the national broadcasting service "be extended to all parts of Canada, as public funds become available" (Broadcasting Act, 1968: Section 3(g)(ii)), the status of the CBC has been profoundly subordinated by replacing the idea that the system should be "extended" to the principle that it "be made available." Gone is the goal that all Canadians should have access to public property. As we have seen in a previous chapter the DOC further suggests "that the CBC could rely more on these methods [cable] and less on conventional transmission to get its signals to Canadians" (DOC, 1988b:23). Such a scenario would still fulfill the notion that the public broadcaster was "made available" to all parts of the country. However, this implies that a private cable company may refuse to carry the national broadcaster's signals because it would not be financially profitable to do so -- which is, in fact, precisely what is happening in Quebec with Newsworld. We have gone from

the principle of an Accelerated Coverage Plan, which the Corporation has focused on, to the current reality in which the national broadcaster will "rely" on the private system to carry its signal -- with the deciding factor being the possibility of private financial gain.

The second part of Section Three in Bill C-136 implies a further decrease in the status of the national broadcaster. The current Act specifies that coverage should be extended as "public funds" become available. The Bill, however, replaces the "public" aspect of it with the much broader "as "resources" become available." What was explicit in the Act has now been diminished to the point where the Regulator or the Government could argue that there is no longer a legal mandate to provide public funds for the CBC; only that the Corporation be enabled to secure "resources" -- from whatever source.

A recommendation which has been stressed since 1929, yet never adopted, does, however, have the ability to provide the national broadcaster with real power and autonomy. This recommendation -- five year financing for the CBC -- was in fact put forth by the Task Force and endorsed by the Standing Committee which stated that the "public subsidy granted CBC should be calculated and announced publicly to cover the same period [five years] as the CBC's station and network Licences . . ." (Standing Committee, 1987b: Recommendation 2(ii)). This is significant in that it acknowledges that the CBC must be provided with considerable autonomy in pursuing its mandate. In addition to the re-affirmation of the predominance of the national broadcaster such a directive would serve to indicate that the Government is, in fact, supportive of a healthy, autonomous public sector broadcaster. Although

both the Task Force and the Standing Committee recommended such action the government chose to ignore it and as such is not included in Bill C-136.

Finally, given the Government's priorities even the very licensing of Newsworld may enable it to further cutback the Corporation. For example, the CBC's mandate has traditionally been to serve "alternative" audiences, and to provide information programming. If this Alternative Programming Service is licensed that aspect of the CBC's mandate will be diminished. And, with the licensing of Newsworld the argument can be presented that there is no longer a need for the CBC proper to fulfill that function. In fact the private sector has argued for years that the CBC has a national mandate which they assert precludes the Corporation's right to produce local or regional news. The private sector feels that local and regional news is their exclusive domain.

Newsworld combined with Bill C-136 effectively decreases key responsibilities which are generally seen to be best served by the national broadcaster (i.e., serving minorities). These responsibilities are now to be addressed by the system as a whole. While this may appear to be in the interests of the public there is ample evidence that the private sector has never fulfilled the objectives of the existing Act. Therefore, there is little which would indicate that the private sector will now contribute more to the objectives of broadcasting than it has in the past. The final analysis is that the status of the CBC within the system has been diminished. The private sector has been shown to place financial interests before the objectives of the Act, and the single system appears to have failed in its enforcement of these

objectives. Further implications of Section 3(g) are examined in the part of this study dealing with the Alternative Programming Service.

Objectives and Powers of the Commission.

Also significant to this study are the powers provided to the CRTC in implementing the objectives of the broadcasting policy. While it is the Government through the DOC which writes the legislation it is the CRTC which must interpret the directions imposed by the Government. On the one hand this ensures a "hands-off" policy and a certain amount of flexibility. On the other hand the CRTC wields an enormous amount of power in that it has the inherent ability to alter the make-up of the broadcast environment.

In the 1968 Act the Commission was empowered to prescribe and make regulations concerning licences. Through its imposition of Conditions of Licence the CRTC potentially held a great deal of power over the Licensees. While the Commission is unable to directly impose fines, it does have the authority to ensure that Promises of Performance are met (witness the Supreme Court decision upholding the Commission's right to impose specific category and time quotas). Regulations fulfill their purpose only when they are evenly and strictly enforced. However, as is shown above, the CRTC has had very little success in ensuring that the objectives of Section 3 of the Broadcasting Act have been met. In the Commission's defence it has argued that the only recourse it has had was to revoke a licence, which, arguably, might be too harsh a penalty for an infraction.

Broadcasters often complain that the process of licence renewals costs them a great deal in time and money. The current Act calls for each licensee to renew its Application every five years. Bill C-136 would empower the CRTC to "issue renewals of licences for such terms not exceeding seven years . . ." Section 9(d). This significant increase in the validity of a licence serves to save the licensees hundreds of thousands of dollars, and indirectly decrease their regulatory load.

The Standing Committee recommends that a new broadcasting act should ensure that "self-regulation be used when doing so is consistent with the public interest. Where possible the Commission should identify those areas where it is inclined to set conditions and the guidelines it intends to use in imposing conditions" (Standing Committee, 1937b: Recommendation 74). The Committee adds "Failure to comply with a condition of licence should be included as an offence under the Broadcasting Act. The offender should be liable to a fine set at a level that would make compliance more economic than non-compliance" (Standing Committee, 1987b: Recommendation 75). In fact, this has become a major element of the Bill regarding the CRTC. The Bill would enable the Commission to "charge a licence fee tied to performance in terms of providing specific kinds of Canadian programming" (DOC, 1988b:29). While the DOC has no set plans as to how to implement such a system it suggests one method which would have an assessment made of each individual licensee, and a target established against which the licensee's performance would be judged. If, for example, the target set was five hours per week of Canadian drama and variety in prime time and it was not met the licensee would be expected to pay a predetermined

fine which would then be turned back into the domestic production market.

A potential problem with this is similar to what already exists with the Canadian content quotas. As Hoskins and McFayden explain in a recent study "Conduct regulation, which attempts to cause private firms to act against the interests of their shareholders, invites token responses . . ." (Hoskins & McFayden, 1986a:12). Clearly, this incentive method will continue the established trend of producing programming on inadequate budgets, thus fulfilling the letter but not the spirit of the legislation. There is nothing to indicate that this system will be any more successful in encouraging the production of quality programming. The result will be similar to the situation which currently exists, and serves only to perpetuate the myth that Canadians are unable to produce quality programming.

A further example of the "self-regulation" recommended by the Standing Committee is reflected in Bill C-136 regarding the CRTC's supervision of the Canadian broadcasting system. Section 5 (2) states:

The Canadian broadcasting system should be regulated and supervised in a flexible manner that . . . is sensitive to the administrative burden that, as a consequence of such regulation and supervision may be imposed on persons carrying on broadcasting undertakings. (Bill C-136, 1988: Section 5(2))

The CRTC, even in this supervisory capacity, has one principle function, and that is to ensure that those who have been granted the privilege of reaping profits from public property perform the minimal function of maintaining a Canadian presence on the air. It is ironic then that there should be concern for the Commissions need to be "flexible" given

that it has, since its creation, been criticized specifically for its inability to be rigid in enforcing its regulations. It is even more ironic that the Commission is now directed to be sensitive to the administrative "burden" of receiving a licence. As we have seen a private broadcast licence is an extremely profitable piece of property. As Robert Babe has said in another context, the principle of providing incentives to private producers to perform in such a way in which they are legally bound to is "perverse in the extreme" (Babe, 1979:230). As a CRTC Commissioner, Monique Coupal, said of private broadcasters: while they complain about "undue" regulations they are well aware of the substantial profit margins, otherwise why would they spend hundreds of thousands of dollars and months of preparation to actively pursue a broadcast licence? (Coupal in CRTC, 1986-248:26).

The Precedent For An Alternative Programming Service

The previous sections examined the repercussions of the Bill generally and then focused on how it would effect the CBC and the CRTC more specifically. Because it is the Alternative Programming Service which would most directly affect the CBC, for our purposes the most significant aspects of Bill C-136 are in Sections 3(i) and (j) which call for and describe the Service. This part of the study begins by focussing on the historical precedent for such a network; provides evidence of support; examines previous applications for a similar network; and, finally, compares that to what Sections 3(i) and (j) of the Bill calls for.

Application for CBC-2.

The idea of an Alternative Programming Service for Canada has existed since at least the late 70s when the CBC applied to the CRTC for a second television network, CBC-2, which would have provided more programming from the regions; independent productions; NFB films; and, alternative viewing choices to complement mass audience programming. The Corporation further proposed that CBC-2 would be in French and English on basic cable; non-commercial and, publicly supported. The Corporation also suggested that the network would involve the CTV, Global, TVA, the independents, private pay-TV services, provincial broadcasters and public/private partnerships (CBC, 1985:27), but maintained that it should be controlled by the public sector. The assumption was that a network which was reaching out to minority tastes would a) not be profitable for the private sector to operate, and, b) is a constituent which the national broadcaster had as a mandate to serve. This obviously did not preclude the possibility of working with the private sector. The licence to the Corporation for CBC-2 was refused.

Tele-Canada Application.

In 1981 a group headed by Paul Audley submitted an application similar in format to that of CBC-2, which would also be carried on basic cable and, would not carry commercial messages. Its programming, especially, was similar that of CBC-2 in that it would include programs for special audiences; regional programs; NFB productions; short films and Canadian feature films (Tele-Canada, 1981:1A).

However, the Application differed in at least two fundamental ways. First, the network would not produce any programming itself, but would commission it from all sectors of the industry. Second, the Licence would not be publicly owned, instead it would be set up as a not-for-profit organization. The understanding that Tele-Canada would be carried on basic cable would provide the finances to operate the network, and as the Applicants state, "Because TELECANADA is organized as a non-profit, non-share capital corporation, it will be free from the commercial pressure to focus its financing on films and other programs that are designed primarily to achieve American or other foreign distribution" (Tele-Canada, 1981:1D). The Application was refused by the CRTC.

Recommendations of the Task Force.

The heart of the Report of the Task Force on Broadcasting Policy lies in its passionate recommendation that "Canada needs a new non-commercial, satellite-to-cable television service in the public sector . . ." (Task Force on Broadcasting Policy, 1986:358). It recommended that a network which it called TV Canada be carried on basic cable and whose programming would be similar to that proposed by both of the previous Applications listed above. The Task Force recommended that TV Canada be a consortium of all public broadcasters and the NFB, and would rely on the active support of independent producers, creators and their association and unions, and of distributors and other copyright holders -- there is no mention made of private broadcasters. The recommendation specifically states that the network should not be operated by the CBC,

and should not be through public appropriation, but through cable-financing, which would still ensure autonomy from the pressures of the market. It also specifically states that TV Canada be a "public-sector" alternative programming service (Task Force on Broadcasting Policy, 1986:353).

Support for an Alternative Programming Service

Following the publication of the Task Force Report the CRTC announced that it was calling for applications for network licences to offer Canadian specialty programming services "designed to reflect the particular interests and needs of different age, language, cultural, geographic or other groups in Canada" (CRTC, 1986-199). Surveys were conducted by numerous organizations to gauge the demands of the Canadian public. Regarding alternative television 68 per cent of cable subscribers felt such a service was needed and 65 per cent were prepared to have rate increases of at least 50-cents to pay for it (TV Canada Application, 1986:77). An Environics Survey went on to add that 68 per cent of cable subscribers would be either somewhat or very interested in receiving such a service and that they would be willing to pay, on average, up to \$1.42 per month for it (Standing Committee, 1987b:27). A survey of public attitudes by the CCTA also showed that 73 per cent of basic cable subscribers felt that an application like that of TV Canada would constitute "an appropriate use of a cable channel" (TV Canada Application, 1986:77).

In a study of the CBC Frank Peers noted that the "provision of an alternative publicly (my emphasis) programmed channel is so important,

so fundamental, that it should become a declared objective for the very near future, and have governmental acquiescence for the increase in estimates that would ensue" (Peers, 1985b:90).

Recommendations of the Standing Committee.

The Standing Committee held public hearings which included the Task Force's recommendations concerning an alternative television network. At these hearings the Canadian Conference for the Arts (CCA) "expressed concern that the development of this new service not result in neglect of the vitally important public broadcasters already in existence -- the CBC nationally and the four provincial public broadcasters. The latter concern was expressed by other witnesses as well and is shared by the Committee (Standing Committee, 1987b:30). Following the hearings the Committee published its findings, one of which supported the "idea of a not-for-profit national service of particular interest if it can be pursued as an effective vehicle to provide all regions of Canada, and the creative talent and producers within those regions, with a national showcase for their productions" (Standing Committee, 1987b:28). The Committee also explicitly stated that such a network should be operated on a not-for-profit basis (Standing Committee, 1987b:33, recommendation 2). While the Committee preferred the avoidance of advertisements it did not rule out the possibility of commercial sponsorship, however, all the members agreed "that ideally these services should be provided on a non-commercial basis . . . certainly the programs offered should not be interrupted at all by messages from sponsors" (Standing Committee, 1987b:33). The

former Minister of Communications, Flora MacDonald, also endorsed the concept of public interest oriented programming and:

The recent government report on Canadian Cultural Industries further reaffirms the need to introduce alternative solutions: "the challenge for public policy is to ensure that expanding viewer choice continues to include a reasonable selection of Canadian alternatives, and that the Canadian alternatives themselves are not limited to mass-audience, mainstream programming." (TV Canada Application, 1986:7)

TV Canada Application.

Following the publication of the Task Force's Report, yet another group, this one headed by François Macerola of the NFB applied for a similar, alternative network licence. In form and structure this application resembled the previous two. Obviously based on the recommendations of the Task Force the application stressed the need to create regional and multicultural programs and basically put into practice what the Task Force had laid out. The Applicant proposed that TV Canada be thought of as "the public's network" and, it would rely on "revenue generated directly from subscribers through mandatory cable carriage while at the same time rejecting the use of commercial advertising revenue" (TV Canada Application, 1986:9). A survey conducted by the Canadian Cable Television Association (CCTA) found that of seven channel possibilities including sports; religion; children; music and news a network like the one proposed by the Task Force and TV Canada would be the most desirable and the least undesirable. In a Specialty Services hearing the CRTC decided to grant licences to

Applicants for each of the formats listed above but rejected the TV Canada application (CRTC: 30 November 1987).

The Legislation of an Alternative Programming Service

There has been broad support for a public-sector alternative television network, with evidence to show that the public is willing, in one form or another to pay for it. There have been three applications to operate such a licence, one by the public broadcaster. The Federal Cultural Policy Review Committee supported CBC's bid to provide such a service, albeit in a very roundabout way. The Task Force on Broadcasting Policy recommended such a network, and the subsequent Standing Committee on Communications and Culture endorsed the findings of the Task Force. Following those most recent recommendations an application (Macerola, TV Canada) for such an alternative television has been refused by the CRTC.

Until now, it is only the CBC's mandate which has been specifically written into legislation. Now, in an unprecedented move, the Government is attempting to legislate such a network into existence. Section 3 (i) of Bill C-136 states that as resources become available "alternative television programming services in English and French should be provided where necessary to ensure that the full range of programming contemplated by paragraph (g) is made available through the Canadian broadcasting system" (Bill C-136, 1988: Section 3(i)). The details for the network are spelled out in Section 3(j) "the programming provided by alternative television programming services should:

- (i) be innovative and complementary to the programming provided for mass audiences,
- (ii) cater to tastes and interests not adequately provided for by the programming provided for mass audiences,
- (iii) reflect Canada's regions and multicultural nature,
- (iv) as far as possible, be acquired rather than produced by those services, and
- (v) be made available throughout Canada by the most cost efficient means.

Interpretation.

The introduction to the call for an Alternative Programming Service (Section 3(h) is interesting when compared to Section 3(g) which it refers to. The most significant aspect of that Section (3(g)) directs the entire broadcasting system with responsibilities which initially were the domain of the national broadcaster. As a result, the mandate of the Alternative Service relying on fulfilling the objectives of Section 3(g) effectively precludes the possibility that this service can, in any way, be operated by the CBC. Furthermore, because the CBC has been consistently underfunded, it has now been forced into a situation where it must cater to mass audiences in order to attract advertising revenue. This new mandate is by no means conducive to the operation of an Alternative Service. Ironically, the mandate for the Service is, for all intents and purposes, precisely what has historically been the very reason for the existence of the CBC -- that is the general realization that a service which is meant to be

"innovative and complementary to programming provided for mass audiences" has proven to be most efficiently achieved by the CBC. In fact, the private sector is clearly unable and unwilling to provide programming which is not geared for a mass audience. The DOC document Canadian Voices: Canadian Choices which accompanies Bill C-136 clarifies the Government's thinking in tabling this legislation. The opening line of the Chapter dealing with the Alternative Programming Service argues that "Since the CBC broadcasts primarily to mass audiences, it is hard-pressed to find room in its schedules for programming directed to smaller audiences" (DOC, 1988b:33). As outlined above the initial mandate of the CBC was in direct contradiction to what is described here for it. In other words, it was obvious long ago to Prime Minister Bennett ("Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system") that programming provided by the private sector could not be expected to serve all Canadians equally, and especially not alternative audiences. Never receiving adequate parliamentary appropriations the Corporation has been forced to rely on commercial revenue, and in turn, a mainstream audience. The Government has now turned the consistent underfunding of the national broadcaster around and used it to justify not placing such an Alternative Programming Service over to the CBC -- as listed above, the approach preferred by the majority of Canadians surveyed.

The Bill is equally significant in its omissions. Each previous application, the Task Force and the all-party Standing Committee

acknowledged that finances exist in the broadcasting system to provide an Alternative Programming Service. By simply placing a network onto mandatory cable enough revenues are collected to ensure financial viability, and, more importantly for such a network, autonomy. As outlined above, cable subscribers would be willing to pay for such a service; and there is certainly enough profit in the cable industry so that a slight tax could be used for such a network (Task Force on Broadcasting Policy). Given this, an interesting omission in the Bill is that it does not legislate that the service be mandatory on basic cable. Perhaps a statement by the CCTA sheds some light on the decision by the Government. The CCTA states that its:

primary concern with the concept is that it is a forced concept: it is a must-carry, must-pay situation. It is not a question of being opposed to more Canadian programming. It is a question of being opposed to mandatory programming. In the case of TV Canada, we are not persuaded the description of this channel given by the Task Force would be a palatable or attractive service to our subscribers at the price proposed. (CCTA in Standing Committee, 1987b:32)

The CCTA makes this statement even though its own surveys (see above) indicate the exact opposite, that in fact the public would prefer such a network over what is currently offered on cable, and is willing to pay for it. Furthermore, the CCTA claims it does not approve of the "must-carry, must pay" situation. Yet, by applying to have stations such as TSN put onto basic service the cable operators are forcing their consumers to accept precisely what they claim to be against in principle -- forced carriage. The existence of the Bill indicates that the Government considers the Alternative Programming Service essential enough to actually be included in legislation, however, the Bill does

not ensure that all Canadians will have access to it. More significantly the choice of who has access to the station will, like the Newsworld licence, ultimately lie in the hands of a private corporation which may not find it profitable to carry.

Perhaps the most profound irony lies in the current financial status of the CBC. As outlined above, the Corporation has for years not received funding even to keep it current with inflation. Furthermore, in the recent budget cuts the CBC was forced to trim \$140 million. However, in legislating this Alternative Service the Government acknowledges that:

The Alternative Programming Service will need continuing financial support. The Government intends that this support be anchored on direct government assistance, and could include a cable charge, and the provision of government-financed programming, such as National Film Board productions. (DOC, 1988a:3)

Here is a scenario in which this Government has severely underfunded the national broadcaster, but now promises (or at least promised) enough financial resources to provide "direct government assistance." Furthermore, three previous applicants, one Task Force, and a Standing Committee have all outlined methods by which such a network could be financially viable while retaining autonomy.

Three similar network applications have indicated financial viability; received broad support and have been refused. The most important question remains: Why is such an Alternative Programming Service now being legislated? There is only one key element which the Government is calling for and the previous applications addressed, but with significantly different solutions. In the supporting documents

which accompany Bill C-136 the DOC states that "The Government feels it would be appropriate for the Alternative Programming Service to be formed by a consortium, including provincial broadcasters, and possibly combining the private and public sectors (my emphasis)" (DOC, 1988a:2). Each of the previous Applicants expressed a desire to work with independent private producers, which they saw as providing the dynamism of such a network. However, each applicant and every study has shown that such a service would best serve the Canadians if it operated as a public sector network -- that is, at least not-for-profit. Although there is clearly a preference for a not-for-profit format the Government has also neglected to include such a mandate into the legislation. There is a general consensus that it is precisely only financial autonomy from the pressures of the market which can ensure that such "alternative" programming excels. In this case, as with the Newsworld Licence, the Government is insisting on a private sector element, yet evidence has clearly shown that it is has been virtually impossible to legislate the private sector to behave in such a manner which is in contradiction to its ability to accumulate profits. "To approach this issue in any other way is to delude oneself that profit-making motives can be easily reconciled with social and cultural objectives" (CRTC, 1980:34).

In conclusion, what this legislation will do (if passed) is effectively undermine the CBC as the dominant actor in the Canadian broadcasting system, and, in turn expect, the private sector to fulfill the objectives of the Act. The CBC was formed specifically to cater to most of the aspects which are now included as the mandate for the

proposed Alternative Programming Service, and it was to do so as the dominant element of the Canadian broadcasting system. The private sector has been subsidized to perform in such a way as to fulfill the objectives the Broadcasting Act, and it has consistently failed to live up to its requirements. Now the Government is legislating the private sector to behave in a manner which it is clearly unable or unwilling to. By placing such guidelines into legislation Bill C-136 would effectively and permanently reverse the status of the CBC.

Chapter V

Summary and Conclusions

Summary

This thesis has shown that there has been a consistent trend in this Government's broadcast policy to favour the private sector while undercutting the CBC. This has occurred despite the rhetoric of the Government and the support of the majority of Canadian viewers. Bill C-136, and more specifically its legislation of an Alternative Programming Service is another step in this direction. Because the Service would so directly influence the national broadcaster it would effectively and permanently undermine the role of the CBC.

Chapter one of this thesis provides a framework for the study by outlining the rationale, theory and the methodology employed. The existing literature is presented and provides a base of historical documentation. The study draws on government statutes and the findings of commissions as well as on the works of critical analysts.

Chapter two juxtaposes the role of the state in a capitalist democracy with the history of broadcast regulations in Canada. Based on an historical analysis this model facilitates a comparison between the current Government's attempt to pass Bill C-136 to its privatization of public institutions. It is also shown that in capitalist democracies (in this case Canada) the role of the state has effectively become that of assuring and assisting in the accumulative function of the private broadcast sector. The rationale for such a transition rests in the argument of the classical economists who assert that the inherent

structure of a market-driven system most adequately ensures the optimum wealth, comfort and stability for the largest number of people in Canadian society. However, a deregulated climate described by classical economists does not exist because every attempt to deregulate one segment of society inevitably acts as regulation against another element of that same society. In the case of private corporations, the owners of which form a tiny minority of the population, this "deregulation" often works against the good of the largest segment of society.

In Canada the current Government has not only worked towards the supposed deregulation of the marketplace, but by leaving traditionally public functions to the private sector it has also removed itself as an active participant. On the other hand because of the relative strength of the private sector this Government is increasingly reliant on it to a) stay in power, and b) ensure a healthy (capitalist) economy. So, at least in the example of Canadian broadcasting, to ensure the health and viability of the private sector the Government has been increasingly forced to provide incentives to the private sector. These incentives are provided with the ironic admission that left to itself the private sector has not performed in a way which is compatible with Government objectives (i.e., the Broadcasting Act). In effect, the Government provides incentives to the private sector in order to ensure that it fulfills the objectives laid out for it. Therefore, although the Government claims to be "deregulating," in the example of Canadian broadcasting it inevitably maintains a regulatory function.

In the earliest stages of Canadian broadcasting the private sector existed largely to ensure the growth of the CBC. In fact, it was the

Corporation which regulated the broadcast system as a whole. However, the 1958 Act formed a separate regulatory agency, the BBG, whose very existence diminished the status of the CBC. Furthermore, the BBG felt that the objectives of the Canadian broadcasting system, namely the Canadianization of the airwaves, could best be served by licensing an increased number of private broadcasters. As such, rather than ensuring the dominance of the CBC which did produce Canadian programs, the BBG relied on the quota system to see that the objectives of the Act were being fulfilled by the system as a whole. Despite the Canadian content regulations the private sector never produced the minimum required of it. On the other hand, the CBC consistently produces a greater percentage of domestic programming (Task Force on Broadcasting Policy (1986); Audley (1983)); the programming produced by the CBC has received international awards; and the CBC functions as efficiently as most public broadcasters. Furthermore, statistics show that the majority of Canadians have always been in favour of the CBC; watch it; and are willing to pay to ensure that it remains healthy and viable.

However, chapter three illustrates that despite the consistent government and public support, and the acknowledgement of the success of the Corporation its real status has been consistently diminishing. It has historically relied on annual Parliamentary allocations yet these funds have never been adequate for it to fulfill its very significant mandate. The inability to make long-term financial plans coupled with its requirement to submit five-year operating plans has made the CBC almost virtually unworkable. Furthermore, due to consistent underfunding the CBC has been forced to attract commercial revenues to

supplement its Parliamentary allocations. But, its mandate still includes the programming for the regions and minority audiences. As a result, the CBC has, in effect, a mandate to lose money. The private sector, on the other hand, has been provided with incentives from the Government as compensation for having to produce domestic programming. This policy has done little to boost the amount or quality of Canadian programming, and, ironically has virtually entrenched the private sector as the dominant element of the system at the expense of the CBC.

The licensing of CBC Newsworld appears to have heightened the status of the CBC, however, even that process indicates that the Corporation received the licence in spite of the Government's agenda. Additionally, it must be remembered that Newsworld must function in cooperation with the private sector, and that the conditions placed on the Licence ensure that a large segment of the population may not receive Newsworld. Ironically, the ultimate decision as to which Canadians will even have access to the CBC will be determined not by the Corporation or even the Government, but by individual, private cable operators. Furthermore, Newsworld now fulfills the "inform and enlighten" mandate of the CBC, which will empower the Government to make further cutbacks in the Corporation, arguing that its mandate is being performed elsewhere.

So, in direct contradiction to the objectives of the Broadcasting Act the status of the CBC has diminished (financially, in the number of stations, and in audience access), and it must now rely on the private sector to distribute its programming. While the status of the CBC has diminished the private sector has enjoyed overwhelming growth

(financially, in the number of stations and, therefore, audience accessibility). This reversal of status is also in direct contradiction to the historic objectives laid out for the broadcasting system and, in fact, contradicts the most basic principle of the Broadcasting Act. An evaluation of broadcast regulations leads to the conclusion that the regulations have failed to meet the objectives of the Broadcasting Act.

Chapter four of the thesis begins with a broad analysis of Bill C-136 which is (or was) to become the new broadcasting act. The major thrust of the Bill encourages a reality which already exists -- that is, it legislates more of a "supervisory" approach for the CRTC in dealing with licensees. In fact, the Bill would provide incentives to private broadcasters who perform in a manner which fulfills the objectives of the Broadcasting Act.

The Bill also reaffirms a single system of broadcasting, and takes some of the broader responsibilities which were traditionally solely those of the CBC (i.e., providing balanced programming; addressing minority audiences; drawing from local and regional sources) and turns them over to the system as a whole. This appears to place greater expectations on the private sector, but these new responsibilities address the spirit of Canadian broadcasting only and are, therefore, virtually unenforceable. On the other hand the Bill very significantly diminishes the expectations of the private sector to Canadianize the airwaves.

For the purposes of this study the most significant element of Bill C-136 is its legislation of an Alternative Programming Service. Chapter four of this thesis provides an historical account of the events

leading up to this legislation, including support for a similar service by both the Task Force and the Standing Committee. The thesis also provides evidence that there is money in the system to pay for such a Service and that a significant proportion of Canadians prefer a public Alternative Service. The irony is that the description laid out for the Alternative Programming Service is virtually the same as the mandate which the CBC was created to fulfill. However, because of underfunding, the CBC has been forced to relinquish many of its responsibilities to address minority and regional audiences. Ironically the Government now claims it is willing to subsidize an Alternative Programming Service which is to cater to minority and regional audiences. Given that three previous applications for a similar network have been refused (one by the CBC) it is important to establish why the Government would now legislate such a network. The only significant difference between the three applications which have been refused and this Alternative Programming Service seems to lie in the Government's direction that this Service be operated as a consortium with the private sector. Furthermore, legislating such a network implies that the Government, through the DOC, wants control of the policy-making role instead of the CRTC. While there may be some benefits to such an approach the dangers for the CBC are that the current Conservative Government has not been overly generous with the Corporation.

This thesis asserts, then, that the legislation of Bill C-136 effectively and permanently undermines the status of the CBC, first by altering its mandate to be more of a mainstream broadcaster, and second, by legislating a network to be operated in part by the private sector

which, by definition, should lie solely in the domain of the CBC. Finally, as will be shown, the Bill may also be a step towards the undermining of public funding.

The Free Trade Agreement.

The combination of the licensing of Newsworld and the Alternative Programming Service which would be legislated by Bill C-136 indicates that the Conservative Government is actively undermining the CBC by forcing the national broadcaster to adopt a competitive stance, and operate as a partner with the private sector. Furthermore, the Government has allowed the status of the CBC to diminish by encouraging the growth of the private sector. It has done this by continuing to provide incentives to the private sector for producing domestic programs. All of this leads to the relative strength of the private sector at the expense of the CBC, but more importantly it may be precisely because of incentives provided to the private sector for broadcasting Canadian content that this, and in fact, any future government will be virtually unable to legislate the stated objectives for the broadcast system. As Liora Salter notes:

Ironically, since it was designed to be a more sophisticated mechanism of regulation, tying support to the revenues of licensees made their contribution to cultural producers into a kind of "tax." Cultural production ceased to be a "right" established through regulation. Instead, support for cultural producers became a kind of regulatory "safety net" for those who could not survive in an increasingly competitive international market. . . . Canadian content regulation is now sometimes seen as only a form of "protectionism," similar to that provided to other fledgling or threatened Canadian industries. The dangers in such an approach are readily apparent from the current debate about cultural sovereignty and free

trade. Once support for Canadian culture is regarded as a form of protectionism, it is legitimately subject to negotiation in any free trade initiatives.
(Salter, p. 9)

This is already occurring as a result of the Free Trade Agreement. The Canadian Government continues to claim that Canada will maintain its cultural sovereignty. However, on the American trade agenda is their intent "To negotiate on behalf of American television programmers who object to Ottawa's domestic content-requirements for Canadian TV stations" (Nemeth, 1989:64). Culture is excluded in Article 2005 of the FTA which states that: "1. Cultural industries are exempt from the provisions of this Agreement . . ." (Free Trade Agreement, Article 2005.1). However, in response to article 2005 which exempts cultural industries from the Free Trade Agreement the American negotiators said:

The U.S. recognizes the importance to Canada of maintaining its cultural identity. At the same time, however, the U.S. wants to ensure that Canadian cultural policies do not constitute an unnecessary barrier to U.S. trade. (In Crean, 1988:29-30)

Furthermore, Article 2005.1 explicitly exempts the cultural industries from all but four provisions of the agreement, but the sector is not exempted from the objectives of the Agreement. As Patrick states:

this much touted "exemption" excludes the traditional communications media from the provisions that protect and maintain existing "measures." It further "exempts" the sector from the right to arbitration, challenge, or access to dispute settlement. . . . "Exempt" from the protection of the state, communications and culture are isolated, legally disenfranchised and abandoned in the conglomerate controlled marketplace. It is thus ensured that "culture" is no longer available as a rationale for government intervention. (Patrick, 1989:105)

Under the Free Trade Agreement the U.S. negotiators have clearly stated their intention to retaliate against the incentives and trade barriers which they associate with Canadian content quotas. This virtually enshrines retaliation in cultural disputes. Furthermore, the use of the term "free trade" implies the inevitable international deregulation of global communications, and the subsequent inability of national governments to intercede on behalf of its cultural sector. "If no international agency had the right to regulate or intercede in global communications, then no government would ever have any power. By these terms, no government could represent the people" (Patrick, 1989:98). The resulting trade scenario would not be nation against nation but transnational against transnational with an eventual monopoly of three to five global conglomerates (Patrick, 1989:98). Finally, the Agreement attempts to withdraw all regulatory "burdens" from these same corporations.

Additionally, with the combination of increased channel capabilities and the inability of government to "protect" the cultural sector there will be a marked increase in available programming and, thus, the fragmentation of audiences. This creates additional problems for any hopes of Canadianizing the airwaves. First, the private sector justifiably argues that it is losing its market share and must be given more room for manoeuvrability (i.e., lower Canadian content quotas), to compete financially with transnationals. Second, due to increased choice there will be a decline in the proportion of Canadian programming which is available. In a market-driven structure there is a negative relationship between the amount of television stations which are

available and the proportion of programming which is Canadian. As the number of available television stations increases, the proportion of available programming that is Canadian decreases (CBC, 1985:9).

Furthermore, "Privately-owned Canadian broadcasting stations, with nothing like the revenue available to the larger stations in the United States, cannot hope to compete beyond a very limited audience . . ." (Charles Bowman, member of Aird Commission in Peers, 1973:54).

It may be suggested that the objectives of Canadianizing the airwaves have not been fulfilled, nor has the dominant position of the CBC been maintained. Given the limitations imposed by the Free Trade Agreement regarding quotas and incentives, and increasingly fragmented markets it is clear that the objectives of Canadian broadcast policy cannot be met under the current structure of the system. In fact, it would appear that by signing the Free Trade Agreement this Government has ensured that it will be unable to ever strengthen or even subsidize the broadcasting system, and perhaps not even the CBC. The market-driven system which the Corporation will be forced to compete in will virtually guarantee that the historic mandate of the CBC to serve the regions and minority audiences can never be achieved. This Government has virtually dismantled the very rationale behind the existence of the CBC. The Free Trade Agreement will effectively ensure that it will be difficult if not impossible for any future government to ensure a healthy domestic broadcasting industry.

Conclusions

It would appear then that the regulation of the Canadian broadcasting industry reflects Offe's theory of the functions of a state in a capitalist democracy. That is, in the example of Canadian broadcasting, realizing that many of the objectives for the broadcasting system were out of the reach of the private sector this Government has assisted in the accumulative function; it is withdrawing as a competitor; and finally, because the private sector of broadcasting is now clearly the dominant element of the system, the Government is reliant on it to achieve the objectives of broadcasting policy. In this example, all of the evidence suggests that, contrary to its own rhetoric, this Government's successive policies have facilitated a climate which has seen a severely underfunded CBC and an extremely prosperous private sector. Instead of providing a long-term commitment to the CBC which would allow it to fulfill the objectives of the Broadcasting Act the Conservative Government continues to provide even more incentives to the private stations in the unfounded hope that they will Canadianize the airwaves. At this point the Government is so reliant on private capital that it is virtually at the mercy of the private sector of the broadcast industry.

In summary, this Government has so severely under-funded the CBC that it is no longer able to fulfill its mandate and must, instead, appeal to a broader mainstream audience in order to attract advertising revenues. On the other hand the Government has legislated an Alternative Programming Service which is to fulfill the original mandate of the CBC -- but as a consortium with the private sector. Finally,

cutting the budget of the CBC while promising funding to a semi-private Service is evidence of this Government's arrogance as it slowly sells off the CBC.

Recommendations

Canadians clearly want, watch and are willing to pay for a healthy CBC. However, even the most cynical critic of the Government must acknowledge that the principle and ability to operate a healthy CBC is becoming an increasingly difficult task in a global environment which is moving towards a market-driven society and further audience fragmentation. Furthermore, the very structure of our "single system" of broadcasting is clearly inadequate to deal with such an environment. The single system compels each of its sectors (private and public) to function in a manner which is contradictory to its nature. For example, Canadian content quotas limit the ability of the private sector to accumulate profit, and the lack of adequate funding for the CBC forces it to attract advertising dollars. The irony is that the "single system" forces the two elements of the system, which are not natural rivals, to compete for both audience share and policy objectives, and leads to overlap and duplication of services.

Rather than pitting the sectors against one another each should be provided the opportunity to perform in a manner which is most compatible with its inherent objectives. It has become unrealistic in an era of audience fragmentation to expect the private sector to contribute in any significant way to content quotas. In fact, the Free Trade Agreement virtually precludes the indefinite survival of the quota system.

Furthermore, the private sector has consistently argued that the quotas cost them up to \$100,000 per hour in lost revenues. Given the reality of the environment (Free Trade; fragmented audiences; powerful transnationals) the Canadian content quotas imposed on the private sector should be lowered to a bare, realistic minimum. Thus, the private sector would be provided the opportunity to operate with a greater degree of self-regulation and target more effectively in reaction to a more global market. While the private sector would still be required to air a minimum of Canadian content it would be so little as to not hinder its profitability and alleviate the threat of retaliation which it will be subject to under the Free Trade Agreement.

In return for the reduction in content quotas the private sector should contribute a portion of the increased revenues into a fund which would help finance a healthy, non-commercial Alternative Programming Service as part of the CBC (the amount contributed by the private sector should only be so much that it does not lose any status financially). This would result in a marginally more profitable private sector which would no longer produce token Canadian programs. Additionally, because the CBC would rely less (or maybe not at all) on advertisers it would no longer be in competition for the same audiences as the private sector, and, therefore, the CBC's current ad revenues would be returned to the exclusive domain of the private sector.

With a non-commercial CBC the absurd competitive situation which now has the Corporation bidding for, and thereby raising the price of foreign programming, will automatically be withdrawn. Furthermore, with sufficient funding to pursue its mandate the CBC will be less likely to

produce mainstream programming which also serves to compete with the private sector. The CBC could be provided with the resources and the ability to pursue its original mandate to serve alternative, minority audiences; serve the regions; and, to be entirely non-commercial. Furthermore, Newsworld should also be placed on basic cable thus making it available to a larger audience, and negating its reliance on advertising. Those revenues would also be made available to the private sector. Finally, while subsidies for a non-commercial CBC may also be called into question by the U.S. trade representatives, this will less likely be seen as an irritant in that it is only one small segment of the industry. Because it is non-commercial, it would not be competing directly either for advertising dollars or the mass audiences which advertising based programming must attract. Thus it would not significantly interfere with the market of the U.S. lobby which is calling for the elimination of Canadian quotas and incentives.

It may be unfortunate but it must be acknowledged that the content quota system has not adequately served its purpose. Furthermore, with Free Trade and fragmented audiences the most beneficial approach towards ensuring a healthy Canadian television production sector is by providing a quality, non-commercial alternative which is able to pursue its mandate with as much autonomy as possible.

Perhaps in response to the current broadcasting environment Bill C-136 would diminish the expectations on the private sector providing it with greater autonomy, the potential to earn increased revenues, and, therefore, the ability to flourish in the increasingly competitive environment. On the other hand, to ensure that the regions and minority

audiences are served, and that the CBC be encouraged to fulfill its initial mandate, it is imperative that the Alternative Programming Service recommended in Bill C-136 be operated under the auspices of the CBC. In conclusion, if the Government legislated the Alternative Programming Service to be operated by the CBC it would provide a very real indication that it is committed to its goal to ensure that the Corporation should flourish. Anything less implies that the Government is forcing the CBC to behave exactly like the private sector. This ultimately does a disservice to the Corporation, the private sector and the Canadian public.

There are, of course, limitations intrinsically related to this study which deserve much more scrutiny and elaboration. First, while purists feel that cultural decisions should not be economically driven it appears that such a stance is inadequate to address any scenario in an increasingly market-driven society. If Offe's model is workable it is clear that virtually every aspect of society in a capitalist democracy is intrinsically tied to economic decisions. Perhaps unwittingly, governments are forced (or place themselves in a position of inevitability) to deal with everything as an economic issue. This is not to suggest that the CBC should increasingly react to the market. On the contrary, it suggests that the private sector (and, in turn, the government) will react to calls for a healthy CBC only when they see it is in their financial interest. While the thesis shows that the CBC is as efficient as the private sector a study which would focus on the economics of the industry would likely be extremely valuable in a broadcast environment which must operate within the strict confines of a

fragmented market and under the future limitations of the Free Trade Agreement. This thesis can only suggest that if a study were presented to show the many economic benefits of the CBC (or at least that it is not quite the financial "burden" it is made out to be) the public support for it would be much greater and more vocal.

Second, this thesis addresses the CBC from a very pragmatic perspective. It is not the purpose of this study to critique government policy, only to show that it rhetorically supports the Corporation. A study which would examine the more intricate aspect of why governments often express one desire and perform in a manner which appears to contradict it would prove extremely valuable in the study of the history of Canadian broadcasting. Although there is clearly no definitive response to such an enquiry, it deserves further examination because it is not sufficient to say that capitalist governments function only to serve the accumulative function of the private sector. Furthermore, because this thesis works on the assumption that the government and the public want a healthy CBC, the study does not adequately address the limitations of the commercial model. The implication is that these limitations are fundamental to virtually every aspect of contemporary society. It would not be unfair to say that a commercial model of broadcasting has profound effects on our attitudes as consumers and ultimately our approach towards nature and our environment. Those in favour of a market-driven economy suggest that the business community can most adequately respond to society's needs. However, it is increasingly evident that it is the single-minded pursuit of profit which is itself responsible for the dire condition of the environment we

live in. It is an autonomous, non-commercial alternative which can most adequately critique the dangers of rampant consumerism.

In closing, the thesis attempts to avoid polemic discussion of the intrinsic characteristics of the CBC, however, the evidence appears to indicate that there is a very real and serious threat that within the near future the CBC, even as we now know it, will not exist. The drive of capital is so pervasive and effective that the demise of the CBC appears to be almost inevitable. While to many people this may be inconsequential, it is an indication that eventually every public institution will be privatized under this Government. The model on which this thesis builds can be equally applied to Via Rail; Medicare; natural resource; educational institutions or virtually any other public trust. The irony is that, as with the CBC, the Government will not even find it necessary to appeal for public support as it cuts social institutions. By systematically underfunding the health-care system, as an example, governments can ensure that hospitals are unable to fulfill their mandate. Even now our newspapers are filled with the crisis of budget deficits in medical institutions. The "double-speak" is so complete that we have forgotten that at one time hospitals were judged on their ability to cure patients and not on their requirement to turn a profit. By debating health-care in the rhetoric of balanced budgets, Canadians have lost the Medicare battle. Unaware of political priorities it will be the public which will appeal for further privatization. It remains a complete mystery to this author why the public in a capitalist state abhors the idea of government institutions yet embraces the notion that one private individual pockets obscene

amounts of profits from what is, in many cases, essentially a limited, natural and public resource. It seems that unless this attitude changes social institutions operated in the service of the public do not stand a chance in this society. The demise of the CBC is symptomatic of virtually every public institution in the country.

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Appendix

A Canadian Broadcasting Chronology

- 1905 First Wireless Telegraph Act.
- 1919 First broadcasting licence issued to XWA Montreal.
- 1922 First licensing of private commercial stations.
- 1923 Publicly-owned CNR starts radio service to trains.
- 1926 Canadian Association of Broadcasters (CAB) founded.
- 1927 First national radio broadcast.
- 1929 Aird Commission recommends setting up a national company to provide a public broadcasting service throughout the country.
- 1930 Canadian Radio League (CRL) formed.
- 1932 Canadian radio Broadcasting Act creates the Canadian Radio Broadcasting Commission (CRBC) as the national public broadcaster and regulatory agency.
- 1936 Canadian Broadcasting Act creates the CBC, a Crown Corporation to replace the CRBC.
- 1937 North American Regional Broadcasting Agreement (Havana Treaty) gives Canada better frequencies.
- 1947 CBC makes proposals for TV development in Canada.
- 1951 Royal Commission on National Development in the Arts, Letters and Sciences endorses regulatory role of the CBC.
- 1952 Opening of Canadian TV service.
- 1953 First private TV station in Canada and first CBC TV affiliate.
Receiver licence fees abolished.
- 1957 Royal Commission on Broadcasting recommends transferring regulatory authority from CBC to a separate body.

- 1958 New Broadcasting Act establishes the Board of Broadcast Governors (BBG) to regulate all Canadian broadcasting.
First formal and legal precedent for the establishment of Canadian content quotas.
- 1959 BBG imposes minimum Canadian content quotas for TV.
- 1960 BBG recommends licensing second TV stations in major cities and invites applications for Canada's first private networks.
- 1961 CTV Network opens.
- 1963 Royal Commission on Government Organization says BBG/CBC relationship not sufficiently clear.
A three-man committee (Troika) representing CBC, BBG and the CAB recommends that second-station licensing be discontinued until conflicts in BBG/CB jurisdiction are clarified.
- 1965 Fowler Committee on Broadcasting recommends a new regulatory and licensing authority.
CBC TV available to 95% of population.
- 1966 White Paper on broadcasting proposes a more powerful BBG.
- 1968 New Broadcasting Act sets out a general broadcasting policy for Canada, confirms CBC's role of providing the national service, and establishes the CRTC.
- 1970 Report of Special Senate Committee on Mass Media.
- 1972 Anik satellite launched.
CRTC invites proposals for future development of pay TV.
- 1974 Accelerated Coverage Plan to extend CBC radio and TV to small unserved communities.
- 1978 CRTC denies pay TV applications.
- 1979 Department of Communications (DOC) Consultive Committee publishes report on implications of telecommunications for Canadian sovereignty.

- 1980 CBC proposes second CBC channels on satellite (CBC-2/Tele-2).
CBC TV available to 99% of population.
CRTC committee reports on extension of services to northern and remote communities.
- 1982 Report of the Federal Cultural Policy Review Committee.
- 1983 Government creates Broadcast Program Development Fund to assist independent production for TV networks.
Opening of first pay TV (general channels).
- 1984 First pay TV specialty channels open.
- 1986 Report of the Task Force on Broadcasting Policy publishes recommendations for a new broadcasting act.
Total CBC radio and TV outlets: 99 CBC stations, 48 affiliates, 1,395 owned or affiliated rebroadcasters.
- 1987 Standing Committee on Communications and Culture report on the Task Force on Broadcasting Policy and make recommendations for a new broadcasting act.
- 1988 Conservative Government writes legislation (Bill C-136) towards a new broadcasting act. Election call kills the legislation on the table.
Bill C-136 legislates Alternative Programming Service.
- 1989 Conservative Government cuts the CBC budget by \$140 million.
CBC Newsworld goes on the air.