

1997

Regional representation versus hit-making: Canadian music policy at the crossroads.

Darrin R. Keene
University of Windsor

Follow this and additional works at: <http://scholar.uwindsor.ca/etd>

Recommended Citation

Keene, Darrin R., "Regional representation versus hit-making: Canadian music policy at the crossroads." (1997). *Electronic Theses and Dissertations*. Paper 3296.

This online database contains the full-text of PhD dissertations and Masters' theses of University of Windsor students from 1954 forward. These documents are made available for personal study and research purposes only, in accordance with the Canadian Copyright Act and the Creative Commons license—CC BY-NC-ND (Attribution, Non-Commercial, No Derivative Works). Under this license, works must always be attributed to the copyright holder (original author), cannot be used for any commercial purposes, and may not be altered. Any other use would require the permission of the copyright holder. Students may inquire about withdrawing their dissertation and/or thesis from this database. For additional inquiries, please contact the repository administrator via email (scholarship@uwindsor.ca) or by telephone at 519-253-3000ext. 3208.

INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps. Each original is also photographed in one exposure and is included in reduced form at the back of the book.

Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.

UMI

A Bell & Howell Information Company
300 North Zeeb Road, Ann Arbor MI 48106-1346 USA
313/761-4700 800/521-0600

**REGIONAL REPRESENTATION VERSUS HIT-MAKING:
CANADIAN MUSIC POLICY AT THE CROSSROADS**

by

Darrin R. Keene

**A Thesis
submitted to the Faculty of Graduate Studies and Research
through the Department of Communication Studies
in partial fulfilment of the requirements for the
Degree of Master of Arts at the
University of Windsor**

Windsor, Ontario, Canada

1997



National Library
of Canada

Acquisitions and
Bibliographic Services

395 Wellington Street
Ottawa ON K1A 0N4
Canada

Bibliothèque nationale
du Canada

Acquisitions et
services bibliographiques

395, rue Wellington
Ottawa ON K1A 0N4
Canada

Your file *Votre référence*

Our file *Notre référence*

The author has granted a non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of this thesis in microform, paper or electronic formats.

The author retains ownership of the copyright in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de cette thèse sous la forme de microfiche/film, de reproduction sur papier ou sur format électronique.

L'auteur conserve la propriété du droit d'auteur qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

0-612-30948-7

Canada

© Darrin R. Keene
All Rights Reserved

**REGIONAL REPRESENTATION VERSUS HIT-MAKING:
CANADIAN MUSIC POLICY AT THE CROSSROADS**

ABSTRACT

by Darrin R. Keene

This thesis is a study of Canadian government regulations and programs that support the country's domestic music industry. Specifically, this study questions if the focus of these policies favours production of "hit-makers" whose music is geared to appeal on an international level, as opposed to musicians who convey a Canadian identity (with possible "spillover" appeal in the global music market.)

The cultural industries approach, as outlined by Sinclair (1997), offers a salient theoretical perspective for this study. This approach acknowledges that popular music is produced, distributed and marketed in a process wherein consumer demand is manufactured and managed. It also recognizes, however, that popular culture is manifest through a dialectic between pervasive consumer culture and localized social experience. Laba (1988) frames these ideas into a Canadian context, and in the process he positions the popular culture dialectic in the context of Canada's music industry. This dialectic reflects the struggle between Canadian independent labels (which produce local and regional sounds) and major transnational music companies (which appropriate local sounds for their international consumer base).

This study uses the cultural industries approach to: 1) observe how government policies have promoted Canadian music into the late 1990s, taking into account their historical development and the various agents involved, and: 2) investigate the structure of

the Canadian music industry, observing its various agents and the economics of music production, distribution and promotion. A final chapter reviews the findings and proposes ways in which the popular culture of regionalism can be better promoted through Canadian music policies.

DEDICATION

This thesis is dedicated to my family for their love and support. First and foremost are my parents, who have always been there when I needed them. My sister Heidi, my cousin Sandra and her husband Dave (who I consider as siblings) have also been pivotal individuals over my university years. I wish I could repay you all with more than words.

ACKNOWLEDGEMENTS

Many debts have been incurred in writing this thesis. First and foremost, I would like to thank my advisor, Dr. Myles Ruggles. He provided the resources, guidance and support that allowed me to realize my academic potential. Thanks to him, I can say that my M.A experience was truly rewarding. Thanks also to Dr. Stan Cunningham, Professor Rose Van Es and Dr. Richard Lewis, who convinced me to confront this intellectual hurdle. Professor Mary Gold went far beyond the call of duty to help me in difficult times, and I am forever grateful. I have a substantial debt to Professor Howard Pawley, who came in to aid me at a crucial time. Professor Nicholas Shields, Professor Craig Pearson, Julie Harwood and Beverly Becker have all become special friends during this thesis, and I look forward to extending these friendships in years to come. Walt Grealis, Larry LeBlanc and Chip Sutherland all took time out of their busy schedules to offer valuable advice on the music industry. Finally, I must thank Ann Gallant and Sandy Van Zetten, who have come to the aid of this "organizationally-challenged" graduate student on more than one occasion.

TABLE OF CONTENTS

ABSTRACT	iv
DEDICATION	vi
ACKNOWLEDGEMENTS	vii
LIST OF TABLES AND FIGURES	x
CHAPTER I – INTRODUCTION	1
1.1 Protectionist Measures	4
1.2 Research Questions	6
1.3 Chapter Synopsis	7
CHAPTER II – THEORETICAL VIEWPOINTS	9
2.1 The Political Economy Approach	9
2.1.1 Attali’s Political Economy of Music	10
2.1.2 Smythe’s “Blindspot” Theory	12
2.1.3 Canadian Cultural Submission	14
2.1.4 Canadian Culture and Radio Broadcasting	16
2.1.5 High Art in Capitalist Society	20
2.1.6 The “Star” System	21
2.1.7 Beyond the Political Economy Approach	22
2.2 Richard Collins’ Views on Canadian Culture and National Identity	23
2.2.1 Canadian Broadcasting and the Link Between Polity and Culture	23
2.2.2 Nationalist Aims	24
2.2.3 Nationalist Aims Versus Regional Voices	25
2.2.4 Critiques of Collins	28
2.3 The Cultural Industries Approach	30
2.4 Canadian Music and the Popular Culture of Regionalism	31
CHAPTER III – HISTORY OF GOVERNMENT SUPPORT	34
3.1 Tariffs	35
3.2 The Sound Recording Development Program (SRDP)	36
3.3 Canadian Talent Development (CTD)	41
3.3.1 Talent Development and The Crisis in the Private FM Radio Industry	42
3.3.2 Talent Development and Music Television	45
3.3.3 Talent Development and Pay Audio	47
3.4 Content Regulations	48
3.4.1 The Groundwork for AM Radio	49
3.4.2 The Groundwork for FM Radio	51

3.4.3 The Groundwork for French Radio	54
3.4.4 Changes in AM & FM Radio Content Regulations - 1986 To 1992	55
3.4.5 Changes in CanCon Regulation – 1992 to Present	60
3.4.6 CBC Radio	65
3.4.7 Campus/Community Radio	66
3.4.8 CanCon Regulations for Music Television	67
3.4.9 CanCon Regulations for Pay Audio	70
3.5 Summary	72
CHAPTER IV – THE CANADIAN MUSIC INDUSTRY	79
4.1 Multinationals	81
4.1.1 EMI Group PLC	82
4.1.2 Warner Music Group	83
4.1.3 Sony Music Entertainment, Inc.	84
4.1.4 Bertelsmann Music Group	85
4.1.5 Polygram Group	86
4.1.6 Universal Music Group	87
4.2 Control of Canadian Music Market by Foreign/Multinational Companies	88
4.2.1 Canadian Independents in Comparison to Multinationals	88
4.2.2 Concentration of the Canadian Independents	89
4.3 The Production Level	91
4.4 The Distribution Level	92
4.5 The Exhibition Level	94
4.5.1 Radio as a Promotional Tool	95
4.5.2 The Dispute Between Canadian Radio and The Music Industry	97
4.5.3 Broadcast Alternatives to Radio	101
4.6 The Music Industry’s Financial State	102
4.6.1 Canadian Music Industry Revenues	102
4.7 Summary	104
CHAPTER V – CONCLUSION AND POLICY SUGGESTIONS	106
5.1 Conclusion	106
5.2 Recommendations	108
5.2.1 Modify the MAPL System	109
5.2.2 Revamping CBC Radio Programs	111
REFERENCES	113
VITA AUCTORIS	121

LIST OF TABLES AND FIGURES

TABLES

Table 3.1: SRDP Funding for 1995-96.....	39
Table 3.2: The Revamped Sound Recording Development Program.....	40
Table 3.3: FACTOR's Evaluations by Genre, 1996-97.....	41
Table 4.1: Ratios for Foreign and Canadian Record Companies, 1993/94.....	89
Table 4.2: Major Label Exposure on Various Canadian Radio Formats, 1996.....	95
Table 4.3: Percentage Share of Radio Listening Audience By Format, Fall 1994.....	98
Table 4.4: Number of Canadian Radio Stations by Format, 1996.....	99

FIGURES

Figure 4.1 – Percentage of CanCon Production/Distribution – 1984, 1994.....	93
Figure 4.2 – Percentages of Canadian and Foreign Label Sales – 1984, 1994.....	103
Figure 4.3–Percentage of Revenue from Canadian and Foreign Music – 1984, 1994.....	104

CHAPTER I – INTRODUCTION

In early 1997, a story ran in various Canadian-based Southam newspapers, including the *Windsor Star*. The article, entitled "Singing a Happy Tune," proclaimed that the Canadian sound recording industry was experiencing new plateaus of domestic and international success:

Canadian musicians haven't been so successful since the halcyon days of the early 1970s, when the likes of Neil Young, Joni Mitchell, The Guess Who, Gordon Lightfoot and Anne Murray ruled record racks and dominated international airwaves. In fact, some observers are calling 1996 the best year for Canadian music ever. (Ohler, March 7, 1997, B7)

The "observers" included Brian Robertson, president of the Canadian Recording Industry Association (CRIA), Atlantic Records chairman Val Azzoli and A&M Records' vice-president of marketing, Allan Reid – all of whom represent the perspectives of the major music companies. The article cited the international success of Canadian artists like Alanis Morissette, Shania Twain and Celine Dion as prime examples of Canada's advancing success in the global music market. It also noted the increasing success that Canadian artists were having in their domestic market, where the number of gold, platinum and diamond recordings (representing sales of 50,000, 100,000 and one million copies, respectively) increased dramatically from 111 Canadian releases in 1995 to 141 in 1996 – a 27% increase.

What this article did not state is that aside from an increasing number of Canadian "stars," the Canadian music industry in general had a lacklustre year in 1996 (LeBlanc, Dec. 21, 1996, 42). Included among the affected were many Canadian artists on independent, locally-run labels with limited financial resources for production, distribution and promotion of their recordings. Every Canadian artist named in the Southam article found success with

a recording produced and/or distributed by a major music company with operations spanning many countries. These companies, called *multinationals*, are controlled by major conglomerates.

Major music labels, the majority of which originated their operations in the US and Britain, have traditionally been a significant presence in Canada as producers and distributors of popular music. Their dominance was not only in Canada, but also the United States; by 1974, six labels (CBS, Warner, Polygram, RCA, MCA and Capitol-EMI) had 81% of total US market share (Miller, Aug. 25, 1997, 11). These major labels bought up smaller, successful independent labels during the 1970s. The latter part of that decade was a dismal period for the music industry, and many of these companies joined conglomerates which had significant capital and resources to absorb losses while developing more efficient means of production and distribution to reach larger, global audiences (Burnett, 1996, 44-51).

A complex web of advanced technology, capitalist economic structures and an increasing global consumer base reached a point in the early 1980s where a handful of multinationals were suited to accommodate a global audience while maximizing profits. This trend was not specific to the music industry, but to all forms of audiovisual representation. As Schiller (1989, 32) states,

Parallel with the private appropriation of symbolic activity has been the rationalization of its production. This includes the development of more efficient techniques and the invention of means to expand the market output to a global scale. The production of goods and services in the cultural sphere has indeed been industrialized. It is in this respect that the term "cultural industries" assumes its meaning.

These economic developments have created considerable concern in Canada, which sits directly north of the United States – the largest exporter of culture in the world. Sinclair (1997, 36) cites Audley (1983, xxii-xxiii) on this subject:

Recent technological innovations in the distribution systems for cultural products and programs, and the evolution of large multinational conglomerates, have intensified the pressure towards unbalanced international cultural trade.... Any move to alter the present imbalance, however, is predicated on government action in favour of intervention against those in favour of free flow.¹

Since the 1930s, the Canadian government has set policies to maintain a distinct cultural identity against this increasingly globalized culture market. Traditionally, the policies have been focussed against the ever-pervasive presence of American programs, films and sound recordings in Canada. As Graham Spry said in 1931, Canada's cultural dilemma involves "the State or the United States" (quoted in Peers, 1969, 91). The Canadian government has gone so far as to exempt its audiovisual- and print-based cultural industries from the recently signed North American Free Trade Agreement (NAFTA) with the US and Mexico. As a payoff, Canada conceded the right for its trading partners to take retaliatory actions in other industry sectors (Sinclair, 1997, 38).

Certain Canadian artists, as seen above, are faring successfully in the global music market. Within Canada, these artists have benefited from government policies that promote their works on radio and music television. Other Canadian success stories, such as Sarah

¹ The term "free flow" alludes to classical liberal policies wherein information and entertainment markets extend unhindered across international borders, which supposedly leads to free and more egalitarian modes of expression. In essence, "free flow" is neither "free" nor egalitarian, but instead benefits large multinational companies who have the resources to sway the "invisible hand" of the "free" global information market.

McLachlan and Crash Test Dummies, have also been aided by government-aided subsidy programs for music and video productions. According to federal policy and statutory documents over a long historical period, Canadian policies affecting the music industry are not primarily directed at the creation of international superstars, but rather towards supporting domestic musicians by giving them exposure on Canadian radio and funds for production and giving Canadian listeners the ability to hear and purchase works of artists from a similar national and cultural background. The remainder of this introduction describes the core issues through which this study evaluates Canadian music industry policy.

1.1 Protectionist Measures

The Canadian government has taken steps to promote Canadian culture since 1932, when radio stations were introducing North Americans to a new era of audiovisual mass media. Given the large number of Canadians who have traditionally located near the US border, radio stations in the northern US could reach a significant Canadian audience with their powerful transmissions. Canadian broadcasters were attempting to create a domestic radio industry – Canadian Marconi set up the first radio station in 1919 – but their signals were low power and could not reach large segments of their rural audiences. Smythe (1981, 163-164) outlines how radio broadcasts from powerful monopoly corporations in the US would overpower domestic radio signals in the 1920s; even large Canadian companies such as Canadian National Railways (CNR) were dependent on American telephone circuits to program transcontinental broadcasts from Moncton to Vancouver. As well, four popular Canadian stations in Toronto and Montréal had affiliated with American stations by the late 1920s.

Under these circumstances, the Canadian government established the Aird Commission in 1928 to set up a Canadian radio infrastructure. From the Aird Commission's recommendations came the creation of the Canadian Radio Broadcasting Corporation (CRBC) in 1932 and the subsequent revamping of the radio service as the Canadian Broadcasting Corporation (CBC) in 1936. CBC Radio has existed since this time to provide a Canadian-oriented music, news and current-affairs service, with a middle- to high-brow perspective that stands in contrast to commercial private stations.

The Canadian government has made stronger efforts since 1971 to promote Canadian-owned music labels and artists in the face of increasingly powerful, global-oriented music companies. The first move was made in 1971 with Canadian content quotas for all private and public domestic AM radio stations, followed by further quotas for all domestic FM stations in the mid-1970s. Later broadcasting developments such as Canadian music television and pay audio services have also been regulated to carry a given quota of Canadian music. These quota regulations have all been introduced by the Canadian Radio-Television and Telecommunications Commission (CRTC), a federal regulatory body which succeeded the Board of Broadcast Governors (BBG) in the late 1960s. The CRTC continues to refine and enforce these regulations to the present day.

In the mid-1980s, the federal government ushered in a fund called the Sound Recording Development Program (SRDP) to enhance production of Canadian music. Along with the SRDP, the CRTC began to implement Canadian Talent Development commitments

from radio broadcasters in order to further subsidize the production of Canadian music. The SRDP is currently run by the federal government's Department of Canadian Heritage.

The Canadian content regulations for radio, music television and pay audio reflect the goal of the Broadcasting Act (updated in 1991), which states in subsection 3(1)(d)(i) that broadcasting legislation should act "to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." The SRDP's goal was more specific, as the former Department of Communications outlined in its 1987 *Vital Links* publication: the SRDP was a direct response to the increasing market share that multinational companies held in Canada, as well as the decreasing number of Canadian recordings released in the early to mid-1980s.

1.2 Research Questions

Many recent federally-commissioned task force papers have analyzed Canadian sound recording policies, from 1982's Applebaum/Hébert Report to 1996's Report of the Task Force on the Future of the Canadian Music Industry. These reports have repeatedly stressed that more money needs to be provided to aid Canada's domestic music industry, and that existing policies need to be strengthened. They have also stressed the importance of making Canadian artists competitive on a worldwide scale. For Frith (1991, 286), this presents a possible paradox:

The policy question raised here is a tricky one. Does supporting local music mean enabling it to compete more equally in the international marketplace (by giving it the resources to make its own competitive versions of international music) or enabling it to ignore the international market altogether, by subsidizing the continued production of local sounds?

The CRTC, cultural task forces and the federal government have traditionally assumed that both goals can be achieved. One can question, however, whether the focus of the policies favours the production of "hit-makers" whose music is geared to appeal on an international level, as opposed to musicians who convey a Canadian identity (with possible "spillover" appeal in the global music market.) This is a complex question, involving many variables in the case of Canadian music, but it is worth investigating because it clarifies policy choices.

1.3 Chapter Synopsis

In order to evaluate Canadian music industry policy in a current context, one must first ask whether, or to what degree, music (especially popular music) has the symbolic power to convey a sense of national identity. What factors constitute a Canadian identity? These questions will be explored in Chapter Two through an investigation of theoretical perspectives on the study of culture and the cultural industries. Political economy studies have brought the terms "culture" and "industries" together, and rightfully so; it would be very naive to assume that modern economic theories have not infiltrated the public sphere of culture. Political economy (and, by extension, dependency theory) are useful in explaining the economic factors which create unequal balances of trade between core countries (in Canada's case, the United States) and peripheral nations (such as Canada). At the same time, political economy studies often fail to give due weight to the non-economic significance of cultural products and practices.

A more recent theoretical framework – the cultural industries approach – combines these terms by focussing on the economic structures of cultural production, without assuming

that the meanings and social impact of cultural products are solely economically determined. Chapter Two uses this perspective to provide an agenda for Canadian music policy that focuses on the popular culture of regionalism and the promotion of independent Canadian music labels. This viewpoint will direct the analysis of subsequent chapters.

Chapter Three asks how government policies have promoted Canadian music into the late 1990s, taking into account the historical development and the various agents involved in directing and influencing the policies. After an extended review of Canadian music industry policies, this chapter finds that promotion of regional music is a secondary concern in current policies. Chapter Three also finds that the CRTC has steadily been pursuing deregulatory policy moves since the early 1990s.

Chapter Four investigates the structure of the Canadian music industry, observing its various agents, activities, conflicts and the resulting economic structures of music production, distribution and promotion in Canada, noting the relationship between the structure of the industry and the musical content it produces and promotes. This chapter finds that current industry structures and practices tend to favour large multinational music companies over smaller Canadian independent labels.

Chapter Five reviews the relationships between the findings of preceding chapters and summarizes that Canadian independent labels and regional artists are not optimally promoted through current Canadian music policies. The chapter concludes with two recommendations for music policy alternatives that would better support the popular culture of regionalism.

CHAPTER II – MUSIC AND NATIONAL IDENTITY: THEORETICAL VIEWPOINTS

Academic studies of popular music are relatively rare when compared with the emphasis that nationalists, policy-makers and academics place on television. Burnett (1996) notes that academics have also traditionally disregarded popular music as a serious field of study. However, he acknowledges the increasing interest that academia places upon popular music studies, given its pervasiveness in global popular cultures. The global music industry is a multi-billion dollar enterprise with a large presence in virtually all national cultures, due in large part to the innate human appeal of music as well as the portability and relative low cost of musical instruments and recording/playback equipment.

2.1 The Political Economy Approach

The Frankfurt School was the first prominent academic group to seriously study the culture of popular music and its production in capitalist societies. Their Marxist critique looked at contemporary popular culture as it related to the production and distribution of commodities. Among the Frankfurt scholars, Theodor Adorno concentrated on popular music as a sector within the overall "culture industry." A central contention of Adorno and the Frankfurt School was that consumers of cultural commodities "work" for capitalism, and that this function is in tension with their function in the reproduction of national cultural identity. This idea has since been revisited by Jacques Attali (who concentrates solely on music) and updated by Dallas Smythe within a "political economy" perspective.

2.1.1 Attali's Political Economy of Music

Attali (1985) has provided the most comprehensive contemporary critique of popular music through a political economy perspective. Burnett (1996, 42) notes that Attali's approach is unique in that he focuses on music as an indicator of social change; his meta-theoretical approach uses music to read history and define cultural eras. According to Attali, the era in which we now exist at the present time is the era of *repetition*, wherein music's commodification reflects capitalist structures of mass production and consumption. Music companies aim to maximize profits through economies of scale, and production of demand is stressed over the production of supply. Through the risk-minimizing economics of sound production, music becomes repetitive and reified²:

Outside of a ritual context or spectacle, the music object has no value in itself. It does not acquire one in the process that creates supply, because mass production erases value-creating differences; its logic is egalitarian, spreading anonymity and thus negating meaning. Value may then base itself, partially or totally, on an artificial, unidimensional differentiation, the only thing left allowing hierarchy, ranking. That is why the hit parade is so important to the organization of the commercialization of music. (Attali, 1985, 106)

The "hit parade" drives the modern music industry; trade publications in capitalist countries gauge the songs and albums that are most popular on their radio stations and that sell the most copies at the retail level. At an idealistic level, the hit parade would represent

²

The process of reification places artificial conditions on both the listener and the music. The listener is reduced to an audience statistic in this process; it does not matter why a person listens to a certain song, it only matters that s/he listens to the song on the radio or purchases the song at a music store. Similarly, the message of any given song is no longer important; what matters is how many times the song plays on the radio and how many copies it sells. Reification creates musical value by artificially differentiating songs in terms of their relative popularity. The song which sells the most copies and is heard most frequently on radio is "better" than the others.

democratically chosen musical pieces, reflecting the highest quality and value with regard to consumer taste. The reality, however, is that the ranking of a hit song

depends very largely, on the one hand, on pressures applied on station program planners by record manufacturers eager to see their new releases carve out a place for themselves on the market and, on the other hand, on real sales results... It has "value" in the eyes of the listeners, then, by virtue of the ranking to which they think they contributed. When as usually happens, they buy in quantities proportional to the rankings, they justify them, bringing the process full circle. (Attali, 1985, 107)

The term "bubblegum pop" alludes to hit parade songs, which are consumed and enjoyed by the audience for a brief period of time, only to be discarded and replaced once a "fresh" song enters into high rotation on the radio airwaves. This is precisely what Attali refers to; in terms of the use value of this music, "usage is no longer anything more than the public display of the velocity of exchange"(1985, 108) People work to buy musical products, which are then stockpiled as more new products enter the market.

In Attali's view, music has become banal in the era of repetition, repeating rudimentary rhythms and themes; a sound that sells will be reproduced and remarketed with slight modifications. Subversive musical voices exist on the fringe of this mass music industry, occasionally integrating into the system when the industry looks for new sounds to replace overused existing themes. These new sounds are appropriated and homogenized, however, and the repetitive cycle repeats itself with a new theme.

In this process of managing demand, broadcasters and the music industry enter into a symbiotic relationship. Broadcasters need popular songs to attract audiences to advertisements, while the music industry needs broadcasters to promote its newest material.

Through this process, mass music becomes “a powerful factor in consumer integration, interclass levelling, cultural homogenization. It becomes a factor in centralization, cultural normalization, and the disappearance of distinctive cultures” (Attali, 1985, 111).

2.1.2 Smythe’s “Blindspot” Theory

Attali thus touches on the “blindspot” that Dallas Smythe (1977;1978; 1981) exposes in his critique of the capitalist “consciousness industry.” Smythe argues that western Marxists have failed to see the historical-materialist role of cultural industries such as radio and television in “making monopoly capitalism function through demand management” (1981, 25). In his view, audiences work by attending to ads; this produces audience power which is purchased by companies who advertise on radio and television. Although audience members believe they engage in leisure time with mass media, they are actually also working during this portion of their leisure time in which they learn how to spend their income on advertiser’s products. Through this process, the mass media produces its major commodity, which is the audience. The audience-commodity is subsequently sold to the paying consumer, which is the advertiser.

Jhally (1982, 207-208) has challenged this notion that learning to consume is an objective, productive activity. He argues that audiences actually work to produce the audience commodity for the media outlets and not the advertisers. His observations are more congruent with a notion of audience-commodity production. He stresses that viewing TV or listening to the radio is an objective activity that produces something concrete – namely, statistics that reflect the number and demographics of the various audience members, which

translate into the audience-commodity. It follows that advertisers judge the use-value of a media outlet by the audience-commodity that its listeners or viewers produce. Jhally (1987) has further elaborated Smythe's theory to say that advertisers pay for the opportunity to *possibly* influence audiences. Given their elaborate research methods and tools, advertisers make every effort to optimize returns on their investments.

Even with Jhally's refinements, Smythe's theory still offers an effective, critical view of media content. His argument is as follows: to create surplus value, media outlets need to sell their audiences to advertisers at a price greater than what they bought them for; they must therefore produce the cheapest possible programming that will act as a "wage" for the largest possible audience. This implies that leisure time for media audiences is actually more oppressive than work itself. With work, people get paid; with media, people receive only a supposed "free lunch."

In their "blindspot" debate, Murdock (1978) questions Smythe (1977) on how his theory accounts for non-advertising media industries like the recording industry. Smythe (1978) replies that all non-advertising forms of media like books and recordings are elements of "cross-marketing" apparatuses that play a role in the function, reproduction and expansion of a capitalist media system.

Radio and music television's "free lunch" constitutes the songs and videos which come between the ads for other products. Advertisers pay to keep popular songs and videos on the air, but in the process they purchase the audiences who watch or listen to both the music spectacles and the ads. Radio and music television are thus pressed to program risk-

free “hit” material that generates large and/or affluent audiences, for large audiences with purchasing power command higher prices from advertisers. This, in turn, affects the styles of music that record companies produce, for they rely on broadcasters to promote these new recordings.

Smythe’s “free lunch” theory also has been related to the critical discourses of dependency and cultural imperialism. His study in 1981’s *Dependency Road* deals extensively with these discourses, applying his theory to the cultural-economic relations between the United States and Canada. As we will see, his findings are similar to those of Harold Innis (1952), namely that U.S.-based culture ravaged Canadian culture once they were placed on the same economic playing field.

2.1.3 Canadian Cultural Submission

Smythe (1981, 91-102) contends that cultural industries contain the essential attributes of all capitalist industries: they are run within inter-related markets by transnational corporations who determine the types of products that are created, along with the pace at which these products change through innovative new ideas and technology. These monopoly capitalists work alongside national state structures, which are institutions run by a dominant class. National states vary in their strengths; the American system, which embraces laissez-faire capitalism, is particularly strong because it has the support of major monopoly capitalists.

Smythe argues that by the late 19th century, English Canadian politicians with backgrounds in commerce also embraced the American capitalist system, which benefited

their interests. Subsequent tariff and investment policies allowed American monopoly capitalists to set up and own operations in Canada, which brought an influx of foreign capital into the country. In the process, Canada became a peripheral “branch plant” economy directed by business decisions and policies from the American core.

The development of Canada’s music industry supports this argument. With the advent of recording technology, major music companies – most of them American-based – became the chief suppliers of recordings to Canada. This cultivated a one-way flow of American music and culture into Canada, while profit from revenues flowed back to the parent companies in the United States. These labels did set up their own production, distribution and manufacturing centres in Canada (the Toronto area, to be exact). To this day, however, foreign artist recordings account for the grand majority of major label production and sales. High-quality master tapes of foreign recordings are imported into Canada, where they are reproduced and marketed to domestic consumers.

In terms of broadcasting, this development led to the production of a form of Canadian popular mass culture that emulated American culture, which was oriented towards profit instead of serving a culturally-distinct nation-building function. This was especially true for Anglophone Canadian culture. Canadian towns and cities near the U.S.-Canada border could be reached by numerous American broadcasters and advertisers who “were not only appealing to popular tastes but creating a popular culture which was continental in scope” (Peers, 1969, 157). These American stations were more numerous and powerful than their Canadian counterparts, which led Canadians to listen to more American programming

(Smythe, 1981, 163). Essentially, Americans were creating a “free lunch” that was also designed to be tasty for Anglophone Canadians.

Indeed, its liberal regulatory regime, massive Anglophone population and state support of cartelization abroad have allowed the United States to become the dominant force in audiovisual cultural representations throughout the capitalist world. Given that the Anglophone population is the wealthiest in the world, multinational companies aim towards this lucrative sector of the global audience (Collins, 1990, 211), making Anglophones the global artists of choice. Americans, with their advanced distribution systems, fervently nationalist domestic audience and high-budget productions (with action and special effects that transcend language barriers), are best situated to capitalize on these conditions.

Many have credited the Canadian government as a protector of domestic culture. It did, after all, set up public institutions like the CBC and Canada Council. Smythe views matters differently in his historical account. Critics such as Herschel Hardin (1985) and Joyce Nelson (1986/87; 1988) have also outlined how Canadian governments and the CRTC have stifled the development of domestic film and television industries. They echo the viewpoint of Smythe, but fail to talk much of radio’s development. In terms of radio, we must return to Smythe’s study.

2.1.4 Canadian Culture and Radio Broadcasting

According to Smythe, broadcasters play a central role in any social system, for they reflect its *cultural realism*: “the central values of the system as expressed in its artifacts, practices and institutions” (1981, 192). In his view, Canada has adopted a *capitalist realism*

endorsing the private ownership of property, profit-maximization, the law of comparative advantage, among other rules of the capitalist ideology. This realism co-opts artistic expression in "a phalanx of constraints in the interest of profit-maximization (including capital gains) for the dominant giant enterprises responsible but not accountable for the other consequences of their actions" (Smythe, 1981, 211).

Some Canadian nationalists did attempt to set up a broadcasting system that would contrast with American-style commercial culture. The CRBC was implemented in 1932 by the Canadian government at the recommendation of the Aird Commission. The goal was to give Canadians a public broadcasting system for their music, dramas and voices, much like the British Broadcasting Corporation (BBC). According to Smythe (1981, 167), the public system failed to achieve this goal in three initial stages:

- 1) The CRBC was funded by both listener licence fees and advertiser revenue, which placed it with the contradictory roles of being a public service and a commercial "free lunch" provider;
- 2) As the initial regulatory body for broadcasting in the 1930s, the national broadcasting system did not order the expropriation of private radio stations. This allowed commercial lobby groups to strengthen over the coming years, influencing future policies and reversing initial legislation.
- 3) The CRBC did not have financial autonomy from government which led it to be dependent on the interest groups in government power.

Smythe (1981, 168-173) outlines how private radio lobby groups and government supporters of the private system attempted to undermine this new public broadcasting system. In 1936, the CBC was created as a government body with more autonomy from government. Technical regulation lay under the portfolio of the Department of Marine, however, and

Marine Minister C.D. Howe was a staunch supporter of American investment in Canada. Thus the CBC was faced with a new foe and remained in a state of arrested development. Subsequent years of debates between government supporters of public and private broadcasting would keep the CBC with less than optimal funds for development. It took 35 years for national broadcasting to attain the infrastructure suggested by the Aird Commission in 1932, but by the mid-1960s the CBC was drowned out by numerous high-power American and Canadian private stations. The appeal of American culture was especially prominent in English Canada.

Smythe maintains that between 1936 and 1950 – the “golden years” of radio – the CBC’s news, educational, entertainment and current affairs programs accommodated Canadian cultural interests and utilized Canadian talent, while bourgeois culture was also celebrated through classical music, opera, poetry and theatre. The CBC also aired “highly regarded” commercial programs from the US, but Smythe asserts that the CBC’s content resembled that of the BBC more than the “free lunch” of American stations. This leads to his conclusion:

All in all, CBC radio from 1936 to the mid-1950s was a battlefield on which the Canadian people made progress toward cultural hegemony, only to find their never-achieved economic hegemony limiting the extent and duration of their cultural offensive. (1981, 175)

By the late 1960s, this progress had been stifled and “[h]igh power public broadcasting from publicly owned stations was another Canadian dream aborted” (Smythe, 1981, 173). Smythe does not, however, deal extensively with later radio developments. Only in his section on

television does he mention the CRTC's Canadian content regulations, which he describes as a "facade" that reproduces American-styled culture (1981, 183).

French-English relations were also strained with regard to the development of the CBC. By Smythe's account, English Canadian interests in the early 20th century had subverted those of the Québécois, especially in their dealings with American business and culture (1981, 288-292). Francophone Canadians, he argues, still subscribe to a European lifestyle and want a broadcasting service which could reflect the bourgeois ideal of European broadcasters. This can be related to the fact that most Québécois have the French language to act as a *cultural screen* – a term Smythe (1981, 232) uses to describe "the aspects of a national culture or ideological system which serve to protect its cultural realism against disruptive intrusion." It follows that Anglophone American culture would hold less of an appeal for Francophone audiences. As expected, French CBC (Radio-Canada) did fare better with Québécois audiences when compared to its English counterpart with Anglophone audiences. Even with Québec's cultural screen, however, Smythe's analysis of radio development suggests that pro-American Anglophone Canadians had stifled the adequate development of both French and English public radio. The public broadcasting system issue has therefore fuelled separatist sentiment in Québec.

Smythe's findings suggest that Canadian nationalist forces fought a losing battle to create a cultural screen in the form of a national broadcasting system. But if the American "free lunch" had taken over commercial culture by the 1960s, one could still hope that more

established forms of professional art would offer Canadians a voice for cultural expression.

2.1.5 High Art in Capitalist Society

Smythe (1981, 191) asserts that art has the power to “provide identity and cohesion to the social formations in which people live, and in turn contributes to changing them”. He also says, however, that the advent of capitalist realism subverted art’s illuminating power in the commercial cultural industries. High art was also depoliticized in the process, so that aesthetic value and the “pleasure principle” were emphasized over art’s transformative power. In essence, “serious” bourgeois art had joined the ranks of commercial art, although each had a different consumer base. This view echoes that of Frankfurt scholars Horkheimer and Adorno (1972, 143), who claim that “[t]he fusion of culture and entertainment that is taking place today leads not only to a deprivation of culture, but also to an intellectualisation of amusement.”

The central proponent of high art in capitalist states has traditionally been government; due to the inelastic demand for high art, the state has had to step in and subsidize cash-strapped endeavours to promote the culture enjoyed by the dominant class. Governments have thus established initiatives and institutions to develop European-based professional and fine arts and promote an international “star” system. Canada has actively joined with other capitalist countries in doing this through the creation of the Canada Council, which funded and promoted international stars who came to perform in Canada. Traditional Canadian cultures and their art (including their music) were largely left out of

consideration in this process. This was particularly true in the case of Canada's indigenous peoples (Smythe, 1981, 207-208).

2.1.6 The "Star" System

Smythe (1981, 196-203) also claims that the notion of "high art" only developed within the early capitalist era. With "high art" came the "artist as genius" concept and its ensuing "star" system. This system has subsequently extended into the commercial arts. Critics and experts have also come into vogue, for they work to legitimate artists as "geniuses" and raise them to "star" status. This, in turn, changes the artistic expressions of "geniuses" into commodities that act as status symbols for those who purchase and enjoy them.

This transformation has led to great polarity in wages for artists in all areas of culture, where most local or regional artists work for meagre wages while "stars" on an international scale earn "fortunes." Smythe argues that Canadian artists cannot earn a decent living solely within their own country, for the system only works for artists who appeal on an international level. This is reflected in Canada's media system, which seeks out these "stars":

As against the perennially reproduced needs and interests of the Canadian people in living their lives in their own way (regularly hailed by national slogans proclaiming the elusive Canadian identity), the operational rule of the Canadian bourgeoisie and of governments for Canadian media in English-speaking Canada has been in reality: "If it is uniquely Canadian, it cannot be much good – unless it will sell in the international (United States) market." (Smythe, 1981, 158)

It is therefore logical that Canadian artists – be they painters, musicians, actors, etc. – would attempt to generate American recognition, for they could potentially rise to affluence as an

international “star.” This argument is supported by the significant number of Canadian-born “stars” who currently work and live primarily in the United States.

2.1.7 Beyond the Political Economy Approach

As outlined above, the political economy approach offers a rather critical view of capitalist culture. Its materialist approach suggests that cultural “products” have artificially-inscribed meaning that are instrumentally convenient for the industry; the focus is therefore on music’s ability to generate profits and reproduce capitalist modes of production. From this perspective, one could question whether modern popular music has the meaningful capacity to induce a sense of nationalism within its listeners. Smythe’s “blindspot” concept extends into the field of dependency theory, explaining how capitalist culture reinforces unequal distributions of power between the American and Canadian nation-states. With regard to this study, his findings suggest that Canadian popular music must fit into the American-influenced “free lunch” prototype and gain recognition on the international music circuit to be considered successful.

Two key questions can be raised at this point. The first asks whether the foreign (especially American) cultural products which pervade Canadian media are serving a detrimental function. Does foreign culture, which figures predominantly on Canadian airwaves, subvert the potential for a strong sense of Canadian nationalism? The second question deals with the ability for cultural products to carry meaning. Does the political economy approach ignore the possibility for meaning within commercial cultural products, outside of their ability to reinforce capitalist modes of production and consumption? In this

case, the question can be refined to ask if music can relay a socio-political meaning relating to a sense of Canadian nationalism.

To better explore these questions, it is worth moving beyond political economy and dependency theory studies. The first question, which deals with the influence of foreign culture on Canadian society, has been investigated by Richard Collins. Although his 1990 study focuses on television, his analysis can be related to Canadian cultural policies that affect radio as well. Collins not only questions the influence of foreign culture (and he readily admits it is predominantly American), but he also asks whether Canadian cultural policies have been effective in enforcing a desired form of nationalism. In the course of his study, Collins also questions what constitutes a Canadian identity.

2.2 Richard Collins' Views on Canadian Culture and National Identity

Collins contends that Canadian cultural élites – who form governments and direct policy – have repeatedly created and promulgated cultural policies that promote a fervent sense of nationalist identity. Countless broadcasting and cultural commission reports – from the Aird Commission Report of 1928 to 1986's Caplan/Sauvageau Report – have equated consumption of popular culture with the formation and maintenance of nationalist sentiments. Scholars such as Clarkson (1966) and Gellner (1983) have reinforced these claims.

2.2.1 Canadian Broadcasting and the Link Between Polity and Culture

Canadian cultural policy has always encouraged a relationship between polity and culture by giving the latter a nation-building role. This has been manifest in the writings of

various nationalist scholars (Brimelow, 1986; Clarkson, 1966; Crean and Rioux, 1983), as well as in the Broadcasting Act of 1968 – which also established the regulatory body known as the Canadian Radio and Television Commission (later to become the Canadian Radio-Television and Telecommunications Commission). Collins, however, subscribes to another viewpoint:

My own view is that political institutions are more important than television and culture, or even language, in producing and reproducing a solid sentiment of national identity among Canadians. The nation-state is pre-eminently a political institution... and a weak linkage between polity and culture seems to make better sense of the Canadian case than does the reverse thesis. (1990, 329)

Collins justifies his view by noting that Canadian audiences have been consuming American broadcasting for over 60 years. A central point to his argument is the distinction he makes between what he calls “symbolic” and “anthropological” cultures, as outlined by Williams (1976; 1981). The former represents the ideas that affect and maintain the practices and structures within a society, while the latter represents these practices and structures.

Regarding television, Collins states that

since the differences between Canadian and American social policy are more striking than are their similarities (though most Canadians, most of the time, watch American rather than Canadian television programming) it seems in this instance that the linkage between the symbolic and anthropological is rather weak. (1990, 329)

2.2.2 Nationalist Aims

Collins defines the nationalism of Canadian policy-makers and academics as “an ideology of resistance to untrammelled integrated markets. It asserts the power and legitimacy of political over economic allocations” (1990,138-139). The thrust of this

“ideology of resistance” is the notion that market systems tend to favour larger interests. Collins asserts, however, that Canadian cultural élites stand to benefit more than the average citizen from the creation and promulgation of nationalist policies. so larger interests are being served with these policies as well:

If a national self-image and a nationalist movement require a conscious intelligentsia to come into existence then, reciprocally, a conscious nationalist intelligentsia requires a nationalist movement in order to be able to survive and reproduce itself. (1990,332)

This, he claims, is a major reason why old-style nationalism remains alive in Canada. Given that nationalism is a “resistant” movement, it needs an enemy to resist against. For Canadian cultural élites, the menace becomes American broadcasters, and institutions such as the CBC and regulatory bodies such as the CRTC become the defence weapons. These élites may not necessarily be financially affluent, and they are most likely sincere in their beliefs that culture and polity are tightly linked. Collins concluded, however, that cultural policy has benefited these élites more than the average Canadian, who pays taxes to subsidize cultural institutions run by the intelligentsia.

2.2.3 Nationalist Aims Versus Regional Voices

Collins strengthens his argument by citing Raboy (1985), who claims that nationalist aims suppress regional voices from Canada’s periphery in favour of a Montreal/Toronto/Ottawa-based agenda. Collins appropriates this argument to suggest the Canadian intelligentsia (especially those in English Canada) have pursued a traditional nationalist agenda in broadcasting policy while turning their backs to Canada’s true bilingual, multicultural, and regional voices. The agenda set by Canada’s urban centres may

make efforts to combat symbolic representations from south of the border, but in doing so they provide unappealing product to culturally diverse regions in Canada's periphery. They also have a history of cancelling programs with high rural and regional audiences such as the Tommy Hunter Show and Don Messer's Jubilee, which fail to appeal to urban tastes (see Pevere and Dymond, 1996, 136-141). Continued budget cutbacks gives these regions less opportunity to express their own voices as scarce resources are allocated to the Toronto/Montreal/Ottawa-based production units. The result is programming that everyone pays for but few care to watch.

Raboy (1988) suggests that through the promotion of regionalism over nation-building, the periphery could bring its agenda to the forefront. The 1986 Caplan-Sauvageau Report made similar findings. Collins, however, questions the economic rationality within such a suggestion:

The economic tendencies that *within* Canada favour network production rather than regional production are the same as those that, within a larger transnational context, favour the United States rather than Canada. National programming is once on a level too big to meet regional needs and interests and too small to compete with American products. (1990, 88)

Collins suggests that Canada's scarce production resources should be used on programs where they hold a comparative advantage:

Given that broadcasting across the world is being "Canadianized," Canada's prior experience of this condition offers it economic opportunities. Increasingly programming is demanded that is of interest to different language and cultural communities. Canada has, in its bilingual and multicultural audience, a perfect laboratory in which to conduct research and develop new products.(1990, 337)

Some central ideas are raised in this statement, primarily that Canada has been a pioneer in accepting commercial American media programs while retaining its own distinctive multicultural and bilingual society. For Collins, Canada is a 60-year veteran of cultural conditions that other western countries are only beginning to experience with ever-pervasive American media and increasingly multicultural populations. Canada's cultural advantage therefore lies in its experiences over this time period – it offers a progressive model that it could develop and market through artistic representation. This comparative advantage offers Canadian producers “economic opportunities” with advertisers who seek to reach diversified, multi-cultural audiences.

Smythe and Collins may have agreed that nationalist policies favour the interests of a nation's cultural élites, but they would have disagreed on the role of the market in promoting culture. In the case of cultural industries, Smythe asserts that “untrammelled” markets tend to favour the viewpoints of mainstream American culture, which fit best with the interests of monopoly capitalism. In his opinion – which is shared by many nationalists – laissez-faire, market-based cultural expression promotes a mainstream, pro-consumer American lifestyle while curtailing divergent viewpoints, which he views as detrimental to the self-assertion of other nation-states.

Collins, on the other hand, sides with groups such as the Canadian Association of Broadcasters (CAB) by suggesting that Canadian culture is not threatened by market-based American cultural products. Instead of the market being the problem, Collins finds the problem to be Canada's inability to properly use the market to promote its unique identity.

From Collins' vantage point, "inefficient" Canadian programs that emulate American styles are produced and ignored while American programs are watched. This echoes the argument of economist Steven Globerman, who states that "it is unclear why such ventures should be promoted at public expense, any more than Canadians should be expected to subsidize the growing of bananas in Canada" (1983, xxii).

This section started with a question: Do foreign cultural products, which figure predominantly on Canadian airwaves, subvert the potential for a strong sense of Canadian nationalism? Collins suggests that foreign culture is not nearly as detrimental as the policies which seek to promote a false sense of Canadian nationalism.

2.2.4 Critiques of Collins

Collins's study raises many contestable points. The first deals with his explanation of the weak link between "symbolic" and "anthropological" cultures. He cites the difference between American and Canadian social policies as evidence that symbolic culture (in this case, American cultural products) does not reflect anthropological culture (ie. social policy). Looking at developments in Canadian social policy between 1990 and 1997, it would appear that this argument is losing strength. Canadian economic policies (spurred, no doubt, by the NAFTA) are moving more towards American-styled laissez-faire capitalist policies, while Canada's social safety net (ie. health care, unemployment and welfare benefits) is waning. It would appear that Canada's anthropological culture is catching up with its symbolic culture in terms of American influence.

One can also question Collins' critique of Canadian broadcasting policy. He claims that such policies have been blind to Canada's true national identity, and to a large extent he is right. Regional and multicultural voices are not as prevalent as they could be on Canadian airwaves. His recommendation is to allocate more resources into multicultural productions and bi-lingual co-productions, where there is market demand for such cultural products. Herein lies his flaw. If there is such a market demand, why hasn't the private broadcasting sector in Canada invested in these potentially lucrative sectors of the cultural market? Were one to compare Canada's public and private broadcasting systems, one would find that the public system is by far more multicultural and bilingual in its programming. Hubka's critique of Collins raises this point :

Though claiming that this opportunity is undermined by nationalist broadcasting goals, he does not offer a clear explanation... Is it not the nationalist policy goal of providing a multi-cultural, bilingual and Canadian alternative to American broadcasts which has created this bold new model and "testing ground" for Europe? (1993, 122-123)

It is worth noting at this point the 1991 Broadcasting Act, which states in subsection 3(m)(viii) that the *CBC* should "reflect the multicultural and multiracial nature of Canada." Section 3(o) is even more revelatory, however: "programming that reflects the aboriginal cultures of Canada should be provided within the Canadian broadcasting system as soon as resources become available." We see here that the question of "available resources" must be considered. Recent cutbacks in funding for the *CBC* suggest that these resources are no longer available (which would not surprise Smythe). It appears that the economic forces at

play here are discouraging, and not encouraging, the type of programming that Collins thinks is a hot commodity.

In summary, Collins raises a central idea which can be usefully extended to this study. He states that Canada's identity lies in its cultural diversity and regionalism, which Canadian programmers have overlooked by and large. He targets government broadcasting policy as the primary culprit in this failure, for they promote elitist programming and an American-style nationalism which does not exist in Canada. At the same time, Collins fails to see that these policies also do more for regional and multicultural Canadian voices than the private, market-based broadcasting sector. Subsection 3(m)(viii) of the latest Broadcasting Act specifically mandates the CBC to "reflect the multicultural and multiracial nature of Canada." No such condition exists for private broadcasters.

The task at hand now is to find a theoretical approach that utilizes the findings so far, but which also deals with our second question: can music relay a socio-political meaning relating to a sense of Canadian nationalism? With this in mind, let us turn to the cultural industries approach.

2.3 The Cultural Industries Approach

The cultural industries approach developed in the 1980s, at a time when 1) increasingly globalized cultural markets and 2) cultural studies were problematizing generalized theories of cultural imperialism and political economy. The first factor, that of increasing globalization, has made scholars re-evaluate their approach to studying cultural

industries. Instead of analysing increasingly complex relations on a global scale, cultural industries scholars study individual nations:

This approach to cultural industries recognizes the limits placed on many nations' media systems by operating within subordinate positions within the world economy, but also recognizes and gives analytical emphasis to the distinct dynamics of each nation or industry's historical development. Key national issues include conflicts between domestic and transnational élites, interests of key national élites, entrepreneurial competition, the agendas and actions of key production personnel, the effects of state intervention, particularly as policy-maker, provider of infrastructure and advertiser. (Straubhaar et al.,1992, 12)

The second factor, cultural studies, has asserted that cultural products carry meaning outside of their economically-determined rationales. In essence, the cultural studies approach recognizes that cultural products can carry meaning not intended by the dominant culture that provides the economic infrastructure to produce and distribute these products. This perspective is best presented by Stuart Hall's "containment-resistance" argument:

I think there is a continuous and necessarily uneven and unequal struggle, by dominant culture, constantly to disorganise and reorganise popular culture; to enclose and confine its definitions and forms within a more inclusive range of dominant forms. There are points of resistance; there are also moments of supersession. This is the dialectic of cultural struggle. (1981, 233)

2.4 Canadian Music and the Popular Culture of Regionalism

Laba (1988, 85) uses Hall's "containment-resistance" argument in describing the relations between cultural production and consumption:

While popular culture as consumer culture can be recognized as a hegemonic vehicle which ties people to existing dominant definitions of the social, political and economic orders, the meaning of popular culture materials is appropriated in consumption; that is, what popular culture "means" depends upon the conditions by which individuals and groups appropriate – render

concrete, relevant and meaningful – the works of that culture. And lived social experience constitutes these conditions of appropriation.

Popular culture is therefore manifest through a dialectic between pervasive consumer culture and localized social experience. Laba claims that this dialectic involves relations of dependence in Canada:

The cultural dilemma in Canada resides in large measure in the economic and political mechanisms and in social and cultural effects of dependence – that is, in the commodification of Canadian society in the hegemony of U.S. economic, political, and cultural technique. (1988, 87)

Taking his cues from Harold Innis (1952) and George Grant (1965), Laba states that Canada's regional and indigenous cultures represent its true identity. These cultures, he argues, have fought a two-tier battle against the "acquisitive political and economic practices" of American/French/British empires on an external level and The Montreal/Toronto/Ottawa power-centres on an internal level. This is also congruous with the conclusions of Smythe and Raboy. Laba summarizes that

Regionalism in Canada is best understood in terms of unequal distributions of power and wealth in the context of uneven economic development... intransigent regionalism in Canada is the framework within which, and the means through which, local culture is expressed. (1988, 92)

Popular music has its roots in local cultures. Gillett (1996) and Frith (1981) outline how local sounds and styles on regional, independent record labels are appropriated by major record companies, who then refine, repackage and distribute them to a national or international audience. Laba places their findings into a Canadian context, and in the process he positions the popular culture dialectic in the context of Canada's music industry. This dialectic reflects the struggle between Canadian independent labels (which produce local and regional sounds)

and major transnational music companies (which appropriate local sounds for their international consumer base).

Laba acknowledges government attempts to promote Canadian music, but says their policy "enacts a situation of Toronto-based control for the production of U.S. styled materials" (1988, 97). He offers an alternative agenda for policy-makers:

If, indeed, the well-being and future of the Canadian popular music industry is based in the independent and Canadian-owned record labels, and if popular music does represent central economic and cultural activities in Canadian society, then development through government policy and financial support, and through business initiatives and strategies in the industry must be organised on the principles of local music scenes, local audiences, independent industries, and the popular culture of regionalism. (1988, 98)

These recommendations offer a clear agenda for Canadian music policy. The object of this paper is to explore current Canadian music policy with Laba's agenda in mind. Sinclair (1997, 55) offers a convincing rationale for using the cultural industries approach in a study such as this:

More than looking for a mere balance between the industrial and the cultural, it takes account of their interaction. Of course, the media sell audiences to advertisers, but they can only do so on the basis of the irreducibly cultural relationships that are established between certain types of program and the audiences for whom they are meaningful. This dynamic is seen in turn to operate at the distinct but disconnected levels at which cultural products circulate – the local, the national, the regional, and the global.

This approach provides the theoretical focus for the remainder of this paper. The dynamic between two key areas are explored: 1) the policies themselves and 2) the industry within which the policies are implemented.

CHAPTER III — HISTORY OF GOVERNMENT SUPPORT FOR THE CANADIAN MUSIC INDUSTRY

The Canadian government has supported the nation's music industry through three key policies: 1) Tariffs on imported foreign recordings; 2) The Sound Recording Development Program (SRDP), established in 1986; and 3) Content regulations on Canadian music stations, initiated in 1971 by a government agency known as the Canadian Radio-Television and Telecommunications Commission (CRTC). The Commission has also required stations to contribute to Canadian Talent Development (CTD) as a condition of licence.

Of these three policies, the Canadian content (hereafter known as CanCon) regulations are the most renowned. CanCon material is determined by the MAPL system, originally created by Stan Klees for the Canadian music trade magazine RPM Weekly, and is based on four conditions:

- 1)The music must be predominantly written by Canadian(s);
- 2)The performing artist or act must be Canadian;
- 3)The recording must wholly produced in Canada; and
- 4)The lyrics must be predominantly written by Canadian(s).

Currently, a song must meet at least two of these conditions to qualify as CanCon.

As for the other programs, the SRDP has successfully funded many regional and specialized musical artists. Tariffs on foreign recordings, meanwhile, are no longer a factor due to the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT).

3.1 Tariffs

With the passing of the Canada-U.S. Free Trade Agreement (FTA) in 1989, a tariff on recordings imported into Canada was arranged to be removed in incremental steps. The tariff had fluctuated between 10-15% and was at a 14% level when the FTA passed (Straw, 1996). In accordance with Article 302 of the more recent NAFTA, tariffs on imported recordings will no longer exist by 1999.

Many Canadian policy makers were alarmed when the FTA first passed, as they believed tariffs had promoted domestic manufacturing and distribution centres for recordings. The tariffs had been credited with motivating multinational record companies to set up Canadian operating centers, which in turn established a well-developed distribution structure for the Canadian music industry. Many Canadian independent labels, such as Attic and Alert, have been actively involved in distribution deals with major labels.

The removal of the tariffs raised fears that the multinationals would leave Canada and base their manufacturing, distribution and talent development operations solely in the U.S.. A 1996 report by the Federal Government-commissioned Task Force on the Future of the Canadian Music Industry (hereafter known as the Music Task Force or TFFCMI) noted, however, that domestic production and distribution had remained stable into the mid-1990s.

An Ernst & Young study commissioned for the Music Task Force found that in 1993, the Canadian music industry spent \$10 million to import sound recordings. Total revenue on recordings that year amounted to \$925 million, and the Task Force estimated from these figures that around 90% of all recordings sold in Canada in 1993 were domestically

manufactured (TFFCMI, 1996, 70). The report credited a competitively-valued Canadian dollar for keeping operations in Canada, as imported recordings would be too costly; as well, it noted claims that the Canadian subsidiaries were operating efficiently with profitable Canadian artists on their rosters (1996, 56).

However, renowned 1990s-era Canadian artists such as Alanis Morissette, k.d. lang and Shania Twain have signed deals directly with the U.S. offices of major record labels, which brings the effectiveness of their Canadian offices into question. There is also concern that traditional east-west distribution systems may give in to a north-south pattern between the U.S. and Canada. One must also consider 1996's downturn in the North American music industry, which may lead multinationals to consider stabilizing their costs by centralizing operations south of the Canadian border (Grealis, 1997). While the Free Trade Agreement has eliminated tariffs on recordings, Article 2106 and annex 2106 of the NAFTA exempt the removal of CanCon regulations and programs such as the SRDP. These policies continue to support the Canadian music industry.

3.2 The Sound Recording Development Program (SRDP)

The SRDP came into place after many studies found that CanCon regulations could not bear the brunt of supporting Canada's recording industry. Chief among these was the 1982 Report of the Federal Cultural Policy Review Committee – also known as the Applebaum/Hébert Report – which stated that subsidies were needed to boost the supply of CanCon recordings.

Hahn's 1985 study of private English Canadian radio stations – which was prepared for the CAB – was a response to mid-1980s concerns that CanCon quotas exceeded the supply of quality Canadian recordings. As Hahn noted, it was assumed that CanCon regulations would make Canadian radio programming “predominantly Canadian in character.” But he concluded it served another implicit function, namely that “sales and production of Canadian content recordings should increase sufficiently to meet the demand by radio broadcasters which results from the implementation on the regulations” (Hahn, 1985, 2). He asserted that the regulations had failed to achieve this latter initiative, citing figures from the 1985 Conference of Radio and Records which showed that CanCon regulations had not significantly increased Canadian record sales in the period from 1971 – the year of CanCon's inception – to 1985.

The solution of Hahn's report was to lower CanCon quotas, but the Federal Government responded with the SRDP instead. A motivating factor for the program was the Foundation to Assist Canadian Talent on Records (FACTOR), a private-radio initiative which had been established in 1982. FACTOR was subsidized by private radio contributions to provide financial assistance to new Canadian music artists. With the licensing of MuchMusic, a video production fund called VideoFACT was implemented in 1984. MusicAction was then created in 1985 to aid the Canadian French-language music industry. These organizations grouped into an umbrella organization called FACTOR-MusicAction Canada (FMC) in 1985.

The SRDP was initiated in 1986 with an annual level of \$5 million over a five year period. FMC would administer most of the funds, while the Canada Council also received money for specialized music production. The French-language music sector would receive 40% of all SRDP funds, in an attempt to bolster production of French-language recordings. In 1990 the SRDP was established as a permanent program. By the 1992-93 fiscal year, however, funding dropped to \$4.3 million. It was raised to \$4.45 million for the two following years.

Even with this increase, the Music Task Force report found SRDP funding dropped 26.8% in terms of real cost from 1986-87 to 1995-96 (TFFCMI, 1996, 18). In 1993-94, the Federal Government allocated one-fifth of 1%, or \$5.5 million to sound recordings – out of \$2.8 billion in total cultural expenditures (TFFCMI, 1996, 80) Citing these statistics, the Music Task Force recommended the Canadian government raise SRDP funding to \$10 million a year. In early 1997, the Department of Canadian Heritage did increase the program's budget to an annual level of \$9.45 million for three years. As modest as this increase is in relative terms, it reflects the Canadian government's confidence in the program's effectiveness.

FMC-allocated money goes to both grant and loan programs. The great majority of these programs offer up to 50% of the budget for sound recordings, tours, showcases, video productions, or distribution. Each program has a maximum limit, with FACTOR's most lucrative – the Direct Board Approval Program – offering up to \$60,000 in the 1996-97 program year. Industry representatives form the juries that choose artists for grants and loans.

All artists and songwriters must be producing CanCon material; as well, they must be affiliated with Canadian owned and controlled companies to qualify for funding.

The federal government is by far the most active subsidizer of the FMC funds. In the 1994-95 program year, 68% of FMC's budget came from SRDP money. Private broadcasters provided an additional 18%, while 14% came from interest income and repaid loans (TFFCMI, 1996, 21). In the 1995-96 fiscal year, SRDP funding was allocated as seen in Table 1:

Table 3.1: SRDP Funding for 1995-96

Component	Annual Funding	% of Total	Administrative Responsibility
•Sound Recording Production	\$2 345 000	52.7	FACTOR-MusicAction
•Music Video Production	\$500 000	11.2	FACTOR-MusicAction
•Syndicated Radio Programs	\$180 000	4.0	FACTOR-MusicAction
•International Touring	\$455 000	10.2	FACTOR-MusicAction
•Specialized Music Production	\$250 000	5.6	Canada Council
•International Marketing	\$315 000	7.1	FACTOR-MusicAction
•Business Development	\$270 000	6.1	FACTOR-MusicAction
•Specialized Music Distribution	\$135 000	3.0	FACTOR-MusicAction
TOTAL	\$4 450 000	100	

Source: Task Force on the Future of the Canadian Music Industry, 1996, 20

The additional SRDP funds will mainly be focused on marketing and promotion. The new money will add an extra \$3 million to FACTOR's budget alone (FACTOR, Nov. 5, 1996) According to a Heritage Canada press release, program categories have also been streamlined as follows.

Table 3.2: The Revamped Sound Recording Development Program

Component	Administrative Responsibility
• Audio and Video Production	FACTOR/MusicAction
• Marketing and Touring	FACTOR/MusicAction
• Business Development	FACTOR/MusicAction
• Specialized Music Production	Canada Council
• Specialized Music Distribution	FACTOR/MusicAction
• Support to Federal Policy Development	Department of Canadian Heritage

Source: Department of Canadian Heritage, March 8, 1997, 2

Dollar figures were not provided in the release for the revamped program.

An interesting new component is introduced in the Support to Federal Policy Development. This new component of the SRDP is presumably set up to develop more concrete research and policy with regard to the Canadian music industry. According to the Music Task Force, sound recording statistics and studies are currently lacking, which makes the CRTC's job as a regulator more difficult when it comes to music issues (TFFCMI, 1996, 138). The new emphasis on marketing and promotion also acknowledges the fact that new Canadian recordings must be better marketed to attract the attention of retailers and music broadcasters.

FACTOR's most recent annual report indicates that artists from a diversity of musical styles were considered for grants or loans. While figures were not available for MusicAction, the organization does recognize the same genres as FACTOR, but adds New Age as a category and omits Reggae, which would presumably be equated with either World Beat or classified under their "Autre" category.

FACTOR's most recent evaluations are as follows:

Table 3.3: FACTOR's Evaluations by Genre, 1996-97

Music Genre	% of Total
Pop	20.93
Alternative	14.42
Roots	12.09
Country	8.37
Rock	7.91
Jazz	6.51
Easy Listening	6.51
World Beat	4.19
Reggae	4.19
Classical	4.19
Children's	3.72

Source: FACTOR Annual Report, 1996-97, 5

It would appear the SRDP and FMC funds are open to diverse musical styles. One could question, however, the declining contributions that broadcasters make to these programs.

3.3 Canadian Talent Development (CTD)

With the advent of programs to support the Canadian music industry, private broadcasters were required to promote Canadian talent as part of their Promises of Performance (see Public Notice CRTC 1990-111,16). This reflects subsection 3(s) of the 1991 Broadcasting Act, which mandates private broadcasters to:

- (i) contribute significantly to the creation and presentation of Canadian programming, and;
- (ii) be responsive to the evolving demands of the public.

Given that music comprises the lion's share of private radio programming, their contributions to the "creation" of Canadian programming, as regulated above, would necessarily entail making significant contributions to the production of Canadian sound recordings. Recent decisions, however, have reduced private radio's responsibilities with regard to CTD. This has led some (including the authors of the Music Task Force report) to question whether private radio continues to "contribute significantly to the creation" of Canadian sound recordings. Canadian talent requirements were lowered after a 1992 report by the Radio Action Plan Consultative Group was released, which outlined an FM industry in financial trouble.

3.3.1 Talent Development and The Crisis in the Private FM Radio Industry

AM radio's financial problems are well-documented. With music television, DTH satellite musical services and FM radio offering superior quality, AM stations are faced with steadily declining audiences. In 1994, English-language radio accounted for 44% of all radio listeners, compared to 56% in 1990. French-language AM stations slipped from 44% to 33% over the same period (TFFCMI, 1996, 42).

Some found it surprising, however, when the RAPCG chronicled private FM radio's financial woes in a 1992 double-report, *Today's Crisis in the Private Radio Industry/Tomorrow's Opportunities for Canadian Radio*. The RAPCG was comprised of members from industry organizations such as the CAB and Communications Télémedia Inc., as well as representatives from the CRTC, CBC and Department of Communications. Their

report outlined an FM radio industry in financial trouble with increasing costs and dwindling revenues. Significant findings in the report included:

- 1) An estimation that 60% of all private radio stations were not profitable.
- 2) A decrease in overall industry profit margins from 15.5% in 1981 to -7.9% in 1991.
- 3) A 31% increase in the number of competing radio station licences during this same time period.
- 4) Increased competition for ads from other types of media.
- 5) An inability to attract national advertisers due to “globalization of media decisions and less national advertising revenue administered in Canada.”
- 6) Loss of the teen listening audience to TV alternatives. (RAPCG, 1992, 23)

The RAPCG’s strategy to alleviate these problems involved a “rationalization” of their operations, which would entail the CRTC to reconsider its regulations. As the report states (with emphasis added),

Canadian broadcasting policy has always been based on the concept that spectrum was a limited public resource, and that a private broadcaster, in return for the use of this limited spectrum, and in return for the protection from unrestricted competition within the regulated system, should contribute to public policy goals. *When radio is no longer profitable, the above equation needs to be re-examined.* (RAPCG, 1992, 28)

The RAPCG rather eloquently stated the fundamental principles that led to the creation of the CRTC. The last sentence, however, brings these principles into question, and frames a series of recommendations on how the role of private radio can be further “rationalized.” Specifically, the report recommended that all stations past their first licence term be exempt from making direct cash contributions to talent development. It also recommended

deregulatory moves that would, among other issues, promote competitiveness, increase networking between FM stations, drop spoken word content from 15% to 10% of all broadcast time, and consider multiple-station ownership.

It appears that recent decisions of the CRTC have taken this report into consideration. Significant changes have been made with regard to talent development, as outlined in Public Notice CRTC 1995-61, issued April 21, 1995. Prior to the notice, private radio broadcasters had been claiming they were adequately promoting Canadian talent by airing the specified quotas of Canadian music, and that CTD contributions were threatening their financial well-being. With Public Notice CRTC 1995-61, the Commission noted that many unprofitable stations had been unable to fulfill their CTD obligations since 1992, and proposed to streamline the CTD regulations for commercial radio.

By the mid 1990s, private radio stations had been contributing an annual level of \$11 million to CTD, \$7 million of which came through commitments made in application renewals. \$1.8 million of this money went to "third party" organizations such as FACTOR, MusicAction, and other national and provincial cultural groups. A significant portion of the remainder went to the promotion of local and regional music through talent contests, concert sponsorships, and local productions. The additional \$4 million accounted for commitments made with new licences and transfers of ownership.

In Public Notice CRTC 1995-196, released on November 17, 1995, the Commission decided to lessen the financial commitments that private stations had made in application renewals. Specifically, it decided that private stations would only have to provide a minimum

of \$1.8 million – a decline of 74% from previous commitments of \$7 million – which would still go to the aforementioned third party organizations. In making its decision, the Commission stated its belief that the existing CTD commitments were too much of a financial burden on commercial stations.

Public Notice CRTC 1996-114, issued August 19, 1996, specified what the commitments would be for the major funders: \$770,800 would go to FACTOR and \$288,200 would go to MusicAction. The Music Task Force report noted that a similar total (around \$1.1 million) was given to these organizations in 1994-95. Given 1994-95 revenues of around \$800 million for private radio stations, this contribution translated into one-fifth of 1% of total revenue for that fiscal year (TFFCMI, 1996, 39). The CAB had organized a program wherein stations would contribute to the CTD funds as according to their revenue levels. High-revenue, profitable stations agreed to contribute more than their allocated levels, allowing smaller stations in financial trouble to be exempt from making contributions.

Compared to their radio counterparts, music television broadcasters in Canada make more notable contributions, especially in the case of Country Music Television.

3.3.2 Talent Development and Music Television

MuchMusic's condition of licence requires it to allocate 5% of its gross revenues from the previous year to VideoFACT (documented in Decision CRTC 94-439). MusiquePlus's conditions of licence stipulate that it must allocate the greater of \$100,000 or 2.4% of the previous year's gross revenue to VideoFACT (see Decision CRTC 94-710). With Country Music Television (CMT) – formerly known as the New Country Network

(NCN) – the CRTC changed its conditions. The Commission set out conditions of licence for NCN in Decision CRTC 94-284 that included a first year allocation of \$300,000 to Canadian country music video production. As well, the CRTC outlined a plan where NCN would pay Canadian artists for exhibition of their videos – over \$ 1.75 million in the first year up to \$2.34 million by the sixth year. Canadian artists would receive \$150 each time their video was played, subject to a minimum of \$4,500 and a maximum of \$15,000. This plan also directed NCN to guarantee generous airplay for Canadian music videos; each Canadian video deemed fit for broadcast would receive at least 30 plays.

Licences for two new music channels were officially approved with concurrent CRTC decisions on September 4, 1996. Decision CRTC 96-611 stated that an English-language service called MuchMoreMusic would be required to provide \$150,000 to VideoFACT in its first year, and at least \$150,000 or 5% of gross revenue in subsequent years. The station also has promised to implement a new service called PromoFACT which will help Canadian music artists set up electronic promotional kits. Decision CRTC 96-614 stated that a French-language channel called Musimax must allocate \$250,000 to VideoFACT in its first year, and at least 5% of its gross revenues in subsequent years. It is worth noting that CHUM Ltd. owns both MuchMusic and MuchMoreMusic; the Toronto-based broadcasting company also co-owns MusiquePlus and Musimax with Montréal-based Radiomutuel Inc..

3.3.3 Talent Development and Pay Audio

Four satellite-delivered pay audio services were licenced in Decisions CRTC 95-911, 95-912, 95-913 and 95-914, issued December 20, 1995. Under the licensing conditions for the four licensees, 4% of gross annual revenue would go to talent development, with no specific requirement to support FACTOR or MusicAction. The Music Task Force noted that the CRTC accepted the lowest bid of all the potential licensees in determining the talent development requirements for all four services (TFFCMI, 1996, 52)

Production is but one side of any cultural industry; one also needs to consider whether private radio, music television and pay audio broadcasters are contributing to the presentation of Canadian music. To be successful with any creative work, people need to see it, hear it, or know about it. A successful cultural policy must therefore take exhibition into consideration. For musicians, there is no better place for their works to be exhibited than radio; Canadians spend an average of 21 hours a week listening to radio (TFFCMI, 1996, 7). Satellite-delivered pay audio and music television channels are other valuable venues for exhibition. The CRTC's most important policy with regard to the Canadian music industry is therefore the CanCon requirement for Canadian radio, pay audio and music television stations.

One final point should be made about the CRTC's stand on talent development funding. When the Commission noted in Public Notice CRTC 1995-61 that it was lowering CTD commitments for private radio broadcasters, it noted that its own heavy workload and diminishing resources allowed for a more simplistic regulatory structure. As we will see,

broadcast content is another area where the CRTC has stressed a need to simplify regulations.

3.4 Content Regulations

The CRTC has attempted to support the Canadian music industry by enforcing CanCon quotas on both private and public radio, pay audio, and music television stations. These content regulations are an integral aspect of the “Promise of Performance” that any Canadian radio station must adhere to; failure to meet the given quota can result in the revocation of a station’s licence. This is reflected in subsection 3(1)(f) of the Broadcasting Act, which indicates that all broadcasting undertakings in Canada should make “maximum use, and in no case less than predominant use” of Canadian talent on the airwaves.

Currently, the Canadian music quota for most Canadian private AM and FM stations is 30%, except for stations with a high percentage of instrumental music. The Commission initially set quota levels to enhance the supply of Canadian recordings on the market; they now set quotas that reflect this supply. There are other exceptions for special stations, such as border station CIMX-FM in Windsor. CIMX-FM has a reduced minimum level of 20% CanCon and no “hit” quota; the Commission claims these reduced requirements allow the station to compete effectively against nearby Detroit stations (see Decision CRTC 1993-38).

Since 1988, the CRTC has required CBC stations to broadcast 50 percent CanCon for popular music and 20 percent for classical and specialized music, which the public broadcaster accomplished between 1993-94 (CBC, 1994, 44). As well, all vocal music selections on French-language CBC stations must be sung in French.

The CRTC initially made efforts to promote a wide diversity of ideas and music on radio airwaves. Over the years, however, it has streamlined these regulations, allowing more mainstream material such as hit songs on radio program lists. The following is a synopsis of content regulations for radio over the last 25 years.

3.4.1 The Groundwork for AM Radio

On May 20, 1970, the CRTC released Decision CRTC 70-99 which set the groundwork for CanCon quotas on AM radio. Given that FM radio was a relatively new medium at this point, no such regulations were suggested for FM stations. Decision CRTC 70-99 stated that as of January 18, 1971, AM stations in Canada would have to broadcast a minimum of 30 percent Canadian music during every four-hour period between 6:00 a.m. and midnight. A Canadian recording was defined using the aforementioned MAPL system.

As of the 1971 implementation, only one of the four MAPL criteria had to be met; by 1972, a recording would have to satisfy at least two of the conditions. It is worth noting that MAPL creator Stan Klees and RPM publisher Walt Grealis had originally suggested a 10 percent Canadian content quota to the Commission (Grealis, March 7, 1997).

Decision CRTC 70-99 also stated that after two years a five percent minimum of all music broadcast on any AM station would have to be either composed or contain lyrics written by Canadians. This last initiative had originally been suggested by the Composers, Authors and Publishers Association of Canada (CAPAC).

The CRTC decided that stations would be monitored through a taped "air-check" copy of all material broadcast over a four-week period. This idea, along with the

implementation of the MAPL system, was met with resistance from the CBC during public hearings. They preferred a monitoring system that used program logs, which all AM and FM stations had to keep pursuant to section 4 of the AM and FM regulations. The CBC also contested the four-hour time period as a unit of measurement and asked for a five percent reduction in the content quotas during summer "slack" months.

During the public hearings that led to Decision CRTC 70-99, several groups wholeheartedly supported the regulations, including the Canadian Union of Public Employees (CUPE), the National Association of Broadcasting Employees and Technicians (NABET), the Canadian League of Composers, and the Canadian Music Centre. The Canadian Association of Broadcasters (CAB), which represents private radio interests, was the group most opposed to the regulations. In particular, the CAB questioned the availability of Canadian talent, stating that "[n]o regulation is necessary to require Canadian broadcasters to utilize usable Canadian music; and no regulation can succeed in compelling them to use raw material that is simply not available to them" (CRTC, 1971, 19).

The regulations were set up in large part to ensure that availability of Canadian talent would no longer be a problem. The CRTC's Annual Report for 1970-71 noted that one of the events following the new regulations was the installation of world-class production studios in Toronto; the CAB itself opened its own record production company. Another significant development was that so-called "ethnic" stations lessened the amount of imported music on their play lists and started to "play recorded Canadian compositions with the tempo, character and instrumentation of the original country's style" (CRTC, 1971, 11). No further

explanation or examples were given to explain what “the original country’s style” meant. The CRTC also indicated that three million-selling Canadian singles and three gold-selling Canadian albums (500,000 copies by U.S. standards) were signs that the regulations were promoting Canadian music in the U.S. market.

Domestically, there was a profound change in the exposure that Canadian artists received on their own airwaves. Audley (1983) notes that in 1968, Canadian musical selections accounted for between four to seven percent of all music played on Canadian radio stations. With the new regulations, the CRTC reported that stations were playing between 30 to 40 percent Canadian music by 1971. The Society of Composers, Authors and Music Publishers of Canada (SOCAN) reported that royalties collected for CanCon music more than tripled in the period from 1971-76. The level has been sustained since then (TFFCMI, 1996, 28).

The CanCon quotas had less of a marked effect on French stations, but the 1970-71 CRTC report stated that European and domestic sales of artists like Gilles Vigneault, Felix Leclerc and Monique Leyrac demonstrated that the “phenomenon of a healthy recording industry in Quebec” existed before the new regulations took effect (CRTC, 1971,11).

3.4.2 The Groundwork for FM Radio

In 1976, the CRTC released *FM Radio in Canada: A Policy to Ensure a Varied and Comprehensive Radio Service*. This policy paper set the foundation for FM radio development in Canada. Fundamental to the CRTC was the assumption that

FM channels are public assets, and the Commission is determined that they be developed in such a way as to contribute to a more varied program service

which will complement and enrich services already available from existing stations. (1976, 1)

The Commission also wanted to stress regional voices on the FM airwaves, noting that

The Commission expects FM licensees to help counteract the present media neglect of local needs that has developed through the use of excessively centralized pools of information and entertainment. FM broadcasters have a responsibility to detect and fill gaps in information and entertainment, and discover and encourage the potential for expression within the community. (1976, 12)

The paper went on to add that

If the means of distribution are increased without, at the same time, a significant increase in original Canadian production, the Canadian system will simply become a sophisticated delivery system for easily obtainable, homogenized, foreign material. The expansion of FM in Canada must be accompanied by the expansion of imaginative and creative resources and capacity in Canada. (1976, 5)

The CAB's position on FM development was also cited from a 1973 hearing:

The development of the FM band should not result simply in the multiplication of services. We believe that it is necessary to elaborate new concepts of production and service... FM should be universal in its appeal, that is, open to everybody, with a very great choice of services. (CRTC, 1976, 2-3)

This policy paper ushered in an era whereupon the CRTC described content categories to ensure a wide array of music and ideas were broadcast on stations throughout Canada. For music, two separate categories were introduced. The Music-General category encompassed popular, rock and rock-oriented, country and country-oriented, folk-oriented, and jazz-oriented music. The Music-Traditional/Special Interest category encompassed classical, opera, operetta musical, folk, jazz, and non-classic religious music. These content categories would later also become applicable to AM radio.

With regard to programming format, the CRTC aimed to discourage FM licence applications that relied heavily on the “rolling” program format, which was very popular with AM stations. This format was characterized by programs stressing heavy musical airplay with brief between-song weather reports and time updates. Like the gramophone format (which had no weather or time announcements), there were no discussions about the quality or nature of the music being played. The Commission set out to encourage program formats such as the foreground format, which concentrated on a theme or personality for more than 15 minutes (excepting ads and station identification), and the mosaic format, which represented any program that differed from the aforementioned three formats.

The new policy also stipulated that any station broadcasting in more than one language would have to provide a schedule outlining the duration of programming in each language. Regarding advertisements, the CRTC outlined that no more than ten minutes per broadcast hour could be dedicated to commercials.

When the regulations came into effect in 1976, a stage was set for CanCon on FM stations for the next 15 years. From the period of 1976-1991, the CanCon quotas for popular music stations varied by four groupings:

A) Group I radio stations, which played music such as soft rock, instrumental, and middle-of-the road (MOR) music, would program a minimum of 20% Canadian content if more vocal music was played than instrumental; a 10% minimum level applied to stations whose instrumental content was greater than vocal content. The reduced quota owed to a noted shortage in Canadian instrumental music.

B) Group II stations, which broadcast mainly hard and mainstream rock, had to play a minimum 20% Canadian content.

C) Group III stations, which broadcast mainly country and country-oriented music, had to program a minimum 30% Canadian content.

D) Group IV stations, which played mainly folk-oriented and/or jazz-oriented music were required to program a minimum of 20 to 30% Canadian content (the level was judged on the content of each station's playlists).

Stations providing other categories of music were judged on a case by case basis. Stations that programmed Music-Traditional/Special Interest music were required to offer a minimum of 7% Canadian content on these specific programs. The reduction in content was owing to the relative scarcity of these styles of music in Canada. Joint FM and CBC stations were required to have a minimum of 20% foreground programming while independent FM stations had to offer at least 12% programming in this format. Joint FM stations were also required to offer a minimum of 50% mosaic *and* foreground programming, while the minimum level for independent stations was 33%.

The Commission also implemented a maximum repeat factor (MRF) of 18 times per week for each song. FM stations were required to program no more than 50% "hit" music, which encompassed musical selections that had reached a Top 40 Chart in established Canadian trade magazines such as *The Record* and *RPM*, or the American-based *Billboard* magazine. FM radio was to be monitored through the "air-check" tape system, except the programming was to be judged on a weekly rather than a daily basis for its content.

3.4.3 The Groundwork for French Radio

Along with the Canadian content requirements, the CRTC issued a regulation that French stations would have to program 75% vocal popular music over the daily period of 6 am to 6 pm, and at least 65% of all vocal selections would have to be sung in French. This

came into effect in 1973 and was a response to studies which showed French radio stations were broadcasting less than 50% French songs. The daily 75% vocal music requirement was removed in 1980, but the weekly 65% requirement for French songs was retained.

3.4.4 Changes in AM & FM Radio Content Regulations - 1986 To 1992

In 1986, AM and FM Radio were placed under the same set of regulations, in an effort to simplify the CRTC's regulatory workload. These changes came with Public Notices CRTC 1986-66 and 1986-248. Significant changes in these regulations included the recognition of ethnic programming and a quota of 7% Canadian content during any ethnic program. Radio stations were required to identify the specific ethnic groups to which these programs were directed.

The CRTC loosened requirements for FM stations in the area of foreground programming, which the CAB and small FM stations claimed were too costly. Joint stations were now required to program a minimum of 15% in this format, while independent stations had to program a minimum of 9%. Other significant changes included the exemption of Canadian music from the 18 plays-per-week MRF on English-language FM stations, which the Canadian Independent Record Producers Association (CIRPA) supported. There was also a call to review the requirements for FM stations that broadcast Traditional and Special Interest music. This reflected the growing availability of CBC-FM in various parts of Canada, that would offer desired levels of the Traditional/Special Interest content category.

The increasing popularity of FM Radio was a growing concern for AM stations, and the CRTC took this into account by eliminating restrictions on advertising time for AM

stations. This move was opposed by some members of the public and a federal Member of Parliament, Lynn MacDonald. Licensees as well as the Ministry of Transportation and Communications and the CAB approved the elimination, however. AM stations were required to set up a self-regulatory body to monitor advertising levels initiated by the CAB. The CRTC rationalized that the amount of time devoted to ads would not become extreme, given most advertisers would not want their messages cluttered with countless ads from potential competitors. The Commission postulated that radio listeners would tune into stations with more music and fewer ads.

FM radio advertising regulations were also changed in an effort to promote content that reflected less mainstream tastes. Hourly ad limits were eliminated, but a daily limit of 150 ad minutes was retained. An incentive program was also set up to exempt less mainstream programs from the ad limits. They were:

- 1) Programs of a more esoteric quality (falling under the "Enrichment" content category) that dealt with journalistic or artistic issues and which were produced by Canadians.
- 2) Programs produced by Canadians for broadcast on more than one station. Programs produced by licensees would have to be broadcast on at least one other licensee's station.
- 3) Programs in the foreground format that featured Canadian artists who have not achieved gold status (50,000 units sold) with any recording in the five calendar years preceding the broadcast.

The Commission expected ad profits from these time slots to go to FACTOR/CTD programs. With this regulation, the CRTC initiated a "carrot on a stick" relationship with broadcasters, which would be repeated over subsequent years. Promotion of Canadian talent was linked with the loosening of ad regulations, much to the favour of the CAB and its members.

The CRTC summarized the new regulations by noting the adjustments they made to promote radio's profitability:

As usual we are giving even more to the industry than they requested. While the industry sought to have a certain flexibility to place a few more ads at specific times of the year, we are removing any hourly restrictions. In so doing we are almost destroying the diversity that we sought to establish between AM and FM radio and ensuring that the public will increase its usage of cassettes to avoid the clutter of ads now heard on AM radio. The argument that the industry is in a difficult financial situation and needs some relief may be true for some marginal stations but not for the majority. If the situation is so difficult, why is it then that we continue to receive and approve so many applications for radio licences? (Public Notice CRTC 1986-248)

The latter question would be re-visited in later years after more deregulatory moves and the continued licensing of radio stations.

In Public Notice CRTC 1986-67, issued March 19, 1986, French-language quotas for popular music were lowered to 55% for a period of two years. The decision stemmed from a 1985 task force report that found there was a dwindling number of new domestic French-language recordings. The 55% level was to be in place for the two years in hopes that incentive programs like MusicAction would boost French-language productions. The lowered quota was later retained for an additional year.

Public Notice CRTC 1987-83, released March 24, 1987, dealt with a CAB study that suggested that Canadian country broadcasters could not deliver 30% Canadian content of sufficiently high quality. Its report stated that a 30% requirement could only be reached by including regionally-produced country recordings which broadcasters found to be of inferior quality. The CAB suggested the requirements be reduced by a level of 33 to 50%, and offered incentives such as locally produced, all-Canadian country shows and ads for

Canadian country recordings as compensation for the proposed reduction. The CRTC opted to retain the 30% level, noting that "licensees have a role to play in the exposure of local and regional artists and recordings." The Commission also pointed out that FACTOR, MusicAction and the SRDP were offering subsidies for higher quality, locally-produced musical releases.

The next major change in the 1986 Radio Regulations came at the turn of the decade. Public Notice CRTC 1990-21, issued February 19, 1990, reinstated the 65% minimum level for French-language popular music on French stations. The Commission justified its decision by citing an increase in the level of quality Canadian-produced French-language recordings (which many credited to the SRDP and MusicAction, including CIRPA). The CRTC also encouraged French stations to program a minimum of 50% CanCon music in the French-language popular music area. In the three years following this decision there was a significant rise in French-language recordings produced in Quebec (TFFCMI, 1996).

The most significant change, outlined on December 17, 1990 in Public Notice CRTC 1990-111, was the new requirement that the majority of FM stations would have to play a minimum of 30% CanCon between 6 a.m. and midnight, like their AM Radio counterparts. Some FM stations were exempt from the requirement; those that played between 35-49% instrumentals were given a 20% CanCon quota, while stations playing 50% or more instrumental music were allocated a 15% CanCon level. The CanCon quota for Traditional and Special Interest Music was raised to 10%, while the quota for Ethnic Music remained

at 7%. The increase was prompted by the CRTC's belief that the Canadian music industry had matured and was producing significant amounts of music in a variety of formats.

In an effort to promote Canadian music during times of high listenership, the Commission stated that FM stations would have to broadcast at least 25% Canadian content during the weekday hours of 6 am and 7 pm; as well, Canadian music was to be evenly broadcast during the course of the week. In an effort to promote new Canadian artists, the CRTC extended a 12-month exemption period to any Canadian song after it first appeared on a Top 40 chart in the aforementioned trade magazines. For all of its good intentions, this new regulation allowed radio stations to play more "hits" and reduce diversity on the play lists: more foreign "hit" content was allowed up to the 50% limit, while all CanCon songs would be lumped in with the remaining non-hit material.

French-language stations were declared to be completely exempt from the hit quotas, "in view of the inadequacy of the available French-language hit charts as a measuring tool" (Public Notice CRTC 1990-111). Here the Commission admitted it did not have adequate resources to maintain existing hit regulations on French-language radio.

The Commission also acted on a request by the CAB to simplify the station groupings down to three groups from four. Group I now encompassed all stations playing at least 70% pop, rock and dance music. Group II stations were those that broadcast at least 70% country. Group III constituted any station that did not fit in Groups I or II. The CRTC stated there was significant diversity on the airwaves to allow for the simplification of station formats. It also allowed for less confusion when confronted with new musical genres, given

the emergence of new dance styles such as techno, house music and Eurobeat which were beginning to cross over onto pop charts.

The next couple of years saw further changes in which the Commission veered away from its initial aim to promote a diverse FM radio system which encouraged foreground programming. In Public Notice CRTC 1991-89, issued August 30, 1991, the Commission announced it was removing requirements for foreground programming and adding a new requirement for a weekly minimum of 15% spoken word programming. New advertising regulations replaced a daily limit on ads with a weekly limit. Under the new regulation, a maximum 15% of content during a broadcasting week could be dedicated to ads.

With these regulations, the CRTC once again engaged in compromises with private radio. In return for new spoken word levels, licensees were given more leeway with regard to program content (less stringent categories) and more advertising. Not only could radio stations now allocate more ads into time slots where listenership was high, but they could now broadcast up to an average of 162 minutes of ads per day.

The compromises were just beginning, however, as the 1992 RAPCG report would spark an era of deregulation.

3.4.5 Changes in CanCon Regulation – 1992 to Present

In Public Notice CRTC 1992-72, November 2, 1992, the CRTC stated it would remove the 18-times-per-week MRF for songs on English FM radio stations, thus allowing a song to be replayed as often as desired over a weekly schedule. The CAB made the request to remove the repeat factor; the Commission said it received no opposition from music

industry representatives and thus opted to eliminate the regulation. It argued this move would give FM radio more “flexibility” in its programming schedule, and both broadcasters and the music industry agreed. By this time, it was generally acknowledged that a song had to be played more than 18 times a week to be noticed by a significant listening audience (see LeBlanc, Nov. 21, 1992, 52).

AM radio representatives claimed that removal of the MRF would make their stations less competitive against FM radio, but the CRTC claimed the existing FM hit quota would prevent FM radio from competing with AM radio’s rolling format and high hit content.

Public Notice CRTC 1993-38, which was released on April 19, 1993, dealt with a request by the CAB and other private broadcasters to eliminate the 15% spoken word quota and once again allow for more “flexibility” in programming. The CAB argued that research and quality scripts for spoken word segments were too costly for private radio; there was also the risk of losing listeners who wanted to hear more music. The Commission decided to eliminate the quota, but replaced it with a requirement that commercial FM stations allocate one-third of their schedule to local programming. The CRTC cited Subparagraph 3(1)(i)(ii) of the 1991 Broadcasting Act which states that programming should “be drawn from local, regional, national and international sources” in its decision.

Local programming was considered to be any program produced exclusively by or for the individual stations, and required spoken word material such as news, weather, and local sports – but no stipulations for music. Single-market FM stations and all AM stations had no limits on local programming. The Commission also eliminated maximum ad limits

for FM stations with this decision, citing FM radio's financial difficulties. The CRTC once again rationalized that discerning listeners would keep ad levels at a reasonable level as they had for AM radio.

In Public Notice CRTC 1993-173, issued on December 8, 1993, the CRTC announced that it would refine the MAPL system's criteria so that a Canadian artist who had contributed at least 50% to the combined music and lyrics of a song would receive one Canadian "point." The 50% authorship would have to be recognized by a noted performing arts society. This amendment can most likely be related back to a much publicized story outlining that popular singer/songwriter Bryan Adams's release *Waking Up the Neighbours* would not be credited as Canadian content, due to the fact he had co-written the songs with British songwriter/producer Robert John "Mutt" Lange. The issue raised questions about the flexibility of CanCon regulations in the case of collaborations between Canadians and foreigners. The CRTC aimed to alleviate any future ambiguities with this amendment to the MAPL criteria.

The FM format system was further simplified with Public Notice 1995-60, issued April 21, 1995. The CRTC acted this time upon the CAB's request to allow stations to program between Groups I and II formats. The Commission only set a distinction for a Specialty format, for which a station qualified if one of the following criteria were met:

- 1) The station broadcast in a language other than English or French;
- 2) A spoken word content of 50% or more over the broadcast week;
- 3) Less than 70% of the music played fits into Groups I and/or II.

The most recent proposed change deals with the “hit” quota. Public Notice CRTC 1997-5, issued on January 10, 1997, called for comments from the public and industry on the proposed elimination of the restrictions on “hit” programming for English FM radio stations. In this notice, the CRTC argued that Contemporary Hit Radio (CHR), a rolling format known also as Top 40, was under-represented on Canadian AM and FM airwaves. The Commission suggested that CHR and other Top 40-oriented formats could fill a missing niche for Canadian FM radio.

CIRPA, along with L'Association Québécoise de L'Industrie du Disque, du Spectacle et de la Vidéo (ASIDQ), noted that the Commission had agreed in Public Notice CRTC 1995-60 to re-evaluate radio regulations in 1998. Both associations argued the CRTC should wait until 1998 to make a decision on hits policy, which would give policy makers time to research the implications of removing the hit quota from English radio.

L'Association Canadienne de la Radio et de la Télévision de Langue Française (ACRTF) argued that removal of the hit quota would give English radio stations a competitive advantage over their French counterparts in the Montreal and Ottawa/Hull. Given that French stations are required to play 65% French-language popular music, they are already limited in the number of English hits they can play. Four licensees of AM “oldies” stations (which primarily play old hits from the 1960s and 1970s) also expressed concern that hit quota removals would put them in competition with superior-sounding English FM stations who would be free to adopt their format.

The CRTC took these factors into consideration with its decision in Public Notice 1997-42, issued on April 23, 1997. It decided to slightly modify the current hit quota on English FM radio until more research could be conducted, but changed the definition of a hit for all English-language FM stations outside of the Montréal and Ottawa/Hull regions. Under the new definition, effective on May 4, 1997, a hit is any composition that reached a Top 40 chart in any of the aforementioned industry magazines before December 31, 1980.

All English-language FM stations outside of the Montréal and Ottawa/Hull areas can now program songs from 1981 to the present without considering the hit quota. This essentially prevents these stations from playing too many "oldies" hits. English-language stations in heavily populated French-speaking areas must retain their old hit quotas in order to keep their French-language counterparts competitive. The Commission stated in its decision that this would encourage the development of the CHR format in Canada, while accommodating concerns from "oldies" AM stations and urban French-language stations. With this decision, the Commission reacted to the music industry and AM radio's concerns regarding the amount of older, proven music played on commercial FM radio.

Given that private radio regulations are steadily encouraging the use of popular new songs to offset the overplaying of older hits, one could question where non-hit compositions are being represented on Canadian airwaves. Two possible venues are the CBC and campus/community radio.

3.4.6 CBC Radio

The CBC has a special niche to fill on Canadian airwaves. Subsection 3(m) of the Broadcasting Act states that the CBC should offer predominately and distinctively Canadian programming, reflect and serve all Canadian regions and contribute to the flow of cultural expression in both English and French. Given CBC's role as the nation's public broadcaster, the Commission raised Canadian content quotas for CBC radio stations in Decision CRTC 88-181, issued March 30, 1988.

The CRTC was concerned with low levels of Canadian popular music on the CBC's AM and FM stations, given the public broadcaster's commitment to high levels of spoken word and traditional/specialized recordings. A new incremental quota was therefore implemented that would see all CBC stations raising their minimum CanCon levels for popular music to 40% in 1988; by 1990, the level would raise to 50%. Regional CBC stations were encouraged to play local popular music artists and reach a level of 100% Canadian content. The Commission also found that Canadian traditional/specialized musicians were producing enough to raise minimum levels for traditional/specialized music to 20% by 1990. As well, the new regulations outlined that all popular and specialized vocal music on French CBC stations would be sung in French. Audience share for CBC stations did not decline due to the raised quotas (TFFCMI, 1996, 55).

In its decision, which also reviewed the CBC's network licence renewal, the CRTC was critical of the public broadcaster for not showing enough initiative in promoting Canadian musical talent. The raised quotas were a response to this lack of motivation.

By the 1994-95 program year, CBC radio networks were providing a distinctive, “overwhelmingly Canadian” service, according to the 1996 report of the Mandate Review Committee – CBC, NFB, Telefilm (hereafter known as the Juneau Report for its chairman, Pierre Juneau). English CBC radio allocated 44% of its resources towards local programming in that year, while the French-language Radio-Canada spent 43% of its budget on local programming (Mandate Review Committee, 1996, 49). The Juneau Report also acknowledged, however, the \$29 million cutback in CBC radio’s budget, prompted by the federal Liberal government’s cutbacks to CBC funding, which would be effective in the 1995-96 and 1996-97 program years. It stated these cutbacks would be detrimental to the program schedule and called for a moratorium on radio cuts.

3.4.7 Campus/Community Radio

1992 also revealed new regulations for campus/community and instructional radio stations. Public Notice CRTC 1992-38, issued May 29, 1992, outlined the former to be non-profit radio stations run on college/university campuses by volunteers from the student body and community. The latter are stations run as training schools for future radio professionals. The regulations stressed that these stations should provide alternative programming which would support cutting-edge artists, progressive ideas and specialized groups in the community.

To achieve this, the Commission implemented a quota of at least 25% spoken word programming and an MRF of ten times-per-week for non-Canadian songs on campus/community radio and 18 times-per-week on instructional radio. A minimum 20%

quota for non-popular music (at least 5% of which had to be from the Traditional/Special Interest category) ensured that specialized recordings would be played. Campus/community radio was given a maximum 15% "hit" quota, while the proportion doubled to 30% for instructional radio.

Radio is not the only area where the CRTC imposes CanCon regulations. Canadian music television is an important venue for exposure as well as pay audio.

3.4.8 CanCon Regulations for Music Television

Public Notice CRTC 1987-83, issued on March 24, 1987, outlined what constituted CanCon for music videos. As well as meeting at least two of the four MAPL criteria, a video had to satisfy at least one of the following requirements:

- 1)The video director or production company is Canadian, and/or:
- 2)The video production facilities are in Canada.

MuchMusic's content requirements were recently reaffirmed in Decision CRTC 94-439, which was released on July 27, 1994. In renewing the station's licence for five years, the CRTC maintained stipulations that MuchMusic broadcast a minimum of 65% music videos over the course of a broadcast week. At least 30% of the videos must be CanCon and 50% of all programming between 6 p.m. and midnight must be Canadian. The station was also given a choice to broadcast at least 5% French-language videos, or to broadcast a 30-minute program each weekday that features three to five French-language videos. MusiquePlus's licence renewal came with Decision CRTC 94-710 on August 29, 1994. Its content

requirements with regard to music videos are similar to MuchMusic's except it must broadcast a minimum of 35% French-language videos over the broadcast week.

Both MuchMusic and MusiquePlus are required to be "devoted to music in all its forms." It would appear the CRTC is also promoting niche programming on individual music TV channels, as outlined in its recent decisions to license two new music video services, Musimax and MuchMoreMusic. Decisions CRTC 96-611 and 96-614 indicate that both of these new services are aimed at an older audience, with light pop, jazz, new age and classic hits. Both stations must program a minimum of 65% music videos during the broadcast week and at least 30% of all videos must be CanCon. Musimax must also program a minimum of 20% French-language videos over the course of the broadcast week in its first two years, increasing to 30% by its third year of operation.

Another recent addition to Canadian cable systems is a controversial country music station. The New Country Network (NCN) was officially licenced to operate on June 6, 1994 with the release of Decision CRTC 94-284. The CRTC stipulated that NCN would have to broadcast a minimum of 90% music videos, 70% of which had to feature country or country-oriented music. A minimum of 30% CanCon videos would have to be played in its first year of operation, with annual increases of 2% until a 40% level was reached by its sixth year of operation.

NCN replaced a U.S.-based country music station, Country Music Television (CMT), on Canadian cable systems. The CRTC noted in making this decision that its mandate was to select Canadian services for broadcast licences over American services offering similar

content. It is worth noting the Commission did allow another U.S.-based country station. The Nashville Network (TNN), to retain its place on Canadian cable systems. As TNN is an American station, it does not fall under the jurisdiction of the CRTC regarding content regulations.

U.S. Trade Representatives came to the side of CMT, claiming that the station had been unfairly removed from the Canadian market. They threatened to retaliate with sanctions against Canadian-based communications interests in the U.S. unless a compromise could be reached. By late August of 1996, a deal was finalized to give a 20% interest of NCN's operation to CMT's American owners, Gaylord Entertainment Co. and Group W Satellite Communications (a unit of Westinghouse Broadcasting.) A 20% interest is the maximum percentage any foreign owner can hold in a Canadian broadcasting operation; this relates to Paragraph 3(1)(a) of the Broadcasting Act which states that "the Canadian Broadcasting system shall be effectively owned and controlled by Canadians." Canadian-based Shaw Communications took over the remaining 80% interest from Rawlco and Rogers Communications Inc., and the new operation changed its name to Country Music Television (Canada.) U.S. trade representatives said they would continue to monitor all Canadian cultural policies to see if they infringed upon conditions set in the NAFTA (Fagan, August 9, 1996, B3).

The transfer of ownership did not have any effect on CanCon regulations for the stations. It did reinforce the idea, however, that Canadian cultural policy may not as stable as initially thought in a NAFTA environment.

3.4.9 CanCon Regulations for Pay Audio

Pay audio has also been an area of considerable controversy. After the CRTC initially licenced satellite-delivered pay audio channels in 1993, representatives from the French and English-Canadian music industries petitioned the Governor In Council to review the decision. The proposed licences would have included a large number of American pay audio channels, which led the music industry to claim that the channel providers, Shaw and Cogeco, were not fulfilling conditions set out in Paragraph 3(1)(f) of the Broadcasting Act. The subsequent re-evaluation revealed many problems with the licences, which were therefore revoked.

The next round of pay audio licences were introduced on December 20, 1995, With Decisions CRTC 95-911, 95-912, 95-913 and 95-914. Two of these decisions, 95-911 (involving DMX Canada Ltd.) and 95-912 (involving Kruyt/Power) were again met with resistance from the Canadian music industry. These companies wanted to set up Canadian pay audio channels while also importing American channels; the inclusion of the latter was deemed by Canadian music industry representatives to go against Paragraph 3(1)(f) of the Broadcasting Act. The Canadian Recording Industry Association (CRIA) stated during the interventions that a 30% CanCon level should be applied across all stations. The other licensees, CWP/Allegro and CBC/Galaxie, only proposed to set up Canadian channels. Upon re-evaluation, the CRTC decided all four licensees should be able to link one foreign-produced channel for every Canadian channel, "in order to ensure fair competition and a predominance of Canadian-produced channels" (Decision CRTC 96-479).

The CRTC rationalized that foreign channels were needed to fill a niche, stating that “[c]hannels devoted to relatively esoteric categories of music would have limited access to Canadian selections and may find it difficult to meet Canadian content requirements” (Decision CRTC 96-479). The Commission went on to say that this was the only way to accommodate consumer demand for greater diversity in programming. In effect, they were saying that there was not a significant amount of musically diverse Canadian content on the market. The Commission also responded to the CRIA’s request for a flat level of 30% CanCon across all stations:

As an example, CBC/Galaxie is currently required to provide 30% Canadian content over all of its 30 pay audio channels. However, only 18 of those channels are devoted to popular music requiring the 30% level. The other 12 special interest channels would only have been required to program a minimum of 10% Canadian content under existing Commission policies for radio. Therefore, if Canadian content requirements were applied on a channel-specific basis, as proposed by CRIA, CBC/Galaxie would only be required to program 22% Canadian content over all 30 channels. A similar channel-specific approach with the other licensees would result in CWP/Allegro being required to provide 26%, Krulyt/Power 27%, and DMX 30% Canadian content over all Canadian-produced channels. (Decision CRTC 96-479)

The CRTC ruled that all Canadian pay audio stations would be required to provide CanCon levels on a par with Canadian radio. One difference is that one in every four Canadian pay audio stations must be a French-language station (which means it must program at least 65% French-language music.) Foreign stations, of course, have no CanCon regulations. This means that should all licensees choose to link an equal number of foreign and domestic channels, their overall French-channel and CanCon percentages would be cut in half.

The CRTC could have doubled CanCon levels on Canadian channels to offset this loss, but the Commission claimed that “the result of such an approach may be an unacceptably high rotation of popular Canadian music that could drive listeners away from Canadian-produced pay audio channels” (Decision CRTC 96-479). This comment comes from the same regulatory body that has scaled back hit quotas and MRF limits on commercial radio, to allow for the CHR format and its high rotation of hits. It should be noted that two Commissioners, Andrée Wylie and Yves Dupras, dissented on Decision CRTC 96-479 and sided with the concerns of the CRIA and other music industry representatives.

The pay audio decisions are a fitting point to end this discussion, as they adequately reveal cracks within the CRTC’s regulatory armour.

3.5 Summary

The CRTC has maintained CanCon quotas over the past 25 years, but one could also question what type of Canadian content the current regulations promote; a simplification of FM station formats allows for more flexibility in programming new musical styles that would have been hard to categorize under old CRTC format definitions. At the same time, the deregulatory moves by the CRTC allow for more Top 40 material, which threatens the amount of air time for more diverse and eclectic musical styles.

What about the responsibilities of private radio broadcasters? In Public Notice CRTC 1995-60, issued April 21, 1995, the Commission notes that:

the 1990 policy was developed taking into account three key considerations: reliance on competitive forces wherever possible, maintenance of the ability

of AM stations to provide high quality programming in the face of growing competition from FM stations and reduction of the level of regulation to that absolutely necessary to ensure that objectives of the Broadcasting Act (the Act) are fulfilled.

In recent years, the CRTC has dedicated itself to a significant “reduction of the level of regulation,” especially with regard to FM radio. One could question whether these reductions go beyond a level “absolutely necessary to ensure that objectives of the Broadcasting Act are fulfilled.” Private radio does not appear to be a promising entry ground for independent regional Canadian musicians; local programming is merely content that originates from a station with occasional news, sports and weather reports, while musical content is oriented towards established Canadian and foreign artists. The CRTC has also decreased financial responsibility for private radio broadcasters

Is the CRTC merely catering to private broadcasting interests, or are they burdened by an ever-increasing workload and fewer resources, as they claimed in Public Notice CRTC 1995-196? A research group commissioned by the Music Task Force would argue the latter; they found that policy and studies on the Canadian music industry are lacking, which makes the CRTC’s job much harder:

Ekos Research Associates notes that part of the problem the CRTC appears to be experiencing in making appropriate and informed decisions in areas such as pay audio services probably arises from the fact that it lacks adequate research resources. It also notes a certain lack of clarity in federal policies and programs that affect the music industry, resulting from a lack of well-defined objectives, a single focus for decision-making and a common information base of high quality (TFFCMI, 1996, 138).

Associations like the CAB and comprehensive studies like the 1992 RAPCG report have obviously influenced recent CRTC decisions, which do reflect legitimate concern over the

financial state of the FM radio industry. Private radio has not improved significantly in the immediate years following the RAPCG report; Statistics Canada (1995) found that Canadian commercial radio lost an aggregate amount of \$164 million in the period from 1990 to 1994. The Music Task Force believes that there may be too many stations, however, to ensure that all Canadian FM radio broadcasters can survive:

It may well be that the market for radio advertising will not support the greatly increased number of radio stations that now exist in Canada. However, under the Broadcasting Act the Commission's primary responsibility is not to ensure the financial viability of every station it has ever licenced, but rather to ensure that the broadcasting system serves the public policy goals set out in the Act. The goals of the Act ought not to be abandoned in order to sustain an uneconomic number of competing stations. (TFFCMI, 1996, 38)

While this comment alludes to the goals of the Broadcasting Act, the Music Task Force's agenda was not purely to help promote Canadian culture through musical representation. Its chairs, Brian Robertson and Brian Chater, head the CRIA and CIRPA respectively, and these associations aim to promote and maintain a profitable Canadian music industry.

A central concern of the CRIA and CIRPA deals with the lessening amount of new music that radio stations play. There is little incentive to promote new Canadian musicians over older, established artists. The latest FM hit definition prevents excessive programming of music before 1980, but this leaves over 17 years of established Canadian music for programmers to fit into their CanCon slots. As industry observer Rob Robson (Feb. 24, 1996, 4) notes,

Why play an unproven artist when an established hit by Rush or the Tragically Hip will satisfy the Commission just as well? Unfamiliarity is the

biggest tune-out at radio. Unless you program a current-intensive station, such as CFOX in Vancouver, why take the chance of playing anything new?

Major radio's attitude to CanCon is also reflected in a new monitoring system used by Canadian trade weekly, *The Record*. Broadcast Data Systems (BDS) was introduced in the publication in early 1997, and their findings show that CanCon selections are played in the weakest audience time slots during the 6 a.m. to 7 p.m. weekday period. The BDS measurements themselves are of concern to Canadian independent labels, for they exclude many small-market radio stations where independent label artists are more likely to receive airplay, making the overall CanCon levels look smaller than they actually are (LeBlanc, March 1, 1997, 43). Nonetheless, the BDS findings show that major private radio stations in Canada are primarily concerned with promoting foreign hit material.

Commercial radio listenership also presents a paradox for regulators who aim to promote diversity. The CRTC's removal of the 18-plays-per-week MRF was met with general approval in Public Notice CRTC 1992-72, mainly because both sides of the music and commercial radio industries believe a song must be played more frequently than 18 times to reach a significant number of listeners and be successful. This has lessened the diversity of songs played per week on any private station.

CBC/Radio-Canada still exists to provide a diversity of voices and expressions; subparagraph 3(m)(viii) of the latest Broadcasting Act specifically mandates the CBC to "reflect the multicultural and multiracial nature of Canada." In terms of listenership, recent figures from Statistics Canada (1995, 86) show that CBC radio attracted 9.2% of the total audience in 1994. The Juneau Report (1996, 49) stated that CBC/Radio-Canada does fare

well in terms of audience “reach,” which is the number of people who tune in to a station at some time during the broadcast week; in 1995, 3.6 million people tuned in to English CBC radio services every week, while 900,000 tuned in to Radio-Canada services.

A concern raised by the Juneau Report deals with cutbacks to CBC radio. In early 1997, the Department of Canadian Heritage made an attempt to alleviate some of CBC Radio’s financial pressures by reallocating \$10 million annually to French- and English-language CBC radio services, but this will not alleviate the cuts that have already been made to local services and staff. There are also concerns about CBC’s audience and its programming. The Music Task Force stated that more could be done to promote new Canadian artists through the CBC. The Juneau report (1996, 53) expressed concern about CBC/Radio-Canada’s attractiveness to youth; it found that listeners aged 50 years or older account for 58% of the CBC’s English AM/FM audience, 56% of Radio-Canada’s AM audience, and 61% of Radio-Canada’s FM audience.

Campus/community radio stations also exist to promote a diverse array of music and opinion, but these stations operate with limited resources, volunteer (usually amateur) staff and low-watt transmitters. As a result, they do not find a significant audience.

As seen in the pay audio case, the CRTC now believes it must go out of the country to find musically diverse alternatives for consumers. The Commission has also given broadcasters some leeway with lower CanCon levels for instrumental, ethnic, and specialized music. The Broadcasting Act gives it a loophole to do this in Paragraph 3(1)(f), which states that if demand for “specialized content” is greater than what Canadian talent has to offer, it

would be “impracticable” to demand maximum use of Canadian content in these cases. The question is whether there is enough “specialized content” already produced by Canadians, as the CRIA and CIRPA would claim.

According to the Music Task Force, music television is an area where CRTC regulations have been successful in promoting new French- and English-language Canadian artists. They cite three reasons for this:

- 1) The stations are predominantly Canadian-owned and controlled.
- 2) They have been licenced to promote a diversity of new music while making significant contributions to CTD and CanCon regulation.
- 3) They have not faced competition from American music television channels.

Regarding reason 1), music television stations fall under the same rules as radio stations, so this does not explain why music television is more successful than radio. Regarding reason 2), the same CanCon regulations apply to both music television and radio, although music television stations individually do contribute more to CTD. Stations like MuchMusic and CMT have national exposure, however, unlike radio stations. This gives them a larger audience to sell to advertisers and hence higher revenues. Regarding the diversity issue, *Billboard's* Canadian editor, Larry LeBlanc (Sept. 14, 1996, 64), supports the Music Task Force's view, claiming that “MuchMusic is a particularly potent tool in marketing hip-hop and rap, alternative, and world beat artists in Canada, where there is a lack of radio support for those genres.” Reason 3) is valid, as American music television stations like MTV and VH-1 have not been allowed to enter the Canadian cable market. There is one exception – an American country music channel, The Nashville Network (TNN), has been on various

Canadian cable systems since 1984. It continues to compete with CMT in various cable markets around Canada. There is little doubt, however, that MuchMusic and MusiquePlus have benefitted from MTV and VH-1's absence on Canadian cable TV.

In all, CanCon regulations appear to be geared towards promoting hit-oriented material and a "star" system. To better understand how the regulations operate, however, they have to be put in the context of the industries with which they interact. With this in mind, let us now turn to a discussion of the Canadian music and broadcasting industries as they exist in the 1990s.

CHAPTER IV – THE CANADIAN MUSIC INDUSTRY

“Globalize local repertoire”

– Bertelsmann Music Group (cited in Burnett, 1996. 8).

The music business is an extremely risky venture, like other cultural industries. Of all new recordings with national distribution, one of ten will make a significant profit, two will break even and the other seven will lose money (Sanderson, 1992). Under such conditions, vertically-integrated, multinational-controlled labels have the means to operate efficiently by using economies of scale (maximizing production, on a global scale where possible, to reduce marginal costs per recording unit). They can also efficiently utilize economies of scope, wherein they spread risk over a wide variety of hardware and software companies (at a macro level) and recording ventures within their music businesses (at a micro level). In short, multinational companies have the money and capital to support a risky music business in the long-run, which is a luxury few Canadian independent labels (and artists) can afford.

The Canadian music industry operates at four levels: production, distribution, retail sales and – more indirectly – exhibition to promote their products. Government regulations and subsidies primarily aim to aid Canadian artists at the levels of production (with the SRDP) and exhibition (with CanCon quotas for radio, pay audio and music television channels). As will be seen, the distribution level also plays an extremely important role in determining the popularity of a Canadian artist. It is at this level that the term “independent label” often becomes a formality; most Canadian-controlled labels that aim for national

exposure become dependent on multinational-controlled major labels for their national distribution channels and credibility.

As outlined in the last chapter, the SRDP was initiated after Hahn's 1985 study for the CAB, which found that the supply and sales of CanCon recordings were not proportional to CanCon quotas on radio. This chapter will compare recent industry figures in comparison to mid-1980s statistics to see if CanCon production levels and market share have changed significantly in that time period. Although the Music Task Force provides many statistics in this chapter, the source for many recent figures also come from Statistics Canada's 1995 publication, *Canada's Culture, Heritage and Identity: A Statistical Perspective*. The mid-1980s statistics come from a publication released in 1987 by the former Canadian Department of Communication, entitled *Vital Links*.

Vital Links concluded that the need for subsidies related to the high concentration of foreign investment in Canada's sound recording industry, which was then dominated by 12 foreign music companies, eight of which were multinationals. Today, the industry is dominated by six multinational companies – EMI, Warner, Sony, BMG, Polygram and Universal – all of which focus on the global music market. Unlike other culture-related industries such as broadcasting (where any undertaking must be 80% Canadian-owned), there are no concrete guidelines for the level of foreign investment in Canada's sound recording industry. Broadcasters fall under the legislation of the 1991 Broadcasting Act, which states in subsection 3(1)(a) that "the Canadian broadcasting system shall be effectively owned and controlled by Canadians."

According to a 1995 study done by Ekos Research Associates (pp. 51-52), reviews of any ownership transfer in a multinational record company is handled by Industry Canada, which solicits advice from Investment Canada. The only real Canadian policy directing music company ownership is subsection 20(e) of the Investment Canada Act, which states that all decisions should consider "the compatibility of the investment with national... cultural policies, taking into consideration...cultural policy objectives enunciated by the federal government or legislature of any province likely to be significantly affected by the investment." When Investment Canada takes cultural policy issues into question with a given business investment, it turns to the Department of Canadian Heritage for advice. Three federal government departments are therefore involved when considering foreign ownership of a Canadian-based music business.

Recent approvals for changes of ownership (such as Sony's purchase of CBS Records) have involved promises on the part of the new owners to sign and develop Canadian talent. Ekos Research Associates (1995, 52) claim this has led to two responses:

- 1) The multinational labels claiming they were signing and developing Canadian talent all along; and
- 2) Canadian independent labels claiming the new commitments lead multinationals to steal away their most profitable artists.

The following is a brief overview of the major multinational labels in Canada.

4.1 Multinationals

The six multinationals are involved in all aspects of the music industry, including marketing, production, distribution, music publishing and manufacturing of compact discs,

videos, and cassettes. Some are also involved in retail by owning major record store chains (as is the case with EMI) or through direct-mail music clubs (Sony/Warner, BMG).

4.1.1 EMI Group PLC

EMI Group PLC is a public British music company that recently engaged in a de-merger with Thorn Electronics, another British firm with which it had operated for over 15 years. EMI Music Group has operations in 42 countries and licenses its products in another 36. It owns the HMV chain of music stores – with locations in seven countries – and holds the world’s number one publishing company, EMI Music Publishing. Its major label subsidiaries include Virgin and Capitol, both of which cater to various musical genres. In 1996, EMI Group PLC posted sales of U.S.\$1 billion in the United States and U.S.\$4.2 billion internationally (The Nation, Aug. 25, 1997, 30). The company is poised for a possible takeover from a major conglomerate, rumoured to be Canadian-controlled Seagram Company (Zeidler, June 19, 1997).

EMI Music Canada deals with some of the more affluent Canadian independents, including Vancouver-based Nettwerk (which deals with a variety of progressive musical styles), London, Ont.-based Plus 8 (an electronic dance music label) and Toronto-based Alert (whose major artist is jazz chanteuse Holly Cole). It also deals with Montreal-based Aquarius, Stouffville, Ont.-based First Nations (specializing in Indigenous Canadian music), and Vancouver-based Essential Noise (a punk music label). Many Canadian artists are signed directly to EMI Music Canada or Virgin Music Canada. As of mid-1997, 28 Canadian acts are signed directly to EMI’s Canadian operations (LeBlanc, June 28, 1997, 50). Through its

Canadian subsidiaries and licensing deals, EMI's Canadian branch boasts an impressive roster of artists from a wide diversity of musical genres.

4.1.2 Warner Music Group

Warner Music Group (WMG) is a subsidiary of Time-Warner Inc., an American-based multinational that is the largest entertainment company in the world. Time-Warner's businesses are primarily oriented around publishing, music and entertainment. The parent company also owns a U.S. television channel (WB), a major Hollywood film studio (Warner Bros.), and popular entertainment-oriented publications like People and Entertainment Weekly. Its cable-related holdings include Cable News Network (CNN), Home Box Office (HBO) and Turner Entertainment Networks. WMG has a joint venture with Sony in Columbia House, a direct marketer of audio-video products.

WMG consists of four major label subsidiaries: U.S.-based Warner Bros. Records, The Atlantic Group and Elektra Entertainment Group, along with Warner Music International, which handles its international labels and operations in over 70 countries. One of the world's largest music publishing companies, Warner/Chappell Music, also falls under the WMG umbrella.

Burnett (1996, 52-53) notes that Warner Music tripled its sales in the period from 1975 to 1990, with primarily American artists on its roster. The company has aimed in the 1990s to expand into foreign markets and purchased foreign labels such as Erato (France) CGD (Italy) and Teldec (Germany). In 1996, WMG posted worldwide sales of U.S. \$2.5 billion in the United States and U.S.\$3.9 billion internationally (The Nation, Aug. 25, 1997,

27). It is worth noting that WMG's most profitable release in 1996 was the work of a Canadian: Alanis Morissette's *Jagged Little Pill* was actually released through the U.S.-based Maverick label, an affiliate of Warner Bros. Records.

Warner Music Canada, a division of Warner Music International, signs Canadian artists directly through its WEA label, but it also engages in licensing deals with independent, Canadian-owned labels like Edmonton-based Stony Plain (specializing in blues and roots music), Halifax-based Ground Swell (Celtic/Gaelic rock) and Stratford-based Quinlan Road (featuring Celtic/Gaelic harpist/vocalist Loreena McKennitt). As of mid-1997, Warner Music Canada had 20 acts signed directly to its label roster (LeBlanc, June 28, 1997, 50). Other Canadian artists have signed with an American subsidiary, as in the case of Alanis Morissette.

4.1.3 Sony Music Entertainment, Inc.

Sony Music Entertainment, Inc. (SMEI) is owned by Sony, the Japanese electronics and entertainment conglomerate. Sony's other holdings include a major Hollywood film studio (Columbia/TriStar Pictures), Playstation video equipment, and various audio/video/computer products under the Sony name. SMEI also has the aforementioned joint venture in Columbia House with WMG.

SMEI is comprised of three divisions: U.S.-based Sony, Sony Music International – which includes 35 wholly-owned subsidiaries (including Sony Music Canada), and Sony Classical. Major labels owned by Sony include Columbia and Epic, which cater to various musical genres. SMEI also holds Sony/AVT Music Publishing, a major publishing company.

In 1996, Sony posted worldwide revenues of U.S.\$1.8 billion in the United States and U.S. \$4.8 billion worldwide (The Nation, Aug. 25, 1997, 28). Like WMG, SMEI's greatest success in 1996 came with a Canadian-signed artist, Celine Dion; her *Falling Into You* release on the Sony Music label sold over 21 million copies worldwide.

Sony Music Entertainment Canada does not engage in extensive licensing deals with Canadian independents, opting to sign artists directly to one of Sony's labels. As of mid-1997, Sony Music Entertainment had 18 acts signed through its Canadian operation (LeBlanc, June 28, 1997, 50). Sony's Canadian artists range from the mainstream-oriented Celine Dion to the Innu sounds of Kashtin and the Inuit throat-singing of Tudjaat.

4.1.4 Bertelsmann Music Group

Bertelsmann Music Group (BMG) is owned by the privately-owned German conglomerate Bertelsmann AG, with interests in television (CLT-UFA, Europe's largest TV company) and literary publishing (Bantam Doubleday, Dell, Gruner+Jahr). Major labels owned by BMG include RCA, Arista (both deal in various genres), RCA Victor Red Seal (classical), Arista Nashville (country) and Windham Hill (folk/new age); the company also owns 20% of Zomba Records, which owns many successful R&B/rap labels. BMG competes against Columbia House with its BMG Direct venture, and also holds BMG Music Publishing. In 1996 fiscal year, BMG had sales of U.S.\$1.3 billion in the United States and U.S.\$5 billion internationally (The Nation, Aug. 25, 1997, 30).

BMG Canada signs acts directly to the multinational's affiliate labels, including its BMG Canada label, but it also has licensing deals with Canadian labels such as Toronto-

based Handsome Boy (rock/pop), Iron Music (various genres) and Leisure Lab Records (nostalgic "lounge" music). As of mid-1997, BMG Canada had 11 Canadian artists directly signed to its roster (LeBlanc, June 28, 1997, 50).

4.1.5 Polygram Group

Polygram is the result of a merger between two music labels: Polydor (then owned by German classical label Deutsche Grammophon, which was owned in turn by German electrical company Siemens) and Phonogram (owned by Dutch company Philips Electrical). Philips subsequently bought out Siemens' share in Polygram to wholly own the music company. Polygram has operations in over 40 countries and owns a number of high-profile labels: A&M, Island, London, Polydor and Mercury cater to a variety of musical genres. The company also owns the infamous R&B label Motown, hip-hop label Def Jam, jazz label Verve along with classical labels Philips and Deutsche Grammophon.

Along with music, Polygram has a minor Hollywood film studio (Polygram Filmed Entertainment) which owns Gramercy Pictures, Interscope Communications and Island Pictures. The company also has film distribution operations in 10 countries. Polygram posted 1996 sales of U.S.\$1.6 billion in the United States and U.S.\$4.6 billion internationally (The Nation, Aug. 25, 1997, 28).

Polygram Group Canada Inc. primarily signs Canadian acts to its major subsidiaries. As of mid-1997, Polygram Group Canada had 11 Canadian artists signed directly to its roster (LeBlanc, June 28, 1997, 50). Generally, Canadian Polygram artists are from mainstream pop and country genres. Like Sony and Warner, Polygram has found phenomenal success

in the mid-1990s with a Canadian artist, Shania Twain. Signed to an American deal with Mercury Nashville, Twain had 1996 sales of over 10 million copies worldwide with her *Woman In Me* recording.

4.1.6 Universal Music Group

Universal Music Group (UMG), formerly known as MCA Music Entertainment, is 80% owned by Seagram Company Ltd., a beverage/entertainment conglomerate controlled by the Canadian-based Bronfman family. Japanese electronics firm Matsushita owns the remaining 20%. Seagram owns the largest juice company in the world (Tropicana Dole Beverages), manufactures various alcohol products, and runs a major Hollywood studio (Universal Studios) with interests in television production as well (Universal Television). It should be noted that while Seagram Company Ltd. is a Canadian-based company, it is publicly traded and has a large foreign investor base to satisfy. The focus in its music operation is therefore on the global market.

UMG includes a major publishing company (MCA Music Publishing) along with major American labels such as Geffen and DGC, which specialize in alternative, hip-hop and pop genres. Other significant labels under the Universal umbrella include two country labels (MCA Nashville, Decca), a jazz label (GRP) and a Celtic music label (Celtic Heartbeat). Universal also half-owns and distributes the controversial (albeit highly profitable) Interscope label that focuses on "gangsta rap" and alternative music. Foreign label subsidiaries, including Universal Music Canada, fall under the division of Universal Music International. The company also runs Universal Productions, a major concert

production/promoter outfit which has a strong presence in Canada. In 1996, UMG had sales of U.S. \$1.3 billion in the United States and U.S.\$1.2 billion internationally (The Nation, Aug. 25, 1997, 29).

Like EMI Canada, Universal Music Canada works with the larger and more successful Canadian independent labels, engaging in licensing deals with labels such as True North, Anthem, Duke Street (all Toronto-based), and Halifax's murderecord. Each of these labels has fostered at least one internationally-renowned Canadian artist, from folk-singer Bruce Cockburn to progressive rock act Rush. Other Canadian independents dealing with Universal also engage in licensing deals with successful U.S. independents. For instance, Toronto-based Attic Records has a distribution deal with American labels Mammoth and Roadrunner, which have established American artists on their rosters. As of mid-1997, Universal's Canadian operation had 12 Canadian artists signed directly to its roster (LeBlanc, June 28, 1997, 50).

4.2 Control of Canadian Music Market by Foreign/Multinational Companies

The labels held under these multinationals, along with a varying number of smaller foreign-controlled companies, have typically captured 80 to 90% of the Canadian music market during the 1990s. The remaining 10 to 20% of market share is held by Canadian-owned and controlled companies (TFFCMI, 1996, 67).

4.2.1 Canadian Independents in Comparison to Multinationals

The Music Task Force estimated there were 180 Canadian-controlled recording companies by the mid-1990s. These Canadian "independent labels" do not have nearly the

revenues, assets, earnings or profits of foreign labels. Most have annual sales of under \$500,000 while 20 to 30 companies make between \$1 million and \$3 million. A small handful of the Canadian independents have sales of \$10 million and upward (TFFCMI, 1996, 77). Overall, Canadian labels pale in comparison to their foreign counterparts:

Table 4.1 Ratios for Foreign and Canadian Record Companies, 1993/94

Financial Division	Foreign Labels : Canadian Labels
Revenue from the sound recording industry	5 : 1
Pre-tax profit	18 : 1
Contributed surplus and retained earnings	16 : 1
Long-term assets	10 : 1

Source TFFCMI, 1996, 77

In the five year period from 1988-89 to 1992-93 Canadian-controlled labels showed an average profit of 3.3% of revenue, compared with 17.4% for foreign/multinational-controlled labels (TFFCMI, 1996, 87-88).

4.2.2 Concentration of the Canadian Independents

According to Statistics Canada (1995, 64), the Canadian-controlled sector of the music industry is centred primarily in two provinces: Ontario and Quebec, where sound recording companies accounted for 72% of all firms (both had 36%) in 1993-94. Ontario firms released 46% of all new CanCon recordings that year and accounted for 71% of all CanCon sales. Quebec firms released 35% of all CanCon recordings and accounted for 26% of all CanCon sales. Between the two provinces, this accounts for 71% of all CanCon releases and 97% of their sales, an indication of their dominance within Canada's domestic

industry. Ontario's status in the overall industry is heightened by the multinationals, which have all centralized their Canadian operations in Toronto.

As a domestic market, one would assume that Québec has an advantage, given the influence of the French language in its culture. Given the increasing tendencies of multinational labels to find global music stars, and their inability to see global profitability with regional, French-speaking Québécois artists, multinationals and their Canadian affiliates lost interest in most Francophone Québec artists by the late 1980s. Of course there were rare exceptions, such as Sony's bilingual Québécois star, Celine Dion.

Grenier (1997) outlines how independent Québec-based labels and distributors found profit with French-language music in the 1990s, without the competitive presence of multinationals for domestic artists in their regional French-language market. There are, however, foreign French-language artists to compete with; Statistics Canada (1995, 65) summarizes that of 340 French-language recordings released in Canada in 1993-94, only 190 were CanCon. As seen with radio, domestic artists in Québec also face stiff competition from English-language music – the chosen language of global culture – which is dominated by multinationals and their Canadian affiliates. Even with Québec's linguistic "cultural screen" and persistent domestic industry, Québec firms only capture a quarter of all CanCon sales and less than a third (31%) of their own provincial sales (TFFCMI, 1996, 67).

Even in Ontario and Québec, Canadian independents do not have the financial advantages of their foreign counterparts in producing, distributing, and attracting exhibitors to their musical works. Let us examine these three levels of the music industry in more detail

4.3 The Production Level

There are significant promotional costs that must be raised in order to get a song recognized by radio and music television. A label will set up the finances to produce a full-length recording (with costs ranging on average between \$10,000 to \$200,000) but will also need to raise money for music videos and radio/print promotion (TFFCMI, 1996, 75).

The majority of Canadian labels handle both production and distribution. Artists on these labels have the potential to fare better than artists with national distribution. As LeBlanc (November 9, 1996, 52) notes, independent labels in distribution deals must share part of their income with the distributor. To offset the increased risk that comes with a distribution deal, independent labels in such a scenario will offer more restrictive contracts to their artists. In actuality, the largest risk-taker in a standard recording deal is the recording artist. Most recording contracts are set up so that artists do not receive royalties on their recording until the recording company recoups its costs and starts to make profits. As Sanderson (1992, 221-222) notes,

The effect of recoupment is to shift the financial risk of producing and selling records to the musician as much as possible and by doing so maximize the record company profits and offset its losses on other recordings.... By delaying the payment of royalties until recoupment, the company ensures that profit from a record can be used to finance the record company's roster and overhead and spread the financial risk to its other recording musicians.

If a recording artist does not make money for a label, the artist clearly does not benefit; independent labels with small rosters and limited finances also will not survive if they run into a string of poor-selling recordings. A national distribution deal can help an upstart label gain recognition or it can also lead to the label's early demise.

4.4 The Distribution Level

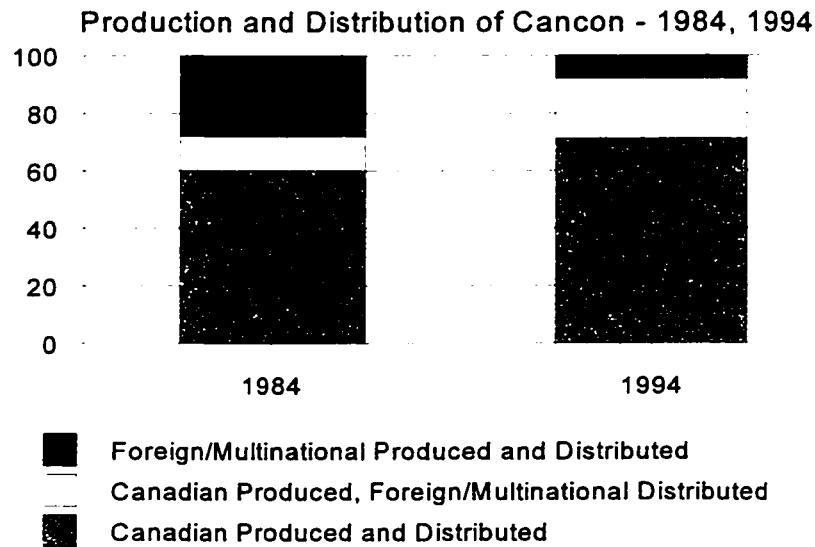
Most Canadian independent labels cannot afford to distribute their recordings at a national level. Multinationals can afford to finance the distribution channels that reach record stores on a national level. On this issue, Sinclair (1997, 37) cites Garnham (1990, 162-163), who states that "it is cultural distribution, not cultural production, that is the key locus of power and profit." Music industry practices support this claim. Distribution deals offer the multinational companies an ideal situation; smaller, independent labels search for new, risk-laden Canadian talent and incur production and promotional costs for their early recordings. If an independent label's artist or roster looks promising, the multinationals will sign a distribution deal with the label. In this case, the risk incurred at the production level still stays with the independent label.

In such a scenario, multinationals treat Canadian independent labels as "farm team" labels. Independents will promote and develop Canadian artists until they reach a level of popularity where they do not have the resources to accommodate increasing consumer demands. At this point the multinationals enter the picture with adequate resources to distribute (and possibly even promote) the proven artist. They may even go further, adding the artist directly to their Canadian affiliate or negotiating a riskier (but possibly more lucrative) contract with one of their U.S. labels.

Distribution deals are increasingly common in the Canadian music industry. The Music Task Force (1996, vii) summarized that Canadian-controlled firms produced and released 71% of all Canadian content recordings in 1993/94, while 21% of all CanCon

recordings were produced by Canadian companies but distributed by foreign/multinational companies. The remaining 8% of all CanCon recordings were produced and distributed by foreign/multinational labels. Compare this with 1984, when foreign/multinational music firms (12 of them at the time, as you will recall) produced and distributed 28% of all CanCon material. Canadian independents produced the remaining 72%, but only distributed 60% of all CanCon recordings (Canadian Department of Communications, 1987, 53).

Figure 4.1 – Percentage of CanCon Production/Distribution – 1984, 1994



Sources: TFFCMI, 1996, vii; Canadian Department of Communications, 1987, 53

These figures clarify that Canadian-controlled companies are taking on more risk with new Canadian productions. There are also more Canadian companies producing music. The 1984 figures were based on the results of 123 Canadian labels, a number which increased to 180 for the Music Task Force's figures in 1994. A greater number of independent labels has the

potential to raise overall domestic-label production and distribution levels. Foreign/multinational distributors do not only turn to Canadian independent producers for their product. They make most of their money from of foreign masters wherein the production costs have already been covered by a foreign company. The cost of shipping a foreign master recording into Canada is minimal, with no tariffs on the intellectual property (namely the music) recorded on the tape (Audley, 1983). This property may be very valuable in the case of a master recording for foreign superstars like Madonna or Oasis. With the passing of the NAFTA, such a tariff is now unthinkable.

Foreign recordings are big business. In 1993-94, 88% of all foreign/multinational company revenues came from sales of foreign master recordings. Contrasted with this are Canadian independents which made 90% of their revenues from Canadian master recordings (TFFCMI, 1996, 75). As indicated here, multinational companies assert their dominance through the means of distribution. They also hold distinct advantages over independents when it comes to promoting their products through exhibition on radio.

4.5 The Exhibition Level

The music industry does not depend on exhibition like the broadcasting or film industries. The lion's share of music industry profits come from the retail level – Statistics Canada (1995, 64) estimates that 86% of all 1993-94 revenues came from the sale of sound recordings. Exhibition of songs on radio and videos on music television have traditionally served more of a promotional purpose for the music industry, but recent amendments to Bill C-32 show the music industry is concerned about royalties for airplay of their products.

4.5.1 Radio as a Promotional Tool

One of the largest promotional vehicles for new music – Canadian commercial radio – is dominated by multinational releases in the profitable new music formats. The Record magazine uses the BDS measurement system for its music charts, which monitors the playlists for 80 stations in 14 major Canadian radio markets. The Record’s 1996 figures show that major labels dominate the five popular new music formats – Contemporary Album Radio, Country, Contemporary Hit Radio, Pop Adult Radio, and Dance Radio:

Table 4.2 Major Label Exposure on Various Canadian Radio Formats, 1996

	Warner	Sony	Universal	EMI	BMG	Polygram	TOTAL
Country	17.1%	11.7%	16.8%	12.8%	20.7%	10.5%	89.6 %
Dance	15.0%	14.1%	7.6%	5.1%	22.3%	17.5%	81.6 %
Contemporary Album	26.3%	15.7%	14.9%	14.0%	5.1%	21.0%	97.0 %
Contemporary Hit	26.3%	17.5%	9.3%	10.5%	14.8%	16.9%	95.3 %
Pop Adult	25.2%	18.5%	6.9%	13.7%	12.9%	19.4%	96.6 %

Source: The Record, 1997, 5

With their extensive financial resources, the multinationals have the ability to engage in large promotional campaigns with radio. The relationship between the multinationals’ promotional agents and radio programmers is very strong, but in the U.S. market these dealings have landed both industries in trouble for violations of anti-trust laws. The “payola” scandals of 1959-1960, where American programmers and deejays received cash and gifts for playing a certain label’s record, revealed the relationship between major labels and radio in directing

which records an audience hears (see Gillett, 1996). Dannen (1990) outlines how many of the promotional schemes of the 1950s were refined and continued through the 1980s. Whether they now break anti-trust laws or not, promotional agents representing major record companies get the songs they want on the air. It is no coincidence that commercial stations in a certain format will add the same song to their weekly playlists in similar rotations. An artist may have ten songs on a given recording, but a certain song will be targeted for promotion; this usually coincides with the release of a music video for the song.

Trade magazine charts are also very important, for they gauge how popular a song is across many different markets; a "heavy rotation" song on many stations of a certain format will convince other programmers within that format to add the song to their playlists. As discussed in the last chapter, independent labels claim the new BDS measurements used by The Record magazine limit their ability to get a song recognized on the influential Canadian trade magazine's charts. LeBlanc (March 1, 1997, 43) summarizes their concerns:

- 1) The BDS data are based on playlists from 80 Canadian stations, focusing on major markets. The Record's old system monitored 110 Canadian stations, including many in secondary markets are more likely to give airplay to an independent recording.
- 2) Promoters who work for independent labels and acts find the costs of BDS data – \$100 per title – too expensive to use, thus limiting their ability to promote their acts to radio stations.

In the same article, LeBlanc cites radio promoter Mira Laufer, who gives an example of a Canadian artist who lost chart status due to the BDS data. According to Laufer, Canadian artist Dahmait Doyle, who was signed to the independent Latitude label, had a song which was receiving heavy airplay on East Coast Adult Contemporary stations in January 1997.

The stations were not monitored by BDS, however, and Doyle's song therefore did not figure prominently in the charts even though it was very popular in one region of the country. With a lack of chart support, other stations were reluctant to add the song to their playlists and it failed to gain a national audience. This demonstrates how the BDS charts can subvert inroads that Canadian artists make in regional, secondary markets.

4.5.2 The Dispute Between Canadian Radio and The Music Industry

The relationship between Canadian radio broadcasters and the music industry is strained due to recent amendments to the Copyright Act, which requires radio stations with annual advertising revenues at and above \$1.25 million to pay additional royalties to music performers, publishers and owners of master recording rights. This latter category includes record companies. Copyright issues extend beyond the scope of this study, but discussions on Copyright Act revisions reveal another point of contention between the music industry and radio. At a Standing Committee of Canadian Heritage session on October 22, 1996, CRIA chair Brian Robertson stated that radio was no longer a primary marketing vehicle for the Canadian music industry:

Commercial radio is advertiser-driven, and advertisers are chasing an older demographic. So new artists, new releases, and the hits are less of a factor, and gold formats are. Listeners are mostly fed a diet of old nostalgic hits, which is great for the Beach Boys, Carole King, Fleetwood Mac, and even our own Guess Who, but of course no one is rushing out to buy 20- and 30-year-old recordings, and the programming window for introducing new recordings is extremely limited.

The following chart for 1994 radio listenership reveals that formats with older music are relatively popular. While the Adult Contemporary/Gold/Oldies formats dominate

listenership, Middle-of-the-Road (MOR), Easy Listening and Album-Oriented Radio (otherwise known as Contemporary Album Radio or CAR) formats also often program music recorded before 1980. New formats such as Dance and Contemporary Hit Radio (CHR) play new music and appeal to younger audiences. As Robertson said, however, older audiences with more substantial incomes are the true targets of radio advertisers. Their tastes lie with more conservative radio formats, such as Adult Contemporary and MOR:

Table 4.3: Percentage Share of Radio Listening Audience By Format, Fall 1994

	Teens 12-17	Males 18+	Females 18+	Total
Adult Contemporary/ Gold/Oldies	31.2%	34.6%	34.6%	34.4%
Middle-of-the-Road	2.6%	6.0%	8.3%	6.9%
Country	8.9%	13.6%	14.3%	13.7%
Canadian Broadcasting Corporation	1.5%	9.0%	10.1%	9.2%
Album-Oriented Rock (CAR)	8.8%	7.1%	3.9%	5.6%
Contemporary Hit Radio (CHR)	21.7%	4.3%	3.9%	4.9%
Easy Listening	0.2%	0.9%	1.3%	1.1%
Talk/News	1.7%	12.0%	13.2%	12.1%
Sports	0.4%	0.9%	0.1%	0.5%
Dance	13.6%	4.8%	3.6%	4.7%
U.S. Stations	6.6%	3.1%	3.0%	3.2%
Other	2.8%	3.9%	3.6%	3.7%
Total	100%	100%	100%	100%

Source: Statistics Canada, 1995, 86

Adult Contemporary and Country radio formats are the dominant musical formats in the Canadian radio industry when it comes to listenership, even with a younger demographic group. CBC stations have respectable numbers in older demographic groups, but generally lose the teenager group. When looking at the following 1996 figures, it is important to remember that some radio formats in Canada are better represented than others:

Table 4.4: Number of Canadian Radio Stations by Format, 1996

Format	# of Stations	% exceeding 10,000 Watts	% of Total
Adult Contemporary/Gold/Oldies	220	73.2	36.03
Campus	51	5.9	8.36
Canadian Broadcasting Corporation*	49	87.8	8.03
Contemporary Album Radio/Classic Rock	34	94.1	5.57
Contemporary Hit Radio	28	64.3	4.59
Classical	3	100	0.49
Contemporary Christian	6	83.3	0.98
Country	117	75.2	19.2
Dance	6	50	0.98
Modern Rock/Alternative/Adult Alternative	5	100	0.82
Multilingual/Ethnic	10	70	1.64
Multi-Format/Community	54	11.1	8.85
News/Talk/Info	27	92.6	4.43

* CBC services are also delivered by 7 affiliates and 2 community stations in attempts to reach a nation-wide audience

Source: Compiled From The Record *Contact List*, 1997, 60-61

FM stations in formats other than Campus, CHR, Dance or Modern Rock/Alternative tend to play more “oldies” material; as discussed in the previous chapter, this recently prompted the CRTC to limit FM playlists to no more than 50% of music produced before 1980. The stations most likely to promote musical diversity – Campus, Multi-Format and Community Radio – account for over 17% of all stations, but less than one-tenth of these have a transmitter powered for or exceeding 10,000 Watts. This means these stations reach across a smaller broadcast area than most of their commercial counterparts. There is also a high proportion of stations which have adopted new formats such as Dance and CHR that broadcast with less than 10,000 Watts.

The above numbers account for 610 radio stations, a sizable amount for a country of 30 million people. The high number of stations is in part owing to the dispersal of the Canadian population over its vast geographical area. Of all public broadcasting systems in the western world, none have faced the challenge of the CBC in ensuring universal service for its tax-paying patrons. Many Canadian radio stations serve small populations in northern and rural communities where the opportunity for profits are low. On the other side of the financial spectrum are major-market stations with revenues of \$3.5 million or more that continued to make profit during the early 1990s. Even the Radio Action Plan Consultative Group’s 1992 study showed that these stations made almost \$14 million in after-tax profit in 1990 while all other revenue categories lost millions (p.13).

For the most part, commercial radio has chosen the path of least risk when it comes to programming. Canadian-owned radio groups look to proven popular songs and genres to

keep listeners tuned and advertisers happy, in the hope that old hits will generate profit. The above figures show, however, that inroads are being made by newer formats. CHR radio has a significant presence, while a handful of stations experiment with newer formats like Modern Rock or Dance Radio. These stations are finding success in major markets: The Record magazine's 1997 *Contact* publication cites BBM results for Fall 1996, which show that the Vancouver, Toronto, Hamilton, Montreal and Ottawa markets all have at least one Dance, CHR or Modern Rock station in their Top Five most popular stations. However, these areas have large potential audiences where new formats would be less risky to implement, and formats that play older music still dominate in these markets.

4.5.3 Broadcast Alternatives to Radio

While radio may be playing more oldies music, it is still a significant promotional medium for the music industry. The broadcast alternatives – pay audio and music television – do not have radio's exposure in Canada. In 1994, 99% of all Canadian households had at least one radio, according to Statistics Canada (1995, 20). Cable television, which delivers music channels, was in 74% of all households the same year. Home satellites were in 3% of all Canadian households in 1993, and continued to expand in 1996, but it is doubtful they will inevitably reach radio's penetration levels.

Music videos, however, are becoming increasingly more popular; channels like MuchMoreMusic and Musimax are planning to accommodate the musical tastes of older demographic groups while MuchMusic and MusiquePlus appeal to younger audiences. CMT is a venue for country, folk, and other roots-based Canadian artists. LeBlanc (Sept. 14, 1996,

64) quotes MuchMusic programmer Denise Donlon, who claims that MuchMusic reaches six million Canadian viewers every week. She admits, however, that existing new-music radio stations do play a factor in deciding what videos go on the air. Donlon also says that MuchMusic alone receives 80 to 100 new videos a week, of which maybe five will be put into steady rotation. With only five Canadian music channels licenced by the CRTC, music television is limited in its ability to promote a large number of Canadian artists.

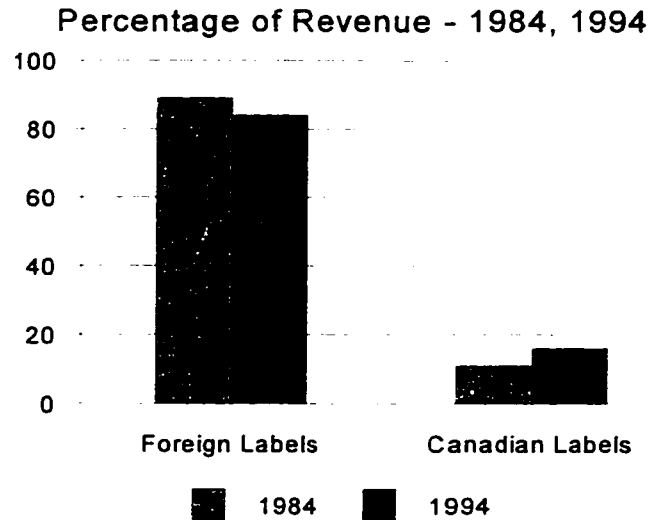
4.6 The Music Industry's Financial State

Unlike Canadian broadcasters, multinational record companies with their economies of scale and scope can absorb more risk with new artists. This allows them to expand their musical rosters, counting their losses (along with the artists in question) while banking on their selected multi-million-selling superstars and unexpected hit-makers. These major companies also make healthy profits; during the Standing Committee's October 22 session, Brian Robertson admitted that foreign-controlled companies, which he represents as head of the CRIA, made \$124 million profit in the 1993-94 fiscal year. With this in mind, let us now look at recent revenue figures for the Canadian music industry.

4.6.1 Canadian Music Industry Revenues

According to Statistics Canada, foreign/multinational labels accounted for 84% of total sales in 1993-94. The remaining 16% in revenues went to Canadian firms. The revenue figure is a slight improvement from 1984 levels when 11% of revenues went to Canadian labels and 89% to foreign labels (Canadian Department of Communication, 1987, 53).

Figure 4.2 – Percentage of Canadian and Foreign Label Sales – 1984, 1994

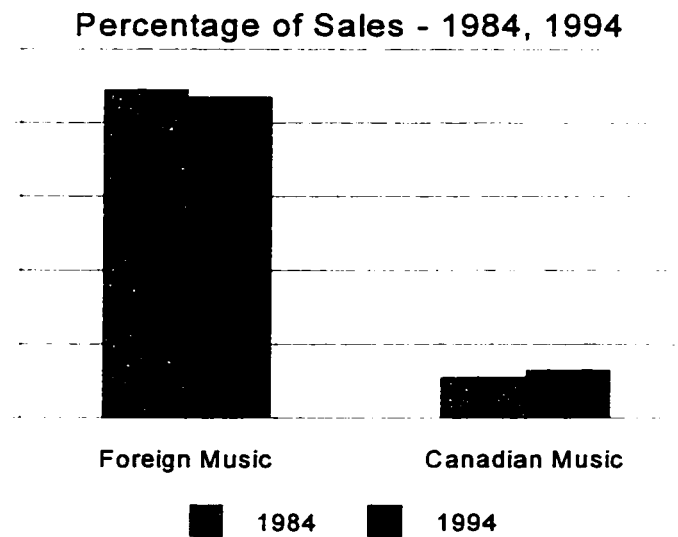


Sources: Statistics Canada, 1995, 65; Department of Communication, 1987, 53

The majority of music-related broadcasters in Canada are required to play 30% CanCon material, but they have a disproportionate amount of new Canadian music to choose from in relation to foreign recordings. Statistics Canada (1995, 65) reveals that while the number of CanCon releases expanded from 615 in 1989-90 to 719 in 1993-94, foreign releases in the same time period increased in number from 3,824 to 5,548. As a percentage of total releases, CanCon recordings actually dropped from 14% to 11% in this period.

In terms of sales, the numbers improved – CanCon sales improved from 8% of total revenues in 1989-90 to 13% in 1993-94. The latter figure is a 2% change from 1984 levels, when CanCon comprised 11% of all recordings sold in Canada (Canadian Department of Communications, 1987, 52).

Figure 4.3 – Percentage of Revenue from Canadian and Foreign Music – 1984, 1994



Sources: Statistics Canada, 1995, 65; Department of Communications, 1987, 52

As discussed above, foreign labels produced only 8% and distributed another 21% of all CanCon recordings in 1993-94. In terms of sales, however, foreign labels accounted for over half of all CanCon revenues (Statistics Canada, 1995, 65)

4.7 Summary

The 1987 *Vital Links* publication dedicated its sound recording chapter primarily to one subject – the high level of foreign investment in Canada’s music industry and the need for a program like the SRDP. As more current figures show, however, revenue levels for Canadian music companies have not significantly changed with the SRDP firmly established. CanCon sales and Canadian label revenues remain relatively stagnant when compared to foreign recordings and labels. Overall CanCon recording numbers have increased, but so have those for foreign recordings; the result is a CanCon release level (11%) far below what

Canadian broadcasters are required to program (30% on average). Clearly, major labels are doing a better job than Canadian independents in managing demand for their products.

CHAPTER V – CONCLUSION AND POLICY SUGGESTIONS

5.1 Conclusion

As can be seen with Chapter Four's figures, the Canadian music industry is dependent on a small set of powerful multinational companies for which CanCon levels are a secondary concern. The dominance of these large firms is owing to their significant risk capital in a volatile industry. Canadian independents are producing and distributing more of their own music, which many would deem to be a positive sign of a domestic industry that is becoming more self-sufficient. At the same time, however, many of the larger independent companies act as talent developers for multinationals, incurring production costs and entering into distribution deals with major music firms. As well, the inroads for commercial radio exposure are limited for truly independent Canadian music companies; multinationals have the promotional channels set up to dominate commercial new-music formats with music they produce and distribute. There is also the question of where the Canadian independent companies have flourished: Statistics Canada figures show the Ontario-Québec area dominates the other regions.

Radio's role as a promoter of new music has been called into question by both independent and multinational representatives of the Canadian music industry. Formats like Gold/Oldies cater exclusively to old music, while formats like Adult Contemporary and Contemporary Album Radio also play a significant amount of old music with newer songs. These formats also tend to cater to established music genres, as does Contemporary Hit Radio. While older formats dominate Canadian airwaves, Dance, Alternative, and Modern

Rock stations are slowly establishing themselves as broadcasters of more innovative sounds. The CBC, Multi-Format, Campus/Community, and Multi-Lingual/Ethnic stations showcase diverse musical styles, but only the CBC has significant listenership.

The industry may claim that radio is not as important as it once was, but they still are obviously interested in marketing their music to radio programmers; industry promoters still pay visits to radio stations. Multinationals, with their extensive promotional resources, are a significant presence in new music radio; artists produced and/or distributed by the major record companies are more likely to be heard on radio stations in major markets. The monitoring system used by Canada's major music trade publication promotes the playlists in these markets over those in secondary, regional markets; the result is that artists played on regional stations have less opportunity to gain recognition. In all, the evidence suggests that as Canada's music industry becomes increasingly networked with the global music market, regional artists still have difficulty finding significant audiences.

The findings in Chapters Three and Four can be interpreted in two ways. One could question whether a viable rationale still exists for maintaining sound recording subsidies and CanCon quotas. There is evidence against CanCon, given the relatively low levels of CanCon recordings being produced and the success that multinationals have with CanCon artists. One could also argue the opposite point, claiming the SRDP and CanCon regulations have the potential to promote regional independent labels and Canadian artists in an increasingly globalized, multinational-controlled music industry.

At this point we have come full circle, and must return to the theories of Chapter Two. The recent developments of government policy for Canada's music industry, as well as the industry itself, appear to be more in line with the findings of Smythe, Laba and Raboy than those of Collins. To discard CanCon regulations and production/distribution subsidies would be detrimental for regional music artists who already struggle in an increasingly de-regulated market. The answer, then, is to refocus existing regulations towards promoting regional artists and the independent labels with which they work. The final section offers two suggestions regarding how this can be achieved.

5.2 Recommendations

The challenge with policy is to realistically accommodate societal needs within existing political and economic structures. The policy question here deals with a specific Canadian cultural industry – sound recording – and asks how it can best be utilized to serve a nation-building function. Chapter Two suggests that regional artists and Canadian-owned independent labels are best suited to serve this function, which suggests that policy makers need to consider label ownership and regional representation when directing new policies.

Chapters Three and Four suggest that Canada's regional artists and independent labels struggle to gain recognition in their own domestic music industry, even though policies are in place to promote and strengthen Canadian music. There are examples, however, that suggest the policies are working. Indigenous Canadian artists (Kashtin, Vern Cheechoo) and East Coast Celtic artists (Ashley MacIsaac, Rawlins Cross) have all benefitted from both SRDP/FACTOR subsidies and CanCon regulations. Many independent

labels continue to represent the sounds of Canada's diverse geographic and cultural fabric, be it Nettwerk on the west coast, Select/Audiogram in Québec, or Ground Swell on the east coast. There is also an increasing interest in diverse and eclectic forms of music. According to Burnett (1996), today's global music industry has opened up media channels to a wide array of musical genres that exist outside of the "hit parade." This bodes well for local and regional artists who do not fit the Top 40 format.

The task at hand, therefore, is to refocus policy towards the regional, independent music companies in Canada's music industry. The following recommendations utilize the findings in Chapters Three and Four to suggest policy changes that could potentially strengthen the presence of Canadian independent music. We will begin the list with the most workable recommendation: changing the MAPL system.

5.2.1 Modify the MAPL System

The current MAPL system accounts for music, artists, lyrics and productions that are Canadian. What about music labels and distributors, who set up the productions, promote them and distribute them to stores? Given that Canadian independent labels are more likely to promote and sign regional artists, it makes sense for radio regulations to give these labels credit within the MAPL system. The revamped system would maintain the four existing criteria and add two new ones, giving credit for 1) recordings produced on a Canadian-owned independent label; and 2) recordings distributed by a Canadian-owned company. Under the new system, a recording could be certified CanCon if it meets four of the six criteria. It

should also be applied to recordings from the past and present, so that radio would not end up relying on older Canadian hits with less stringent CanCon credentials.

A positive spinoff of this revamped system would be that any major-label song would require Canadian representation at all levels of production – lyric and music writing, the production process itself, and the artist – to be considered CanCon material. This would eliminate songs from an artist such as Alanis Morissette, who is signed to an American major label and who produces her music in the United States. One could question whether such an artist needs promotion through policy; Morissette’s label already exercises significant promotional muscle with radio and it has the financial resources to produce high quality videos.

Canadian radio and major labels would most likely oppose this suggestion, as it would lead Canadian radio programmers to play more independent music while giving independent labels and their artists more exposure (and presumably, sales). For the major labels, their Canadian artists would not get credit for recording outside of the country or interpreting foreign songs. This, in turn, would also make both radio and the industry more Canadian in character.

There is also the question of the place that Canada’s national broadcaster – the CBC – plays in promoting culture. There are a few feasible changes that could be implemented at CBC Radio to bring it more in line with its nation-building goal.

5.2.2 Revamping CBC Radio Programs

CBC Radio is a valuable promotional vehicle for new Canadian music, but it fails to attract a younger audience demographic. CBC FM – which accounts for most of the national broadcaster's musical content – serves as a channel for various musical styles, but it tends to rely heavily on classical and compositional music. If CBC wants to reach a larger demographic group, it must change to programming a wider diversity of musical styles. Either that, or it must branch its number of stations out in a BBC-style model. BBC Radio has four different stations – Radio One (which programs primarily popular music), Radio Two (MOR music), Radio Three (classical and compositional music), and Radio Four (spoken word). Radio One in particular plays a pivotal role in promoting British popular music artists; one of its most popular weekly shows is hosted by music producer John Peel, who brings in British artists for in-house productions. Peel's recordings have proven to be very popular and many of them have been marketed at a retail level.

If the CBC were to branch out its radio services in a similar fashion, it would face major financial obstacles. A feasible option is to provide more popular music programming on its FM service that would provide a distinct Canadian alternative to the music heard on private radio. In terms of financing, the CBC could look to the recently upgraded SRDP for funds, thus guaranteeing quality production and exhibition of new Canadian music. The John Peel show provides an ideal prototype for a new, youth-oriented show; the CBC could hire an established Canadian producer (or group of producers) to produce and host a weekly show that features a diverse range of new Canadian music. The BBC has also found considerable

success with recording live shows of British artists, some of which have been marketed successfully as live albums.

Linking the upgraded SRDP funds with the CBC makes sense. Canadian artists would be working in world-class facilities with established producers, and would be guaranteed that their productions would be given considerable air-time, while also building a stockpile of songs that could be aired during other weekly time slots. The recordings could be marketed and sold through the CBC's in-house label (which already exists), and could generate revenues for the CBC and the artists. As well, the process of choosing artists could be linked to regional CBC affiliates, so that each area of Canada would be represented through its local music artists. Music festivals and competitions could be sponsored by CBC affiliates, where industry representatives at both a local and national level could choose artists to be profiled on a John Peel-styled program.

The above two recommendations recognize the importance that Canadian independent labels and Canada's national broadcaster play in affirming the popular culture of regionalism. They do not contradict existing political and economic conditions; for instance, they do not ask the government to supply more money than already has been allocated to the music industry, and they revise cultural policies that are already exempt under the NAFTA. In essence, these suggestions are stepping stones for a new approach to music policy that better reflects the goals of the Broadcasting Act.

REFERENCES

- Audley, P. (1983) *Canada's Cultural Industries*. Toronto: James Lorimer and Company.
- Attali, J. (1985). *Noise: The Political Economy of Music*. Minneapolis: University of Minnesota Press.
- Brimelow, P. (1986). *The Patriot Game: National Dreams and Political Realities*. Toronto: Key Porter.
- Bruck, P. (1983). The twilight of the political economy of communication: on reading Dallas Smythe's *Dependency Road*. *Canadian Journal of Communication*, 10 (Winter), 87-107.
- Burnett, R. (1996). *The Global Jukebox: The International Music Industry*. New York: Routledge.
- Campbell Robinson, D., Buck, E.B., and Cuthbert, M. (1991). *Music at the Margins: Popular Music and Global Cultural Diversity*. Newbury Park, CA: Sage.
- Canada. Department of Communications. (1987). *Vital Links: Canadian Cultural Industries*. Ottawa: Department of Supply and Services.
- Canada. Department of Canadian Heritage (March 8, 1997). *Revamped Sound Recording Program to Improve Marketing of Canadian Artists*. Ottawa: Department of Canadian Heritage.
- Canada. Federal Cultural Policy Review Committee (1982). *Report on the Federal Cultural Policy Review Committee*. Ottawa: Department of Supplies and Services.
- Canada. Mandate Review Committee – CBC, NFB, Telefilm (1996). *Making Your Voices Heard: Canadian Broadcasting and Film for the 21st Century*. Ottawa: Department of Canadian Heritage.
- Canada. Standing Committee on Canadian Heritage (October 22, 1996). *Minutes of Proceedings – October 22, 1996*. [Online] Available: WWW URL: http://www.parl.gc.ca/committees352/heri/evidence/26_96-10-22/heri26_blk101.html
- Canada. Task Force on Broadcasting Policy (1986). *Report on the Task Force on Broadcasting Policy* (Chairs). Ottawa: Ministry of Supply and Services.

- Canada. Task Force on the Future of the Canadian Music Industry (1996). *A Time For Action*. Ottawa: Department of Canadian Heritage.
- Canadian Association of Broadcasters (April 25, 1996). *Copyright reform puts local radio service at risk, warn broadcasters* [Online]. Available: WWW URL:http://www.cab-acr.ca/April25_Copyright.htm
- CBC (1994). *Annual Report, 1993-94*. Ottawa: CBC.
- Clarkson, S. (1966). A programme for binational development. In P. Russell (ed.), *Nationalism In Canada*. Toronto: McGraw-Hill.
- Collins, R (1990). *Culture, Communication and National Identity: The Case of Canadian Television*. Toronto: University of Toronto Press.
- Crean, S. and Rioux, M (1983). *Two Nations*. Toronto: James Lorimer.
- CRTC (May 20, 1970). *Decision CRTC 70-99*. Ottawa: CRTC.
- CRTC (1971). *Annual Report, 1970-71*. Ottawa: CRTC.
- CRTC (1976). *FM Policy in Canada: A Policy to Ensure a Varied and Comprehensive Radio Service*. Ottawa: CRTC.
- CRTC (March 19, 1986). *Public Notice CRTC 1986-66*. Ottawa: CRTC.
- CRTC (March 19, 1986). *Public Notice CRTC 1986-67*. Ottawa: CRTC.
- CRTC (Sept. 19, 1986). *Public Notice CRTC 1986-248*. Ottawa: CRTC.
- CRTC (March 24, 1987). *Public Notice CRTC 1987-83*. Ottawa: CRTC.
- CRTC (March 30, 1988). *Decision CRTC 88-181*. Ottawa: CRTC.
- CRTC (Feb. 19, 1990). *Public Notice CRTC 1990-21*. Ottawa: CRTC.
- CRTC (Dec.17, 1990). *Public Notice CRTC 1990-111*. Ottawa: CRTC.
- CRTC (Aug. 30, 1991). *Public Notice CRTC 1991-89*. Ottawa: CRTC.
- CRTC (May 29, 1992). *Public Notice CRTC 1992-38*. Ottawa: CRTC.

CRTC (Nov. 2, 1992). *Public Notice CRTC 1992-72*. Ottawa: CRTC.

CRTC (Jan. 29, 1993). *Decision CRTC 93-38*. Ottawa: CRTC.

CRTC (Apr. 19, 1993). *Public Notice CRTC 1993-38*. Ottawa: CRTC.

CRTC (Dec. 8, 1993). *Public Notice CRTC 1993-173*. Ottawa: CRTC.

CRTC (June 6, 1994) *Decision CRTC 94-284*. Ottawa: CRTC.

CRTC (July 27, 1994). *Decision CRTC 94-439*. Ottawa: CRTC.

CRTC (Aug. 23, 1994). *Decision CRTC 94-670*. Ottawa: CRTC.

CRTC (Aug. 29, 1994). *Decision CRTC 94-710*. Ottawa: CRTC.

CRTC (Apr. 21, 1995). *Public Notice CRTC 1995-60*. Ottawa: CRTC.

CRTC (Apr. 21, 1995). *Public Notice CRTC 1995-61*. Ottawa: CRTC.

CRTC (Nov. 17, 1995). *Public Notice CRTC 1995-196*. Ottawa: CRTC.

CRTC (Dec. 20, 1995). *Decision CRTC 95-911*. Ottawa: CRTC.

CRTC (Dec. 20, 1995). *Decision CRTC 95-912*. Ottawa: CRTC.

CRTC (Dec. 20, 1995). *Decision CRTC 95-913*. Ottawa: CRTC.

CRTC (Dec. 20, 1995). *Decision CRTC 95-914*. Ottawa: CRTC.

CRTC (Aug. 19, 1996). *Public Notice CRTC 1996-114*. Ottawa: CRTC.

CRTC (Aug. 23, 1996). *Decision CRTC 96-479*. Ottawa: CRTC.

CRTC (Sept. 4, 1996). *Decision CRTC 96-611*. Ottawa: CRTC.

CRTC (Sept. 4, 1996). *Decision CRTC 96-614*. Ottawa: CRTC.

CRTC (Jan. 10, 1997). *Public Notice CRTC 1997-5*. Ottawa: CRTC.

CRTC (Apr. 23, 1997). *Public Notice CRTC 1997-42*. Ottawa: CRTC.

- Dannen, F. (1990). *Hit Men*. New York: Random House.
- Ekos Research Associates (1995). *An Examination of Current Policies and Programs and Legislation for the Canadian Sound Recording Industry*. [Report Submitted to the Task Force on the Future of the Canadian Music Industry.] Ottawa: Department of Canadian Heritage.
- Ernst & Young (1995). *A Study of the Canadian Sound Recording Industry*. [Report Submitted to the Task Force on the Future of the Canadian Music Industry.] Ottawa: Department of Canadian Heritage.
- Ewbank, A.J. (1997). The English experience. In A.J. Ewbank and F.T. Papageorgiou (Eds.). *Whose Master's Voice?: The Development of Popular Music in thirteen Cultures*. Westport, CT. : Greenwood Press.
- FACTOR (1996). *Annual Report 1995-96*. Toronto: FACTOR.
- FACTOR (November 5, 1996). *Copps Increases Funding to FACTOR/MusicAction Canada*. Toronto: FACTOR.
- FACTOR (1997). *Annual Report 1996-97*. Toronto: FACTOR.
- Fagan, D. (Aug. 9, 1996). Country music TV station pact set. *Globe and Mail*, B3.
- Frith, S. (1981). *Sound Effects: Youth, Leisure, and the Politics of Rock'n'roll*. New York: Pantheon.
- Frith, S. (1991) Critical response. In D. Campbell Robinson, E. B. Buck, and M. Cuthbert (Eds). *Music at the Margins: Popular Music and Global Cultural Diversity*. Newbury Park, CA: Sage.
- Frith, S. (1996). *Performing Rites: On the Value of Popular Music*. Boston: Harvard Press.
- Garnham, N. (1990). *Communication and Capitalism*. London: Sage.
- Gellner, E. (1983). *Nations and Nationalism*. Oxford: Blackwell.
- Gillett, C. (1996). *The Sound of the City* [3rd. Ed.]. New York: Da Capo.
- Globerman, S. (1983). *Cultural Regulation in Canada*. Montreal: The Institute for Research on Public Policy.

- Grant, G. (1965). *Lament for a Nation: The Defeat of Canadian Nationalism*. Princeton, NJ: D. Van Nostrand.
- Grealis, W. (March 7, 1997). *CanCon: Yes and No*. Lecture presented at the University of Windsor, Windsor, Ont.
- Grenier, L. (1997). Cultural Exemptionalism Revisited: Québec Music Industries in the Face of Free Trade. In E.G. McAnany and K.T. Wilkinson (Eds.), *Mass Media and Free Trade: NAFTA and the Cultural Industries*. Austin, TX: University of Texas Press.
- Hahn, R.R. (1985). *A Study of the Supply of English Language Sound Recordings to Canadian Private Radio Stations*. Ottawa: Department of Supply and Services.
- Hall, S. (1981). Notes on deconstructing "the popular." In R. Samuel (Ed.), *People's History and Socialist Theory*. Boston: Routledge and Kegan Paul.
- Hardin, H. (1985) *Closed Circuits: the Sellout of Canadian Television*. Toronto: Douglas & McIntyre.
- Henighan, T. (1996). *The Presumption of Culture*. Vancouver: Raincoast Press.
- Horkheimer, M. and Adorno, T. (1972). *Dialectic of Enlightenment*. New York: Herder and Herder.
- Hubka, D.S. (1993). [Review of *Culture, Communication and National Identity: The Case of Canadian Television*.] *Alternate Routes*, 10, 121-123.
- Innis, H. (1952). *The Strategy of Culture*. Toronto: University of Toronto Press.
- Jhally, S. (1982). Probing the blindspot: The audience-commodity. *Canadian Journal of Political and Social Theory*, 6(1-2), 204-210.
- Jhally, S. (1987). *The Codes of Advertising: Fetishism and the Political Economy of Meaning in the Consumer Society*. New York: St. Martin's.
- Laba, M. (1988). Popular Culture as local culture: regions, limits and Canadianism. In R. Lorimer and D. Wilson (Eds.) *Communication Canada: Issues in Broadcasting and New Technologies*. New York: Kagan and Woo, 82-100.
- LeBlanc, L. (Nov. 21, 1992). Canadian radio faces FM regs, changes: CRTC ends limits on music-list size, repeats. *Billboard*, 104(47), 52.

- LeBlanc, L. (Sept. 14, 1996). MuchMusic to launch M3 in '97: Commission OKs licence for AC-styled service. *Billboard*, 108(37), 64.
- LeBlanc, L. (Nov. 9, 1996). Labels giving acts better deals: result is looser contracts with higher royalties. *Billboard*, 108(45), 52.
- LeBlanc, L. (Dec. 21, 1996). Canadian execs' mixed outlooks: '96 sales summarized as up slightly or flat. *Billboard*, 108(51), 42
- LeBlanc, L. (March 1, 1997). BDS Data show CanCon suffers: Indies seek more tracking of secondary markets. *Billboard*, 109(9), 43.
- LeBlanc, L. (June 28, 1997). EMI Canada hopes corporate shuffle will favour local acts. *Billboard*, 109(26), 50.
- McAnany, E. (1985). Cultural industries in international perspective: Convergence of conflict? In B. Dervin and M. Voight (Eds.), *Progress in Communication Sciences*, 6. New Jersey: Ablex, 1-29.
- Miller, M.C. (Aug. 25, 1997). Who controls the music? *The Nation*, 265(6), 11-16.
- Murdock, G. (1978). Blindspots about Western Marxism: a reply to Dallas Smythe. *Canadian Journal of Political and Social Theory*, 2(2), 109-119.
- The Nation (Aug. 25, 1997). The media nation: Music. *The Nation*, 265(6), 27-30.
- Nelson, J. (1986/87). CRTC Asleep at the Wheel. *Fuse*, 11-21.
- Nelson, J. (1988). Losing It in the Lobby. *This Magazine*, 14-23.
- Ohler, S. (March 7, 1997). Singing a happy tune. *Windsor Star*, B7.
- Panitch, L. (1981). Dependency and class in Canadian political economy. *Studies In Political Economy*, 6 (Autumn), 7-34.
- Peers, F. (1969). *The Politics of Canadian Broadcasting*. Toronto: University of Toronto Press.
- Pevere, G. and Dymond, G. (1996). *Mondo Canuck: A Canadian Pop Culture Odyssey*. Scarborough, ON: Prentice-Hall.

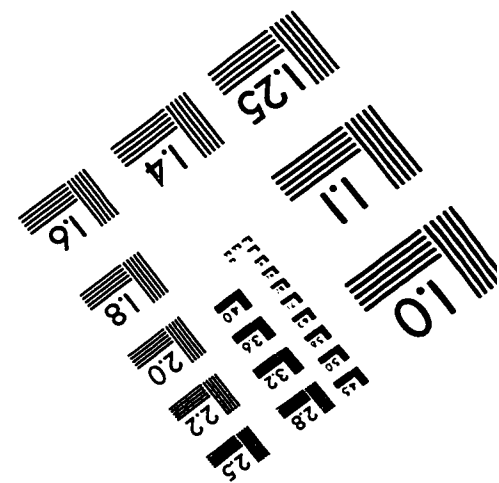
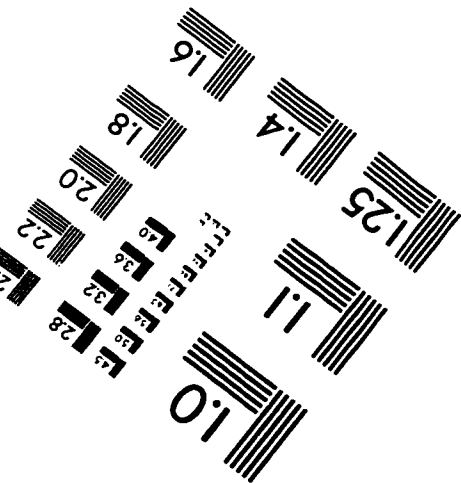
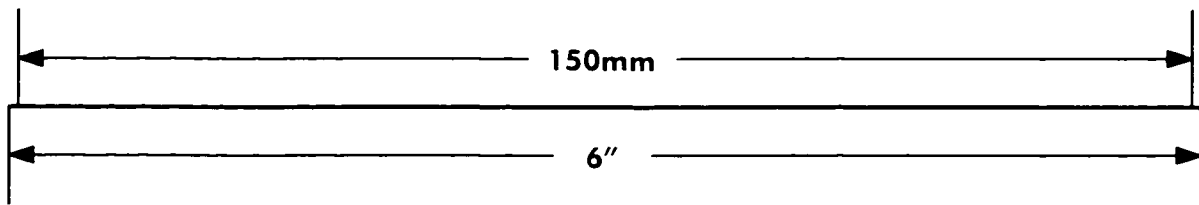
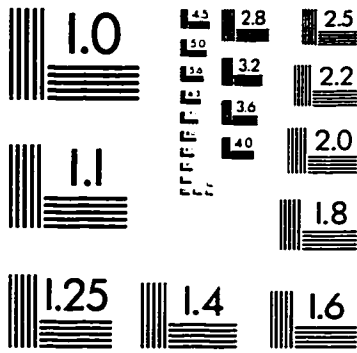
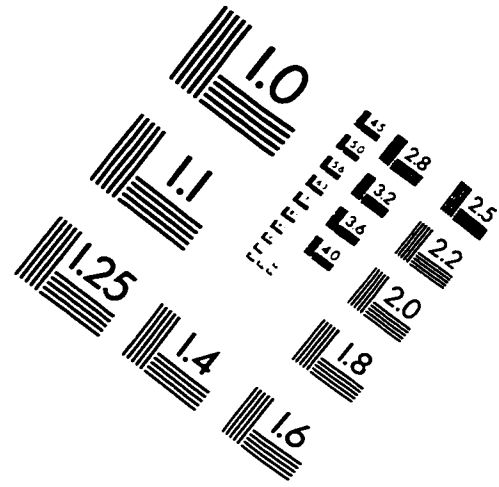
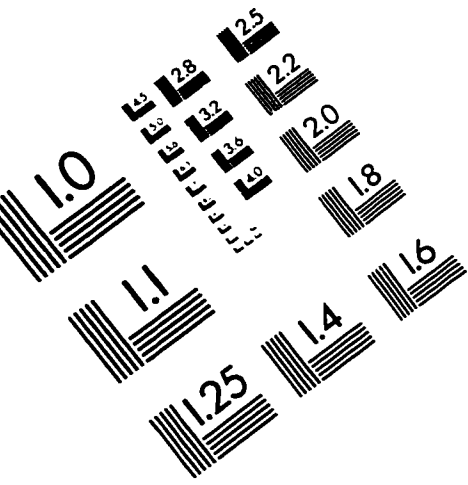
- Raboy, M. (1985). Public television: the national question and the presentation of the Canadian state. In P. Drummond and R. Paterson (Eds.), *Television in Transition*. London: British Film Institute.
- Raboy, M. (1988). Canada's broadcasting policy debate. *Canadian Issues*, 10(6), 41-54.
- Radio Action Plan Consultative Group (1992). *An Action Plan For Radio*. Ottawa: Heritage Canada.
- The Record (1997). *Contact '97: Canadian Market Facts and Figures*. Toronto: David Farrell and Associates.
- Robson, R. (Feb. 24, 1996). How effective are Canadian Content laws? *Billboard*. 108(9).4.
- Rotstein, A. (1986). *The Use and Misuse of Economics in Cultural Broadcasting Policy*. Ottawa: Ministry of Supply and Services.
- Sanderson, P. (1992). *Musicians and the Law in Canada*. Toronto: Carswell.
- Schiller, H (1989) *Culture, Inc.: The Corporate Takeover of Public Expression*. New York: Oxford.
- Sinclair, J. (1997). Culture and Trade: Theoretical and Practical Considerations. In E.G. McAnany and K.T. Wilkinson (Eds.), *Mass Media and Free Trade: NAFTA and the Cultural Industries*. Austin, TX: University of Texas Press.
- Smythe, D. (1977). Communications: Blindspot of western Marxism. *Canadian Journal of Political and Social Theory*, 1(3), 1-27.
- Smythe, D. (1978). Rejoinder to Graham Murdock. *Canadian Journal of Political and Social Theory*, 2(2), 120-127.
- Smythe, D. (1981). *Dependency Road: Communications, Capitalism, Consciousness and Canada*. Norwood, NJ: Ablex.
- Statistics Canada (1995). *Canada's Culture, Heritage and Identity: A Statistical Perspective*. Ottawa: Ministry of Industry.
- Straubhaar, J., Campbell, C., Youn, S-M, Champaigne, Ha, L., Shrikhande, S. and Elasmir, M. (1992). Regional TV markets and TV program flows. Paper presented at International Association for Mass Communication Research XVIII Conference, São Paulo.

- Straw, W. (1996). Sound Recording. In M. Dorland (ed.), *The Cultural Industries in Canada*. Toronto: James Lorimer & Company, 95-117.
- Trudeau, P. (1968). *Federalism and The French Canadians*. New York: St. Martin's.
- Williams, R. (1976). *Keywords*. New York: Harper Collins.
- Williams, R. (1981). *Culture*. London: Fontana.
- Watson, P. (March 8, 1997). Saving graces: a survival strategy for CBC-TV. *Globe and Mail*, D1, D5.
- Zeidler, S. (June 19, 1997). EMI to cut more North American jobs in restructuring. *Reuters/Variety Online* [Online Serial]. Available: WWW URL <http://www.pathfinder.com/@@UuYNCgYAXuWL@UiD/entertainment/latest/RB>

VITA AUCTORIS

Darrin R. Keene was born on November 25, 1968 in Kirkland Lake, Ontario. He graduated from Espanola High School in Espanola, Ontario in 1987. From there, he attended McMaster University in Hamilton, Ontario where he received a Bachelor of Science degree in Psychology in 1992. He then moved to the University of Windsor in Windsor, Ontario where he received a Bachelor of Arts degree in Communication Studies in 1995. He accomplished a Master's degree in Communication Studies in 1997 at the University of Windsor.

IMAGE EVALUATION TEST TARGET (QA-3)



APPLIED IMAGE, Inc
1653 East Main Street
Rochester, NY 14609 USA
Phone: 716/482-0300
Fax: 716/288-5989

© 1993, Applied Image, Inc., All Rights Reserved