BROADCASTING POLICY IN THE CANADIAN CONTEXT

by

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Broadcasting Policy in the Canadian Context

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ABSTRACT

It has frequently been stated during the past decade that Canadian broadcasting policy is in a state of crisis. The crisis is characterized by: increased uncertainty among broadcasting industry members and related industries about the direction of policy-making; unpopular decisions and non-decisions by key participants in the policy processes; and the instigation of various inquiries, task forces and committees into different aspects of the policy situation.

If broadcasting policy is in a state of crisis, how has this come about and how is it likely to be resolved? To answer these questions, it is necessary to examine the wider context of broadcasting policy—that is, the field and its environment. Pressures for policy change exerted by rapid technological change are a conspicuous part of the environment of this policy field. It can be observed that the broadcasting policy field is becoming more complex as communications technologies proliferate and evolve.

In this analysis, the broadcasting policy field is viewed as having three central, interactive elements: structures, processes and ideas. It is hypothesized that policy processes are most readily adaptable to a changing environment, structures less so and the core ideas least of all. To demonstrate this, the thesis describes the field's environment, analyzes several policy issues illustrative of current responses to the environment and, finally, extracts from this the dominant ideas at the centre of the policy field. It is argued these ideas are based mostly on the view that broadcasting has special significance to the Canadian state because it can strengthen political integration and enhance cultural development. Stemming from this view is the central principle that broadcasting services in Canada should contribute to national identity, unity and integration. In order to
ensure this occurs, political sovereignty has been exerted over economic power in the management of Canadian broadcasting enterprises. However, political control becomes increasingly difficult to exercise in the current transnational technological environment.

It is argued that the broadcasting policy field has changed in response to environmental, especially technological, pressures but there is a crisis in policy-making due to the lack of fit between the field as a whole and the central principle. The process of change in the field does not occur at an equal pace; processes can change quite quickly, structures have changed little due to legislative inaction while ideas are not explicitly discussed and, therefore, are not subject to public review. It is argued in conclusion that the balance of policy ideas can alter over time if structural change is achieved and if the Minister of Communications gains a clear leading role in policy-making.
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I. INTRODUCTION

The central purpose of this thesis is to explain the process of change in a specific public policy field--broadcasting policy in Canada. Canadian broadcasting policy appears to be in turmoil at present. Much public controversy surrounds specific decisions of the broadcasting regulatory board, the Canadian Radio-television and Telecommunications Commission (CRTC); confusion exists about the relationship between its actions and those of the federal Department of Communications (DOC); confusion also exists about the direction of future policy actions.

Why is this so? Is it a temporary crisis in broadcasting policy--the fourth in the history of the field since the 1920s, according to Graham Spry\(^1\)--or does it indicate the beginning of a major departure from traditional policy directions in Canada? Perhaps the word 'crisis' is being overused by the individuals, groups and organizations concerned with broadcasting and related policy areas (e.g., culture, film, telecommunications, communications); still, it does reflect their concern that the established policy frameworks are being subjected to enormous pressures to change and adapt to new circumstances.

What are these new circumstances that have to be coped with? Major changes in the technological environment for broadcasting policy occurred in the mid-1970s and the policy crisis that began then has yet to be resolved. In order to understand what has been happening, and what is going on at present, it is essential to look at the history and context of Canadian broadcasting policy in Canada. According to Graham Spry, 'The Fourth Crisis in Canadian Broadcasting', Special Section on Pay-TV, *Cinema Canada* (August 1976), pp. 10-11.
broadcasting policy. Broadcasting policy has a long history in this country, going back to the 1920s. Canada's place in the Western world, especially its relationship to the economic and political power of the U.S., has affected the Canadian context for broadcasting and, therefore, the policy framework in which the domestic broadcasting system is being developed.²

The 'broadcasting system' is a label usually employed to refer to the technical distribution networks and stations and to the content (programming and advertisements) carried on the distribution system. The domestic broadcasting system in Canada is complex, both technically and economically; it provides broadcasting services within an extremely large area, under difficult physical conditions, in several languages and to a relatively small population.

Studies of Canadian broadcasting are not numerous, although some do provide detailed historical descriptions. The best-known works are those by Peers and Weir.³ Both these writers have had personal acquaintance with broadcasting institutions (mainly the CBC) and accumulated detailed information on historical events during the development of the broadcasting system. Other works, probably less well-known, have described the private broadcasting viewpoint more fully and have often given a somewhat different interpretation

²The domestic broadcasting system is intended to operate within national boundaries. Throughout this thesis, there is almost no discussion of international systems of broadcasting using shortwave radio (e.g., Radio Canada International, the Voice of America, Radio Moscow, the BBC Overseas Service, and so on).

of historical events. Since the late 1920s, there have been several Royal
Commissions or committees of inquiry into broadcasting that have produced
reports providing good overviews of the broadcasting system, as well as
recommendations for policy action.

Aside from these historical views of broadcasting, there are two other
major sources of information on the current broadcasting system: (a) govern-
ment reports or studies, including commissioned reports; (b) case studies
of specific sectors of the broadcasting industry (or industries) or of
specific policy topics related to broadcasting.

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National Broadcasting in Canada (Toronto: McClelland and Stewart, 1965).

4 See, for example, T. J. Allard, The C.A.B. Story, 1926-1976: Private
Broadcasting in Canada (Ottawa: Canadian Association of Broadcasters,
1976); Don Jamieson, The Troubled Air (Fredericton, N.B.: Brunswick Press,
1966); Peter Stursberg, Mister Broadcasting: The Ernie Bushnell Story
(Toronto: Peter Martin Associates, 1971).

5 Royal Commission on Radio Broadcasting (Aird Commission), Report
(Ottawa: King's Printer, 1929); Royal Commission on the National Development in the
Arts, Letters and Sciences (Massey Commission), Report
(Ottawa: King's Printer, 1951); Royal Commission on Broadcasting (Fowler Commission), Report
(Ottawa: Queen's Printer, 1957); Committee on Broadcasting (Fowler Committee),
Report of the Committee on Broadcasting
(Ottawa: Queen's Printer, 1965).

6 Recent federal government reports or studies related at least in part to
broadcasting are: CRTC, Committee of Inquiry into the National Broadcasting
Service, Report (Ottawa: CRTC, 1977); Consultative Committee on the
Implications of Telecommunications for Canadian Sovereignty (Clyne Committee)
Telecommunications and Canada (Ottawa: Minister of Supply and Services
Canada, 1979); David Ellis, Evolution of the Canadian Broadcasting System:
Objectives and Realities, 1928-1968. DOC Publication (Ottawa: MSSC, 1979);
CRTC, Committee on Extension of Service to Northern and Remote Communities
(Therrien Committee), The 1980s: A Decade of Diversity—Broadcasting,
Satellites, and Pay-TV
(Ottawa: Minister of Supply and Services Canada, 1980); Federal Cultural Policy Review Committee (Applebaum/Hébert Committee),
(Ottawa: MSSC, 1982).

7 See, for example, Paul Audley, Canada's Cultural Industries: Broadcasting,
Publishing, Records, and Film (Toronto: Canadian Institute for Economic
Policy, 1983); Robert E. Babe, Canadian Television Broadcasting Structure,
(Ottawa: MSSC, 1979); Peter Lyman, Canada's Video Revolution: Pay-TV, Home
Despite the extent of this literature to date, very little of it looks explicitly at the broadcasting policy framework surrounding the broadcasting system at this time. It is noteworthy that, in a recent review of the public policy literature, only two books on communications and broadcasting policy were mentioned as providing a 'fully integrated' analysis: a short book by R. Brian Woodrow et al., *Conflict Over Communications Policy: A Study of Federal-Provincial Relations and Public Policy* and Frank Peers' *The Politics of Canadian Broadcasting* (it is not clear if both of Peers' books are meant here or only the first one). This gap in the literature is all the more important because the policy field is in a state of flux; an overview of the current field is essential in order to understand what is happening in Canada.

Studies of other national broadcasting systems and their policy environments—while interesting—are not much immediate help in understanding the Canadian situation. Even the most elementary comparisons of the Canadian broadcasting system with that in other countries show major differences in institutional structures, technical complexity and broadcasting content.

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Undoubtedly, the differences between one broadcasting system and another are due to numerous factors. Probably the crucial factor is the political authority retained by each nation-state (usually the national or federal level of government) to allocate and license the use of radio frequencies within their own territory. The right to grant and withhold licences for domestic broadcasting has given the nation-states the basis for control over broadcasting systems. Decisions about who will receive licences, and how many will receive them, become in effect public policy actions. On the basis of the power to license, state authorities can (although not all do) exert other types of political control over broadcasting organizations.

The extent to which broadcasting policy is developed into an elaborate structure must depend on the specific circumstances of any one nation-state. One must assume that a national broadcasting system and its associated policy field are formed by the internal character of that nation and by the external environment impinging on the nation-state. Therefore, in the case of Canada, it is assumed that the particular characteristics of Canadian society and the international context of the Canadian nation-state are major factors in shaping the unique broadcasting system and policy field we see today.

The Basic Position

For the purposes of this thesis, 'public policy' is defined as a set of political actions and a set of political, economic and social relationships created through the authority of the state. Public policy with respect to a specific activity (for example, broadcasting) makes up a policy "field". A

from 1976 onwards. See, for example, E. S. Hallman, Broadcasting in Canada (Don Mills, Ont.: General Publishing, 1977).
policy field can contain various policy structures and processes which are all organized, in some way, towards the achievement of implicit and explicit policy goals. The limits of a policy field have to be set by the observer; they are not self-defined. The broadcasting policy field in Canada is complex, partly because it has been developing over more than sixty years and partly because there are numerous organizations involved in creating policy actions.

This policy field is focused on domestic broadcasting services, which are provided by duly licensed broadcasting organizations. The licensing power of the state defines the limit of the broadcasting system; an organization cannot be a broadcaster if it does not hold a licence. The relationships between the policy field and the broadcasting system are continually changing, as are the relationships between the elements in the policy field itself. In recent years, when major pressures for and against policy changes are being exerted, the policy field is often described as being in a state of 'crisis'.

The nature of the crisis is being perceived differently by different people and organizations. Four of the principal perspectives on the nature of this policy crisis are those of the policy-maker, public broadcaster, private broadcaster and general public. The policy-maker's version of the crisis is the realization that, despite (or because of) proliferating distribution systems for radio and TV signals, Canadian broadcasting program content still has a limited share of what is carried on Canadian distribution systems; and that the Canadian content being carried is often poorly accepted by Canadian audiences. The public broadcaster's version of the crisis is the awareness that the public sector's significance in the broadcasting system is continually deteriorating and that public corporations are not well-structured to take advantage of new distribution systems. The private
broadcaster's version of the crisis is the realization that existing cable TV monopoly licences and over-air broadcasting licences can be (and probably will be) reduced in economic value by the unregulated extension of other types of distribution systems—especially those using satellite transmission. The viewpoint of the general public (if people are aware of the crisis at all) is that the government is preventing Canadians from watching what they want to watch—especially if the content comes from satellite signals.

The process of adaptation in the policy field so as to reduce the level of crisis has been going on since about 1976 and is still going on. Where are these pressures on the policy field coming from and how will the crisis be resolved or at least reduced to manageable proportions? These questions can only be answered if one reviews the events related to broadcasting policy since 1976.10

Examination of the policy crisis can be undertaken from various perspectives. Selection from them depends on how one views the process of change in the policy field. Essentially, there are three main positions from which one could approach the study of current broadcasting policy. First is the position that technology exerts pressures within the broadcasting system which in turn presses the state authorities to alter their policies. Second is the position that economic interests predominate in the broadcasting system and these interests (epitomized or led by large corporations and unions) are able to persuade policy-makers to develop policies that might improve their economic standing. Third is the position that policy change

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10 The years from 1976 to 1983 have been chosen for analysis. 1976 can be seen as a watershed year because this was when the realization began to dawn on broadcasters, policy-makers and others that satellite communications systems were likely to have major uses and effects in the broadcasting systems of Canada, the U.S. and probably other developed countries.
is determined primarily through the interactions of the individuals, groups and institutions active in the political process. Each of these positions will be discussed in turn.

An analytical approach that treats technology as the originator of policy change tends to be built upon a direct cause-effect relationship between technology and public policy. In such a framework, technology is likely to be seen as exogenous to society—and as a mechanistic force beyond the control of individual people. It is indeed the case that much of the technological machines associated with broadcasting, and related communications systems, are designed and manufactured outside Canada. In that sense, the technology-machines are exogenous to Canadian society and its domestic economy. However, these machines do originate in other societies (at present, mostly in the U.S. and Japan) that have trade and other economic ties with Canada.

The introduction of specific technological systems into Canada can be understood in terms of the exercise of economic power, both outside and inside Canada. From this viewpoint, the individuals and organizations that expect to benefit economically from the introductions of new technologies will be in favour of them; those that anticipate being harmed economically will, predictably, be opposed to their introduction.

Resolution of these conflicts could be left to the private marketplace but, in Canadian broadcasting, this is almost never done. Regarded as an economic sector, the Canadian broadcasting industry contains different elements with opposing interests (public vs. private broadcasters; over-air vs. cable interests; independent producers vs. broadcasters), all of whom regularly seek protection for their established position within a semi-protected domestic market by appeals to state authority. To disregard the unique political and economic contexts of Canadian society and its internal
political processes is to ignore significant factors in the formation and change of public policy on broadcasting.

In sum, technological change separated from its economic and political contexts is a meaningless concept. If technology is viewed primarily as an economic phenomenon, then it is better studied in, or incorporated into, an economic analysis. If, on the other hand, technology is regarded as a phenomenon requiring political choices to be made, then it is better studied in a political framework, as a source of pressure for change in the political process.

The second position to be discussed here is that based on the view that economic forces predominate in the formation and change of public policy broadcasting. These economic forces (represented by interest groups, corporations, industry sectors, and so on) can be seen to be engaged in pressing for the introduction of new technologies, for changes in the rules (about, for example, ownership concentration or for reduction in requirements for unprofitable programming activities) and for government subsidies or tax benefits. All of these policy changes require political action of some kind, whether those actions are regulatory, legislative or executive.

In this economic view of policy-making, the connections between the economic sphere and the political sphere in society have to be defined rather clearly. Economic analyses (whether done from the "left" or "right" position on the ideological spectrum) tend to be based on the assumption that economic decisions are more important or significant than all other types and, therefore, that political decisions (and decision-makers) must follow along. The predominance of economic power over the political authorities can be assumed in any number of ways. On the left, a Marxist analysis of the capitalist society may be based on the view that the political and economic elites are intertwined and that capitalists (i.e., those with the
power to control economic production) dominate the elite structure. On the right, conservative economists may view the economy as a privately-owned system of production and distribution of goods and services—a system that is best left alone by the state so that it may function efficiently through market competition.

In the conservative view, the state and its institutions, seen as the public or government sphere, are looked upon as antithetical to private business; the state, if it is doing its job properly, does not 'interfere' with private business. Only if the market is not working properly might the state have a role in economic regulation (and not always then). This theoretical division and antithesis between private and public sectors may seem to be undermined or contradicted by the 'private interest' and 'capture' theories of economic regulation. These theories have mostly grown out of empirical studies in the U.S. that show specific industries have actually sought government regulation and have been successful in persuading the regulatory agency over time to enhance the industry's economic position, rather than protect the interests of the public. While this form of public-private cooperation has been observed to occur, I would argue that most conservative economic analysts see this as undesirable and, in part, the calls for industry 'deregulation' stem from the intention to combat such 'inefficient' activities.

Any economic framework for the study of public policy has two characteristics that create problems in studying Canadian broadcasting policy in particular. The first is a definitional problem: the division of economic activities into private and public sectors. Ideally, the private sector contains corporations whose shares are owned by private individuals; the public sector, then, contains the government and publicly-owned institutions providing goods and services otherwise not provided. This division between
private (economic interests) and public (government) is not nearly as easy to make as it seems. Where does one place public corporations, especially those established to engage in economic activities of production and distribution? In the case of broadcasting, the predominant corporation has been the Canadian Broadcasting Corporation—a public corporation—which is so large as to have a significant economic effect on other broadcasters while, at the same time, being an instrument of cultural significance. Economic studies of Canadian broadcasting tend to concentrate on the private broadcasters or on the CBC, but have not been able to incorporate both in the same framework (along with the rest of the broadcasting system). I would argue that the broadcasting system as a whole has to be included in an analysis of broadcasting policy change; it does not seem possible to do this using a conventional economic approach.

The second problem in using an economic framework to study public policy stems from economic theory itself. Implicit in economic theory (pure or applied) is the assumption that the purpose of public policy must be to encourage a more efficient use of available resources. Scarcity of resources is a basic tenet of economic reasoning and greater efficiency in society's use of resources is the sine qua non of economic management. Associated with the efficiency criterion is the assumption that efficiency can be measured in some way so that economic performance can be evaluated. Further, it is assumed that, where resources are used for 'social' (i.e., non-economic) ends, the efficient use of material resources can still be

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evaluated if one specifies and prioritizes those non-economic goals in a rational way.

For example, Douglas Hartle has posed this question, when discussing some of the areas needing research in Canadian policy issues:

Is there any reason why broadcast frequencies, cable territories and satellite channels could not be sold or leased on an auction basis with the contractual conditions applicable to the successful bidder clearly set forth? This need not conflict with Canadian content objectives. Indeed, it could provide additional funds for cultural purposes. ¹²

This is a very challenging question, one that requires a reasoned response. It is argued here that it is simply impossible to specify and order the cultural and political goals for broadcasting policy in Canada to the extent that is necessary for an economic evaluation—and thus for more efficient resource utilization. It is also argued that it is these cultural and political goals, established through the political process, which have formed the core of broadcasting policy in Canada since the 1920s. Finally, it is argued that the goals are still being maintained despite enormous economic and technological pressures to weaken or amend them. Evidence to support these arguments is provided in this thesis.

Essentially, it is my position that, in studying Canadian broadcasting policy, it is more appropriate to use a political approach. It is accepted that new communications technologies do exert certain kinds of pressures on the broadcasting policy field. Also, it is recognized that private economic interests do seek to have certain aspects of broadcasting policy changed to their advantage. Both these kinds of pressures can be acknowledged and included within a political approach.

A political approach to the study of broadcasting policy in Canada is
appropriate because it allows for the recognition of four important aspects
of Canadian broadcasting. (a) Since the 1920s, broadcasting content has
been assumed by the state authorities to provide major cultural benefits for
Canadian society—in balancing the inflow of foreign mass culture products
and in enhancing a uniquely Canadian identity. (b) As a part of the modern
mass media, broadcasting is widely believed to have an important role in the
Canadian political process, both in providing political information to the
electorate and in keeping politicians informed of popular opinion; the need
for effective political communication is accentuated by market structures
favouring south-north information flows rather than east-west flows across
the Canadian land-mass. (c) Based on the need for Canadian broadcasting
implied in the previous two aspects, public ownership of broadcasting
outlets was established in the early 1930s; the CBC has been a major element—
politically and culturally—in the broadcasting system up to the present.
(d) In recent years, the federal government has encouraged the design and
development for communications technologies, specifically satellites; thus,
a key part of the technological innovations now affecting the broadcasting
system has been publicly-funded and encouraged. All four aspects of Canadian
broadcasting today seem to emphasize the key role of the political process
and of political decisions in forming and maintaining the core of Canadian
broadcasting policy.

The chapters following provide an elaboration of the position that the
Canadian broadcasting policy field can be fully understood only if one uses
a political approach to study it. Chapter II outlines the theories and
methods available from political science and public policy literatures and
discusses the key choices facing the policy analyst about which specific
approach to employ. Chapter III describes and discusses the model of the
policy field that is developed for this thesis, outlines the largely federal context of the field and describes the broadcasting policy field in broad outline. Chapter IV describes and discusses the Canadian broadcasting system (the focus of the policy field) and highlights several aspects of the system that are the key to its unique character and problems.

Chapter V discusses the nature of the policy field's technological environment. Chapters VI to IX examine the processes within the policy field that have been used since the mid-1970s, particularly those required to deal with pressures for policy changes. The formal and informal processes have produced specific changes and an analysis is made of the new directions taken as well as the confirmations given to traditional policy positions.

In conclusion, Chapter X draws out the central features of the current policy field, the goals and principles upon which the field is now based and the processes by which future policy changes are likely to take place.
II. THEORY AND METHODS

Values and Choice in Policy Analysis

The most basic observation to be made about the study of public policy is that the treatment of values is inherent in the topic. This may seem obvious but it is an underlying factor that is too often ignored or taken for granted by writers on public policy.

Ronald Johnson has observed that policy research involves "making value judgments about the questions to be pursued, the method of study, and the policy choices which are the object of study". Eugene Meehan had defined 'policies' rather precisely as "rules of choice that produce the preferred outcome in a priority system when applied".

Taking a more specific example, Richard Van Loon states that:

At the centre of any political process is choice. In the Canadian version of parliamentary government the process of choice is centred squarely on the Cabinet, for it is the prime minister or provincial premier and their ministers who must determine which of society's demands are to be satisfied; and it is they who are accountable to Parliament and eventually to the electorate for the decisions they make.

It is argued here that choice and value judgments are built into public policy and how it is studied. In other words, public policy analysis is a choice-making activity in itself as well as being the study of choice.

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First, the process through which public policy is produced requires the exercise of choices by policy-makers at many levels of authority between alternative policy goals and actions; these choices are dependent on who is choosing as well as on the preferred effects of the policy outputs. Second, the researcher who wishes to study public policy brings to that work a mental framework based on values that help him or her to choose what to study and also, on occasion, to recommend how the policy system or its content should be changed for the better. Consideration of content choices—and especially of recommendations regarding outcomes—cannot be undertaken without some indication of the values to be used in the selection.

The objective of the person engaged in policy analysis also has a bearing on the values that are inherent in any piece of policy research. A researcher may be interested in contributing to the development of theory or in solving a particular policy problem. James Coleman has called the research designed to advance knowledge in a scientific discipline 'discipline research' while research designed as a guide to social action is termed 'policy research'. Both types of research require value judgments on the questions to be pursued.

Abraham Edel has observed that the term 'value' has a number of meanings. First, it may simply mean a preference for or against something;

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4 Outcomes are usually defined as the effects of specific policy content—-not necessarily the intended effects.


second, it can refer to aims or purposes; third, it can mean evaluation or judgement on what is worthwhile; and fourth, it can be prescriptive in describing what one ought to do. He notes that the traditions of political science indicate that researchers should not evaluate policy in terms of its social worth; however, they may use the stated aims of policy-makers as one criterion for assessing policy actions.

Ronald Chilcote has argued that guiding scientists' thought "is a paradigm or a basic ordering notion about the fundamental character of reality". This paradigm establishes the boundaries of acceptable inquiry and is related to the evolution of the sciences. In particular, Chilcote observes that:

Political science evolved as a 'behavioral science', mutual in character and acceptable to both natural and social scientists seeking to find some unit of measurement, whether it be money for the economist or the vote for the political scientist.

The decision by a political scientist to adopt a behavioural approach has to be viewed as a choice which affects what is studied as well as how it is studied. In particular, during the 1940s and 1950s, the behavioural movement with its emphasis on the development of 'pure science' led to a devaluing of practical concerns and problem-solving in the empirical world. This type of pure research was encouraged by the provision of substantial research funds in the U.S. during the 1950s but the funders' priorities appear to have changed by the mid-1960s, when the need of social 'relevance' was more pressing. John Gunnell has argued that, although many social scientists heeded the call for greater relevance in their research, the

8 Ibid.
behaviourist perspective of the need for social scientific knowledge based on a value-free empirical science did not disappear—nor did the behavioural scientists' basic belief that more 'scientific' social science theory would lead to better policy-making. We can see some of the heritage of the behavioural movement in studies of policy in the literature known as 'policy sciences'.

Although the behavioural sciences developed in response to a need for multi-disciplinary study of human behaviour, the behaviouralist approach has been given differing interpretations both in theory and methods within each of the social sciences. Even defenders of the behavioural sciences have noted that, in political science, "the 'behavior school' became identified as the counting school: the branch emphasizing numbers and statistics".

Perhaps the most basic analytical distinction to be made in the study of public policy is that between policy 'process' and policy 'content'. In the behaviouralist tradition, there has been a strong preference among many political scientists (especially in the United States) to focus their work on the policy process with little or no regard for the content (or 'output') of the policies actually produced by that process. While it is evident that some research has been done on policy outputs, such studies have stuck

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firmly to outputs which are quantifiable (preferably in terms of money expenditures) and have ignored those outputs which cannot easily be reduced to statistical measurement. 12

In process studies, there was a strong tendency in the 1960s and 1970s to concentrate on the collection and manipulation of what is usually described as 'hard data'. This is a trend which was criticized by Ronald Johnson in the mid-1970s, and little seems to have changed since then. Johnson was particularly critical of much of the policy research that is based on the assumption that budgetary expenditures are a good indicator of policy substance. He states that, in policy process studies, "we have in some ways regressed to a search for new and better aggregate data correlates or state of local government budget expenditures". 13

If one rejects a heavy reliance on budgetary data as objective indicators of policy action, then the search for relevant evidence on which to base an analysis does become more difficult--but also more interesting. A recognition that one cannot avoid assessing the value judgements inherent in policy-making could help in dealing more straightforwardly with the analysis of policy content. At the same time, there is also a need to recognize explicitly the significance of the value judgements exercised by the policy analyst in choosing the subject to be studied and the method of analysis.

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12 One example of this type of output study is by Thomas R. Dye, Politics, Economics and the Public: Policy Outcomes in the American States (Chicago: Rand McNally, 1966).

13 Johnson, op. cit., p. 77.
Even if one accepts the importance of recognizing that values are embodied in public policy and in the analysis of public policy, there are still many other choices that have to be made by the analyst: specifically, what are the methods, analytical scales, foci, concepts, models and theories that are to be used? These elements are inter-related in various ways. Selection from among those now available in the social sciences is aided if one specifies first one's primary purpose in undertaking policy analysis. There appear to be three main purposes used. First is the aim to provide explanations for 'events' in public policy; these events may be termed policy actions, processes, outputs, and so on. Explanation requires description of the events concerned and may provide predictions of future events. A second purpose is to solve a problem (or resolve an issue) in a public policy field; this purpose requires a description of the cause of the problem, alternative solutions (or policy options) and a recommendation on the most workable option which should be followed. A third purpose is to develop theories that contribute to the development of 'pure' theory, a general goal of scientific inquiry. These purposes are not mutually exclusive because, for example, a problem-solving approach could contribute to theory-building. In other words, a supposedly more 'practical' approach can contribute material useful in theoretical work or vice versa. It is the first of these purposes—explanation—towards which this thesis is directed.

In seeking to develop a framework for analysis which would provide an explanation for public policy, I have relied upon the concept of a 'system
paradigm', outlined by Eugene Meehan. In Meehan's definition, a system paradigm begins with a formal logical structure, within which concepts and their relationships to each other are defined. In order to relate this structure to the empirical world, the concepts must be given empirical meaning and the system then applied to an empirical situation to see if it fits—i.e., if it explains what is happening in the event under study.

Meehan differentiates the system paradigm from the deductive paradigm (the latter being more commonly used in the social sciences) as follows:

First, the system paradigm does not depend on induction, on the generation of general statements from particular facts. Second, and more important, the focus of inquiry is changed radically. The deductive paradigm focuses attention on the common features of classes of events and tends to lead to the examination of a representative sample of the members of a class. The system paradigm is focused on the web of relations surrounding a single event, and examination of other members of the class does nothing to increase the power of the explanation—it serves mainly to eliminate random variations from the description of the empirical situation. Finally, the deductive paradigm construes the explanatory process in hierarchical terms, beginning with dyadic generalizations at the bottom while the system paradigm is expressed in terms of complex networks. A theorist using the deductive paradigm must attempt to create slots or chutes into which particular data can be fitted. A theorist using the system paradigm seeks to create a network that can be matched against the empirical situation in which the event to be explained appears.

A necessity for the system paradigm is the focus on an 'event' and the choice of this event is central to the effectiveness of this method of analysis. As Meehan points out: "The criteria by which events are selected for inquiry are an important part of methodology". After the event has been selected—in this thesis, the current crisis in Canadian broadcasting policy—the next stages are the identification of the central concepts in

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16 Meehan, op. cit., p. 72.
the policy system, the description of their interaction within that system and the predicted results of that interaction. Finally, one can evaluate the usefulness of the explanation and prediction in light of actual events (as far as they can be discerned and described).

The central concepts used in the analysis of public policy are defined in varying ways by different researchers but in general there is agreement on their relevance to any models or theories on which to build an analysis. The concept of 'power' (or coercion as some have termed it) and its legitimate exercise is basic to any policy system, as is the concept of 'choice'—how it is made and who makes it are the subjects of study. With regard to the exercise of power and choice, the concepts of 'rules' and 'rule-making', through which power is exercised and choices are made, are crucial. In much of the policy literature produced in developed countries, there is a concept of the state, especially the 'democratic state', which defines the relationship between governors and the governed in a society. Another concept is that of 'resources' which are assumed to be finite, particularly in what is available for use by the state; resource allocation is then a concept of dividing available resources between areas of need.

There is also a concept of the political 'system' or political sphere which separates analytically all those activities in society related to the exercise of political power. In relation to the political system, other activities that influence it but are defined as outside the system are conceived of as its 'environment'. Part of that environment is the

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17 In using the terms 'system' and 'environment' as concepts about political life, it is not intended to imply a 'systems' view of these activities. Systems theory, when applied to politics, conceives of it as a system which is self-correcting and, although subject to influences from its environment, ultimately self-stabilizing. Writers using this approach for the study of public policy tend to be more interested in studying how a political system
'society' as a whole, which may be defined in various ways—sociologically, economically, culturally and so on. The society in which political life takes place is assumed to have a specific character although this may be an idealized one.

Within the general conception of a political system and its essential characteristics, the focus for research can be on a number of different aspects of the system. Generally, a research focus can be on: the process or processes through which policy options are put forward and from which action choices are made; the various influences and pressures from outside the system (often called 'inputs') which affect the policy system; the final choices in policy which the system produces ('outputs') and their effects or 'impacts' on the political environment; the content of the policy itself; the methods of applying the rules for making choices ('decision-making') in a policy system; the behaviour of the participants, or selected types of participants in the policy field; the policy field itself and the relationships between various elements within it. This thesis uses the last of these as its focus.

**Public Policy and Political Science**

It was argued in the previous chapter that the political perspective is the most appropriate one to employ in the study of broadcasting policy in Canada. Richard Simeon has suggested there are three dimensions of public

adjusts to environmental pressures than in what the outside influences are or what the outcome is in terms of policy content. In using the terms system and environment, one does not necessarily imply a systems theory definition of these concepts.
policy which are important to political science: scope, means and distributive dimension (i.e., what the government does, how it does it, who benefits, with what effects). Government actions and their consequences are indeed the focus for any study of public policy. However, the political approaches to such study can vary considerably.

The recent literature of political science in North America contains within it a variety of different characterizations of political phenomena: as authoritative allocation, power, pressure, or decision. Probably the most widely used is David Easton's definition:

What distinguishes political interactions from all other kinds of social interactions is that they are predominantly oriented toward the authoritative allocation of values for a society.

This definition is useful because it focusses attention both on the centrality of authority in society and on the significance of value choices in political life. It should be noted that Easton's definition allows for the possibility that political actions by one segment of society may not lead to any significant change in the prevailing values of that society.

The central institution of the political world is the 'state' and the exercise of its authority by the government is the focus of much political science research. In this context, 'government' is taken to mean not only the legislature, the executive (including the bureaucracy) and the judiciary

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but also the military authorities, as suggested by Leo Panitch.\textsuperscript{21} The authority of the state in democratic societies is based ultimately on the consent or, at least, acquiescence of the governed. Without this implied consent, the state is under threat of internal violence or lesser forms of rebellion from segments of society.

Even with a generalized consent from its citizens, the state acts authoritatively in ways which certain individuals or groups do not like but which they do not oppose with violence or disobedience. In this sense, the democratic state has the power of 'coercion' over its citizens and the authority of the rule of law to back up its decisions. Theodore Lowi has argued strongly that coercion is the most important dynamic concept tying together all the rules, norms, institutions and other social structures which exist at the macro-level of political society. As Lowi sees it:

\begin{quote}
Institutions are means of moralizing coercion. Administration is a means of routinizing coercion. Government is a means of legitimizing it. Power is simply the relative share a person or group appears to have in shaping and directing the instruments of coercion.
\end{quote}

The extent to which the state can be said to coerce its citizens to behave in certain ways against their wishes raises major questions about the extent to which any state can be described as democratic. The representative character of the democratic state is an interesting topic for study but it is not one this thesis can encompass.

Much of what the state does—enacting and enforcing laws, collecting taxes, establishing regulations and providing assistance—is commonly


referred to as 'public policy'. Discussions of public policy must start from some definition of what it is. Robert Salisbury has offered the following: "Public policy consists in authoritative or sanctioned decisions by governmental actors".23 By governmental actors, he means both politicians and bureaucrats. Public policy (as distinguished from policy in general) must involve the actions of the government; the authority of the government to enforce its decisions (and thereby give priority to some values over others) must stem from its legitimacy to hold power in the state.

Sir Geoffrey Vickers has provided a very interesting interpretation of public policy and its significance in society. As he has defined it, government activities consist in "maintaining through time a complex pattern of relationships in accordance with standards or within limits which have somehow come to be set as governing relations".24 The whole function of government he calls 'regulation'—a much wider conception of regulation than is customarily used. For Vickers, the government's 'executive element' is concerned with maintaining the status quo in governing relations whereas the 'policy-making element' is concerned with changing these relationships in accordance with changing circumstances. In such a model, the activity of policy-making is unavoidably engaged in intervening in society, in choosing among alternative schemes of organizing human activities and, as such, it "assumes, expresses and helps to create a whole system of human 'values'".25 This function of the government (or the state) of having to make choices on


25 Vickers, op. cit, p. 29.
behalf of society—and by doing so unavoidably determining which political values will be embodied in public policy—is one that is in tune with Easton's definition of what is political.

The range of possible meanings for 'policy' is one of the difficulties in the study of public policy. Hugh Heclo has observed that:

... policy does not seem to be a self-defining phenomenon; it is an analytic category, the contents of which are identified by the analyst rather than by the policy-maker or pieces of legislation or administration.\(^\text{26}\)

What Heclo means is that, whereas the policy-maker has to have an administrative definition for the limits of a specific policy field, this definition is not the only possible one and the analyst can set his own, according to appropriate criteria. The definition of a policy field can vary both with regard to the scope of activities in society that are considered to be affected and with regard to the types of actions considered to be policy.

Peter Aucoin has stated that "... public policy must be considered to encompass the actual activities undertaken by a government, whether or not a government's objectives and strategies are explicit, or are congruent with its activities."\(^\text{27}\) What he seems to be emphasizing here is the necessity to separate the implicit or explicit statements of the government's policy goals or objectives from the actual activities of government actors.

Public policy is usually thought to encompass a range of activities, from the level of broad policy direction to the level (or levels) of specific, more detailed actions of the government in terms of legislation, regulations,

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funding programs, and so on. However, Theodore Lowi has argued convincingly there is some danger in leaving the definition of policy too broad so that it becomes virtually synonymous with 'decision'. As Lowi sees it, the risk in defining policy-making as equivalent to decision-making is that the study of public policy would become essentially technocratic and concerned principally with improving the techniques of the making of decisions—without regard to or interest in the content of those decisions. 28 Heclo points out that, in academic circles, policy is usually taken to mean "... something 'bigger' than particular decisions, but 'smaller' than general social movements". 29

Richard Rose has argued strongly that public policy is best conceived as a dynamic process, rather than as the making of policy. 30 As he sees it, the policy process is in a cycle of continuous change and cannot, therefore, be frozen into a static picture or model of policy-making. Rose enumerates a series of stages into which the policy process can be divided analytically, as follows:

1. the initial state, which is defined as a social condition
2. the placing of the condition on the political agenda
3. the advancement of demands through the political system
4. the review of available resources and existing constraints on action
5. the shift from no-decision to decision
6. the content of choice (the government action program)

29 Heclo, op. cit., p. 84.
7. the implementation of policies made
8. the production of output in goods and services
9. the impact upon society
10. the routinization of feedback from society to policy-makers (which can become a new state (1) for a further cycle of the process)
11. placing the condition of the political agenda again (when policy recipients or others are dissatisfied with the policy outputs).

These stages in the policy process are not necessarily always present or even discernible, Rose points out, nor are they expected to occur sequentially as shown here. However, the stages are useful analytically as a way of describing the various actions usually involved in the policy process. In thinking of the process of policy-making as a set of stages or states, this does not presuppose it is possible to study all stages of the process to the same extent or in the same ways.

In general, it appears that political science definitions of public policy are based on the view that policy actions epitomize policy. These actions are usually seen as being done by government to someone outside the government. My own definition is rather broader than that and includes not only the actions of the government regarding a specific area but also the power relationships between the various elements of the policy field itself.

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Political Economy and Public Choice

Stephen Elkin has suggested there are four 'traditions' in the policy-related work of political scientists. They are: (1) output studies; (2) process studies; (3) administrative studies and (4) political economy. It is the last of these which requires some commentary here.

Political economy as a field of study has been given a number of meanings. In its eighteenth-century beginnings, it referred to the new field of economics which started with a much stronger basis in political philosophy than it has retained today. In recent years, some Canadian researchers have used the political economy label to designate work which attempts to emphasize the strong interconnections between the exercise of economic power with that of political power, especially as manifested in the Canadian state and its relationship with the U.S. This type of political economy may be placed in a neo-Marxist analysis although that is not the only ideological framework used. In my view, it is essential to include the economic context in which Canadian public policy is developed as part of any framework for public policy analysis.

Recently, the term political economy has cropped up in American work but there it usually seems to mean the introduction of some political considerations into what remains essentially an economic analysis. Peter

32 Stephen L. Elkin, "Political Science and the Analysis of Public Policy", Public Policy, volume 22, number 3 (summer 1974), pp. 399-422.
33 See, for example, Kari Levitt, Silent Surrender: The Multinational Corporation in Canada (Toronto: Macmillan of Canada, 1970); Ian Lumsden (ed.), Close the 49th Parallel, etc.: The Americanization of Canada (Toronto: University of Toronto Press, 1970); Glen Williams, Not for Export: Toward a Political Economy of Canada's Arrested Industrialization (Toronto: McClelland and Stewart, 1983).
Aucoin has called this approach the 'market' political economy because of its emphasis on the desirability of using the market as a means of satisfying the needs of individual persons and its related dislike of government actions that interfere with the market's free operation. At the basis of this version of political economy is the theory of rational choice.

Rational choice theory has been applied to the study of public policy most recently in the 'public choice' literature, discussed below. The classical model of rational choice is based on the concept of a rational individual who:

1. clarifies his goals, values or objectives, and then ranks or otherwise organizes them in his mind.
2. He then lists all important ways of achieving his goals.
3. He investigates all the important consequences that would follow from each of the alternative policies.
4. Then, the person is in a position to compare consequences of each policy with goals.
5. Finally, he chooses the policy with consequences most closely matching his goals.

An adaptation of this model of individual rationality to make it suitable for the description of rational choice at a macro-level would require the addition of at least two other requirements for organizations:

6. The organization has a single goal it is trying to maximize, and
7. Members of the organization are to be treated as a team who all agree on the desirability of the single goal...

Even if one modifies the model of rational choice to allow for the limitations on rationality that exist in everyday decision-making, there are problems in applying such a model of choice to the study of public policy at

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36 Ibid.
services which are not, for whatever reason, being provided by the free market.

As Douglas Hartle has summarized it, writers of public choice theory all "seek to explain collective decisions (about what are often thought to be political matters) in terms of the self-seeking behaviour of rational individuals". The behaviour of 'economic man' has thus been transposed into a model of the behaviour of 'political man'. However, the writers have not all focussed on the same aspects of collective decision-making. Some, such as Buchanan, have concentrated on the elaboration of the rules by which individuals in democratic society can choose between alternative government or political party programs. Others, such as Niskanen and Downs, have written about the behaviour of bureaucrats and how this affects the collective choices made.

Public choice theory has developed mainly from two older branches of economics: welfare economics and the pure theory of public expenditure. From them, it has acquired and built on two central concepts, the idea (mostly associated with Pareto) of welfare optimality and the concept of public goods. Despite their efforts to amend these more traditional theories to the obviously increasing size and presence of the public sector, and all that implies in the effects on market operation, public choice theorists


still assume that the private marketplace is the most efficient provider of goods and services and, as such, should be preferred over any other methods of responding to individual or collective needs.

If economic efficiency were to be the only yardstick and if private markets did operate freely without restraint from large corporate, labour or other institutional controls, the arguments in favour of private supply would be more compelling. However, efficiency is not the only criterion of importance in political decision-making; accountability to the electorate and the responsible exercise of state power are also important. It is being argued in this thesis that preferences for political cohesion and cultural growth are the basis for government policy-making on broadcasting matters. Therefore, public choice theory, based on assumptions of preference for efficiency as the sole criterion for assessing public policy, does not appear to be very useful. While there is a need to include economic power and economic decisions in the analysis of broadcasting policy, the balance between economic and political approaches should rest more heavily on the latter than the former.

Political Approaches

Richard Simeon has outlined five general political approaches to the study of public policy, all of which start from the position that policy is best studied as an outcome or consequence. Obviously, policy can equally well be studied as a cause of change in society rather than as something caused by one or more elements of the society. In selecting one of these approaches, the analyst does not necessarily assume that policy can be studied only as the outcome of other forces. Simeon has summarized the approaches as being the consequence of: a) environment; b) power distribu-
tion; c) ideas; d) institutional frameworks; e) the decision-making process. 42

An environmental approach can be very useful for emphasizing factors that exert influence on the framework within which policy-making takes place. The environmental factors which usually have to be considered in Canadian policy analysis are such things as the character and history of Canadian society, economic pressures towards technological development and international trade, as well as the effects of U.S. economic power and U.S. political influence on the Canadian domestic political system. 43 Environmental factors, especially economic ones due to the special relationship between the Canadian and U.S. economies, are most frequently discussed by Canadian writers interested in a political economy perspective as a framework for analysis.

One example of an environmental approach to the study of policy-making is that employed by Mildred Schwartz. 44 Schwartz defines the nature of Canadian society and its structure as a key element of the policy environment. The model of society she uses presupposes "a system of contending interests, each seeking to further its own goals, to protect its status, and to oppose competitors". 45 As she sees it, 'interests' (represented by various


45 Schwartz, op. cit., p. 21.
kinds of groups) are the source of demands in the political system; the pressing of demands in various ways and directed to various targets leads to some form of political response. The response given by the state would depend primarily on the effectiveness of the groups putting forward a political demand as well as on the resources (economic, technological and political) available to respond to that demand. The perception by the political actors of a social problem need not wait, however, for political interests to be mobilized; indeed, policy action can be initiated by the political authorities on their own.

Schwartz defines the policy-making activities of the state as responses to 'social problems' and, as such, they require the exercise of social choice. The processes by which these social choices are made are assumed to be part of any policy process model.

The second approach outlined by Simeon (power distribution) is especially useful in the study of the various economic and political interests in society and their ability—relative to each other—to get what they want through government actions. This approach requires the making of some assumptions about the nature of the state, in particular the democratic state, as well as about the structure of elites and their interrelationship within the society. Regarding which assumptions to make, basic differences exist between researchers who take a Marxist or neo-Marxist position, those who take a Millsian (or some version of an elite theory) position and those who take a pluralist position. The choice of an ideological position must be made and the subsequent analysis inevitably reflects this choice.

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Based on the landmark work by C. Wright Mills, particularly *The Power Elite* (New York: Oxford University Press, 1956).
For Marxist or socialist writers, the class structure of society and the role of the state in such a society is the key element in any analysis of power and policy-making. The leading Canadian exponent of this viewpoint is Leo Panitch. Marxists see the state as necessarily committed to the process of capital accumulation although state policies are not usually regarded as "direct manifestation of capitalists' decision-making". An essential feature of Marxist analysis is the assumption of the irreconcilability of class interests and the inevitability of class struggle in capitalist societies. From such a perspective, the achievement of consensus among interest groups' claims for attention is not equivalent to the resolution of class conflict--principally because the labouring classes are disorganized and unrepresented in a structure which favours the dominance of the ruling classes. For Marxists, the disagreements on policy between various interest groups are simply a sign of disagreements within the ruling classes and do not reflect the full range of preferences in the society.

Elite theory regards society as ruled by one or more groups of people while the majority of the population has little or no involvement in public decisions. Elites are usually taken to be formed from people who are wealthier, better-educated and better-connected socially than are most people in society. In Canada, the pre-eminent writer who used elite analysis was John Porter, best known for his book The Vertical Mosaic. He was

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47 See, for example, Leo Panitch, "Elites, Classes and Power in Canada" in Canadian Politics in the 1980s, edited by Michael S. Whittington and Glen Williams (Toronto: Methuen, 1981), pp. 167-188.


followed by Wallace Clement and Dennis Olsen although these two have used the analytical technique from a Marxist perspective rather than the more pluralistic one of Porter). In elite analyses, society is usually regarded as having several power centres: in the state apparatus of government, in the economy and the ideological spheres such as the mass media, education and religion. An assumption often built into analysis based on elite theory is that the outputs of decision-making (i.e., the observable policies of the state) are directly affected by the types of people belonging to the various elites. As Simeon has observed, concerning the 'power' literature in general, it is common to assume a "relationship between power and outcomes, without actually demonstrating it or even describing the outcomes in very much detail".

A pluralistic perspective to the study of power as a determinant of policy has been the prevailing viewpoint among American researchers in recent times. Theodore Lowi has indicated that, until the 1960s, pluralism theory was developed so fully by American writers that it was considered to be "virtually true". In Canada, however, pluralism theory has not been so well accepted. The pluralist vision of society is of a self-contained, self-regulating system where power is distributed among various interest groups. 


balanced and self-correcting universe. Pluralism theory can take one of two
principal forms: group theory and multiple elites (or elite pluralism).

Probably the most extensive empirical research on Canada from a
pluralist perspective has been undertaken by Robert Presthus in his work on
elite accommodation. Presthus has defined the process of elite
accommodation as:

... the system whereby the resolution of interest group claims is
achieved by sustained consultation and negotiation among the three
components of the political elite: legislators, senior bureaucrats,
and representatives of the some one-quarter of politically active
interest groups, including their directors, lobbyists, and prominent
members.\(^5\)

In this definition, the leaders of interest groups are members of the
political elite and, as such, are in a good position to influence public
policy. Paul Pross is another Canadian writer who takes a pluralist view;
he has visualized the 'policy community' as a variety of circles representing
groups, governments and agencies located at different distances from the
centre of policy-making on any given policy issue.\(^5\)

From the pluralist perspective, the political system can be seen as an
arena in which groups express their wants in competition with many others;
the policy outcomes of the system are simply reflecting the popular strength
of the various groups with preferences on specific policy issues.\(^5\)

The government can also be seen as an arbitrator between group demands or as


\(^5\) A. Paul Pross, "Pressure Groups: Talking Chameleons" in
Michael S. Whittington and Glen Williams (eds.), *Canadian Politics in the

\(^5\) This view is echoed in the public choice literature which regards
political discussions as taking place in a kind of political market—akin to
the economic market but with votes and policies as the goods to be
exchanged.
acting to respond to group pressure. The governmental process can be seen as bargaining between groups and the granting of favours to successful groups. 57

The pluralist perspective has a much wider application than in studies of power structures in the formation of public policy. Using this perspective in any public policy study tends to carry with it certain assumptions and definitions which lead to a particular view of what 'policy' is. Most significantly, the view of political society as a disparate, decentralized collection of groups vying for benefits from the state obviates the need for a definition of the public interest as anything other than the collection of individual interests. (The obverse of this is the assumption that, if there is a public policy output in existence, then it must be there for the benefit of some group interest.) Pursuing this model further, the provision of public policy outputs (usually seen as goods and services) is assumed to be done on a piecemeal, divisible basis for the benefit of specific interests or 'client groups'. Correspondingly, the provision of policy outputs to the whole society is difficult to justify or envisage. The concept of 'public goods' (those goods which are made available to everyone) can only be applied to a very few items such as foreign policy or military defence which cannot be divided into individual benefits.

Returning again to the approaches to public policy summarized by Richard Simeon, the third general approach is what Simeon calls an 'ideas approach'. In this, emphasis is placed on those central ideas which gain currency in a specific society and which influence the basic policy choices

that are even considered in that society's political process. This is a particularly interesting approach but, as Simeon suggests, it is difficult to use below a generalized, perhaps rather superficial, level of analysis. However, he points out that such an approach has been used effectively in comparative analysis of specific policy fields between two or more nation-states, to reveal the similarities and differences in policy action from one country to another.\textsuperscript{58}

The fourth approach (institutional frameworks) is the one most heavily used in Canadian policy studies.\textsuperscript{59} Starting from the British parliamentary traditions but in a federal setting, and given an evolutionary process of adaptation to the North American context, Canada has developed its own unique political system. Therefore, there had been a need for Canadian writers to provide descriptions of the political institutions and public policy structures as well as to outline certain trends in the Canadian system such as the development of elaborate federal-provincial cooperation arrangements and the establishment of numerous public sector corporations.

Some of this literature, especially the earlier work, has been focussed on the 'mechanics' of governmental processes, some more recently has looked at what seem to be key officials and personalities (for example, the prime minister) while yet others have concentrated on specific parts of the

\textsuperscript{58} A good example of this approach can be found in: Anthony King, "Ideas, Institutions and the Policies of Governments: A Comparative Analysis", \textit{British Journal of Political Science}, volume 3 (July & October 1973), pp. 291-313, 409-423.

policy-making apparatus and explained their workings in detail. Much of this work can be grouped under the heading of 'public administration', which may also include studies of administrative behaviour, hierarchy and decision-making in the Canadian context. While some of the institutional studies have been criticized for being excessively concerned with the details of specific events and actions in the policy system and insufficiently aware of the broader ideological context of policy-making in Canada, it can be argued that such descriptions are essential to provide generally inaccessible basic data about Canada and the information they contain can be used by others to build more theoretical analyses.

Most of the published materials have been concerned with the federal level of government although more has been written in recent years about individual provinces. Whether focussed on the federal or provincial level, an institutional approach allows an examination of the particular rules and institutions within a policy system, the functions they are intended to serve and the types of actions which appear to result. In a federal state such as Canada, the federal-provincial relationships and arrangements are obviously very important and need to be studied. However, one cannot fully explain federal-provincial tensions in institutional terms if such tensions can equally well be seen as preceding the establishment of policy structures, not caused by them.

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The fifth and final approach suggested by Simeon is the process approach. By looking at the decision-making process as a whole, it is possible to consider factors which are the primary concern of the other approaches mentioned above. Within a process approach, some consideration can be given to the broader environmental factors which impinge on the policy framework as well as to the institutions and structures through which policy decisions are steered until policy action results. Furthermore, the power structure of a society as well as the prevailing social ideas form part of the context of the policy process in that society. Within the policy process, attention can also be paid to the behaviour of the policy-makers, politicians and bureaucrats, and this requires the selection and use of one or more theories of bureaucratic and political behaviour.

With reference to this last point, theories of decision-making and organizational behaviour as well as theories of individual or collective behaviour are all relevant. One well-known theory of the policy-making process is based on assumptions about the behaviour of decision-makers who have to operate within the constraints of inadequate information and funding, from past policies as well as the irreconcilability of the various priorities among policy-makers. Given these constraints on rational policy-making, 'incrementalist' theory provides a conservative model of the policy-making process, containing what appear to be more 'realistic' descriptions of how actual policy-makers reach decisions on what actions to take; this model would seem to be particularly relevant in studies of budgetary decision-making.  

In the view of a leading incrementalist writer, the complexity of the world in which political decisions have to be made militates against a rational approach by the decision-maker:

The piecemealing, remedial incrementalist or satisficer may not look like a heroic figure. He is nevertheless a shrewd, resourceful problem-solver who is wrestling bravely with a universe that he is wise enough to know is too big for him.62

However, incrementalist theory is firmly contradicted by 'policy sciences' advocates who argue that policy-making can be improved—i.e., 'better' decisions can be made—if there is an increase in rationalistic analysis of policy options and the greater application of planning techniques.63 Rationalistic approaches to the study of public policy tend to assume that policy objectives are known (or at least can be inferred from policy statements) and that policy action is specifically intended to achieve those objectives. The policy sciences approach defines policy-making as a series of sequential steps in which the exercise of rational choice can lead to the resolution of a policy problem. 'Problems' in policy-making tend to be attributed to lack of clarity in the objectives stated or lack of operational connection between the objectives and the activities undertaken.

Overall, the process approach allows one to look at the policy field as a whole and as an ongoing activity rather than as a static photograph of events. My preference for viewing 'public policy' as a dynamic interactional system, as a set of inter-relating institutions, processes and ideas, appears to make the process approach the most appropriate one.


63 A leading writer in this area has been Yezekel Dror. See, for example, Public Policy Making Re-examined (San Francisco: Chandler Publishing Co., 1968).
In conclusion, the question of 'choice' is central to any study of public policy. Given scarce resources and conflicting demands for policy action, the state authorities must choose which policy option is to be implemented. From the perspective of specific interests (interest groups, pressure groups, social organizations, economic classes), they must choose which policy action to favour and to promote with government officials; they must also choose which officials or agencies with whom to pursue their policy goals. As individuals (voters, tax-payers, consumers), people must choose a variety of things, including the political party in power (federally and provincially), individual political representatives (M.P.'s and MLAs), but especially they must choose how to respond to the whole range of policies instituted by the state. It cannot be assumed that the state is one, unified policy actor; indeed, it is represented by the government apparatus which contains numerous departments, agencies, courts, and central processes that do not necessarily act in a united or coherent manner. Policy choices made by the state, therefore, must be viewed as the outcome of complex negotiations, decisions and compromises between the various governmental bodies in light of their own mandates and preferences for policy action.
The model described in this chapter is essentially a political one. That is to say, what is delineated is a political system based on the authority of the modern democratic state which has legitimate authority to act on behalf of its citizens. The state's actions, through the various and complex governmental institutions and processes of government, together with the power-relationships implicit in those actions, can be categorized as public policy. These policies may affect all citizens or only a specific segment of the society. The character of that society (its history, culture, economic wealth and social stratification) has strong connections and inter-relationships with the kinds of policies established by the state.

Public policy is better seen as a process rather than the product or output of the interaction of specific variables—although process and output are inextricably interlinked in the empirical world. Policy-making is a never-ending process; this makes it extremely difficult to label phenomena as either causes or effects—they are almost always both. In a federal state, the necessity to divide or share responsibilities between two or more levels of government usually increases the complexity of the policy-making process. Whether in a federal or unitary state, policies are made at numerous levels of the political system so that the limits which divide 'policy' from what is not policy are often hard to draw.

Policy-making is being viewed as a continuous process of making choices on behalf of the society. The choices made can (and usually do) alter the political relationships within the society—and with its environment. These choices have to be made within the limits of the resources
available to the state (wealth and human skills are not infinite) and within
the limits of what is deemed to be politically acceptable. 'Political
acceptance' is a criterion which is dependent on the political context of
the moment and cannot be described or predicted with any assurance of
accuracy over time. It is made up of not only the complex equations of
electoral politics but also the political controversies of the day, the
current political beliefs and the long-term political ideology of the
society generally.

The structures and processes involved in producing public policy in any
society can be called the 'public policy system'. This system formulates
public policy based on the factors (especially the political and economic)
operating in that system and in response to its wider environment. The
public policy system encompasses a number of policy 'fields'.

In devising a suitable analytical framework within which to study the
field of Canadian broadcasting policy, it seems to me the most significant
feature of the policy field is the continuing strength of ideas and beliefs
about what broadcasting is and how it should be managed in Canadian society.
Therefore, a preferred approach would encompass consideration of policy
ideas as a vital element in the process of policy-making. The approach I
have chosen was developed by Doern and Phidd in Canadian Public Policy:
Ideas, Structure, Process. In this book, Doern and Phidd describe and use
an analytical approach which is founded on the assumption there is a complex
inter-relationship between what they call 'dominant ideas' in public policy,

1 G. Bruce Doern and Richard W. Phidd, Canadian Public Policy: Ideas,
Structure, Process (Toronto: Methuen, 1983).
the structures that are established to embody policy and the processes through which policy actions must be carried. As the authors state it: ²

Canadian public policy is best viewed as an interplay among ideas, structures and processes in which the direction of causality operates both ways, from society and economy to politics and government and vice versa . . . . Ideas are a central element, not in some abstract philosophical sense but because ideas are inherent in behaviour and are present in structure and process.

Doern and Phidd apply their approach to the analysis of Canadian public policy in general (at the federal level), and illustrate its application to specific policy fields by using as examples industrial, energy and labour policies. They suggest that the same sort of approach could be applied to any other policy field and it is my intention to do this with regard to broadcasting policy.

In writing about a field of public policy, it is often necessary to refer to the collection of actions, relationships, ideas, structures and processes as one unit. By using the term 'policy field', it is not intended to convey the impression that the field is internally coherent or impervious to outside influences. The environment in which a policy field exists is not only essential in giving the field its raison d'etre but also in providing a daily stream of information, political pressures and influence upon the elements of the policy field.

To be specific about the location of policy-making in the Canadian state, there is a difference between the political system and the public policy system. The definition of the public policy system that will be used here is provided by Doern and Phidd: ³

The public policy system is a subsidiary but central part of the Canadian political system. It consists of an amalgam and interplay of

² Doern and Phidd, op. cit., p. 560.
³ Doern and Phidd, op. cit., p. 34 (authors' emphasis).
ideas: numerous structures headed by individual elected and appointed persons who are engaged in ranking, balancing and allocating scarce resources of money, personnel, political energy and time; and processes. Ideas refer to the broad normative content of policy including ideas which are the central basis for the existence of the key institutions surveyed above. Structures refer to organizations and bureaucracies and the persons who head them, including those in public and private sector institutions. Processes refer to the changing dynamics which arise when decision makers are required to deal with uncertainty and with changing environment, an ever present feature of policy making. Both structures and processes are embued with the key ideas of political life.

The mutual interactions between ideas, structures and processes are at the heart of the public policy system. These relationships are continually changing. All three elements are equally important in the formulation processes for public policy. As Doern and Phidd have categorized them, the central ideas of the Canadian (federal) policy system are as follows:

1. efficiency
2. individual liberty
3. stability (of income and other desired conditions)
4. redistribution and equality
5. equity
6. national identity, unity and integration
7. regional diversity and sensitivity.

Furthermore, they argue that these ideas prevail throughout the public policy system, at the level of broad policy decision-making as well as within any specific policy field. Through this prevalence, it is somewhat easier to ensure there is some general consistency of policy direction between policy fields. In other words, the administrative rationality achieved through bureaucratic coordination is made considerable easier by the underlying agreement among all policy-makers on the central policy ideas.

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4 Doern and Phidd, op. cit., p. 54.
to be pursued. Each policy field, however, will show slightly different emphases among the ideas, depending on the specifics of the field's policy problems and its external environment.

By providing their list of idea categories, Doern and Phidd have emphasized one of the obvious features of any policy field: i.e., the presence of conflicting goals and objectives within the policy structures and processes. For example, the idea of efficiency can conflict with that of the need for regional diversity while the individual liberty of some must be inhibited by the urge towards redistribution of wealth.

Just as the long-term dominant ideas which hold sway across all public policy at the federal level can be seen in any one policy field, so can the currently fashionable ideas be reflected also. At any given time, certain policy ideas do come forward and gain wide acceptance (what J. K. Galbraith has called the 'conventional wisdom' of the day). The ideas in the 1960s and early 1970s in Canada often rotated around concepts of democratization and decentralizing of decision-making. Later in the 1970s, as economic constraints made themselves felt more strongly, there was more discussion of the need for efficient use of resources (natural or monetary) in the country.

Broadly speaking, there are two strands of policy ideas which have gained currency in the late 1970s and early 1980s. These are, first, the need for less government control over the private sector (calls for 'deregulation', 'self-regulation' and reduced 'paper burden', for instance). The second strand is the belief in the need for an industrial strategy for Canada which would take advantage of high technology strengths and reduce dependence on primary resource extraction as the major source of wealth creation in the economy (these ideas relate to calls for an emphasis on high technology industries, a great effort to diversify trade internationally, the need to transform Canadian society into a post-industrial society and so
on). While such ideas are prevalent in policy circles now, it is difficult to predict when they might go out of fashion or at least be reformulated somewhat differently.

In referring to policy ideas, what is meant are those ideas prevailing in the policy system, among policy-makers. Of course, there are many other kinds and levels of ideas circulating in the society (and thus in the policy system). Doern and Phidd distinguish policy ideas from 'ideologies' and from 'specific objectives', to indicate the hierarchy of normative content in policy-making. The ideological content of the political system in general can be categorized at the broadest level by terms such as capitalism, democracy and federalism, all of which are part of Canadian ideology. More specifically than that are the political ideologies and beliefs usually labelled liberalism, conservatism and socialism. These ideologies are supported in varying degrees by Canadians but it should not be assumed that belief in any one such ideology is confined to the members and supporters of the political party usually associated with it. As Doern and Phidd point out, elements of liberal, conservative and socialist ideologies are likely to be supported by many members of all three major political parties in Canada.

Policy objectives are interpretations of the dominant ideas into more practical goals. To use the example of broadcasting policy, a major objective of policy has been to provide Canadian broadcasting services to all Canadians regardless of where they live. This objective builds upon several of the dominant ideas suggested by Doern and Phidd: specifically, redistribution and equality; equity; and national integration.

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Another aspect to the interpretation of policy ideas has been highlighted by Ronald Manzer in his writing about policy 'paradigms'. Manzer has argued that any field of public policy contains certain guiding principles which underlie the decisions made; these principles serve as justifications for policy actions and as general guidelines for the selection of policy instruments. He has described the policy principles as akin to scientific paradigms and suggests that, like them, the principles can be changed over time. According to Manzer, a policy field can contain several underlying principles but one of them is likely to dominate. The paradigm for any policy field develops gradually through time and exerts a strong influence over policy discussions and the 'issues' considered important. As Manzer puts it:

Making public policy is a process of political power; it is also a process of political thought. In every area of public policy we can find a set of political values and ideas that provides an intellectual framework for policy analysis, formulation and implementation. This framework, or paradigm, decisively shapes what we comprehend as problems of public policy, what we consider as alternative approaches to resolving these problems, and what we accept as the proper extent of governmental intervention.

The value of Manzer's observation is that it points out the importance of paying attention to the way in which ideas form a framework through which policy-makers, and many analysts, tend to view policy. By accepting unexamined the dominant ideas in a policy field, one tends to forget that the ideas are part of what is to be analyzed. Also, one does not always notice that the ideas themselves are part of what has to be adjusted when the

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policy field as a whole must respond to a changing environment. Third, Manzer's discussion of policy ideas draws attention to the relationship between ideas and governing instruments—the actions intended to resolve the policy problems. The dominance of one policy idea (e.g., efficiency) may preclude the consideration of certain governing instruments and this could reduce the possibility of resolving a policy problem.

As noted in the previous chapter, the definition of a field is determined by the observer and is not self-evident. Policy fields are usually discussed in terms of policy actions which affect a definable part of society, a specific industry or sector of the economy. Overarching categories of policy are those such as social policy, economic policy and foreign policy. Still another way to categorize policies is by the type of state action which is involved: for instance, taxation policy or social assistance policy.

Theodore Lowi has been influential in stressing the importance of defining policy fields not by the substance or subject of the policies but by the level of state coercion that is used. In particular, Lowi has put forward the argument that there are four types of public policy: distributive, constituent, regulatory and redistributive. In Lowi's view, each policy type evokes different arrangements by the political system for the interaction between policy-makers and policy-recipients. Consequently, he has argued, different policy systems exist for each policy type and emphasis by researchers on any one type (for example, regulation) would inevitably give only a partial picture of the policy system as a whole. The model used

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8 Theodore Lowi, "Four Systems of Policy, Politics and Choice", Public Administration Review volume 32 (July/August, 1972), pp. 298-310. (In earlier work, Lowi outlined only three policy types, omitting the constituent policies.)
here is concerned with the whole range of policy types in Lowi's classification scheme.

Lowi's insight is useful because it points out the risks in limiting analysis of a policy field to the ostensible 'subject' of policy-making—in this case, the broadcasting industry. Broadcasting policy has a wider sphere of influence than this, as will be shown in later chapters. Also, policy actions on broadcasting are not only regulatory although this is how they are often perceived. All four types of policy-making, in Lowi's terms, are relevant to the analysis of the Canadian broadcasting policy field.

In summary, the analytical model to be used is based on Doern and Phidd's, which envisages the core of the public policy system as a triad of elements: ideas, structures and processes. These three elements interact upon each other and, from these interactions, the policy system produces responses to environmental changes. It is assumed that, as the environment changes, all three core elements must respond even if not to the same extent. The policy responses are actions of some kind, usually the application of governing instruments to specific issues or problems. The suitability of the policy action is influenced by the core elements—what is possible through existing structures and processes as well as what is acceptable in terms of fitting with the core ideas. In times of major environmental change, it is hypothesized that the core elements will have difficulty in adapting quickly enough to changing requirements of the policy field. When this occurs, the maladjustments can lead to a serious gap between the policy system and its environment, which can be perceived as a policy crisis.

In using this analytical framework to study a specific policy field, it is obvious that the most elusive element is that of 'ideas'. Policy structures exist by legislation or regulation and processes can be observed through analysis of policy documents but ideas can only be inferred.
Given the concepts and relationships outlined above to describe the core of the policy system, it is necessary now to outline the structures and processes that exist empirically in the Canadian policy system. Dealing with structures first of all, the federal structure of the state is a key determinant in the character of the public policy system in Canada. Under the constitutional division of powers (mainly enunciated in the British North America Act of 1867), the federal government has certain exclusive areas of jurisdiction, the provinces have other, also exclusive, areas and there are some areas which are shared, either by law or by mutual agreement. Given the court's confirmation of the federal government's exclusive jurisdiction over broadcasting matters since 1932, this discussion will be focussed almost entirely on the federal level. 9

The Federal Policy System

Modelled on the British parliamentary form of government, the Canadian state at federal and provincial levels is organized with the legislative and executive functions closely intertwined while the judiciary is considered to be independent. As a sovereign state, Canada can establish policies respecting external affairs with other states and respecting matters within its own territory. The limits of policy-making and its implementation are: a) the division of powers federally and provincially--subject to judicial interpretations of the various constitutional documents; b) the extent of control

9 Notwithstanding the court decisions favouring the federal government's exclusive authority over 'radio communication' (and, by further interpretation, over broadcasting), there remain considerable areas of disagreement between the federal and provincial governments over broadcast-related matters in the general field of communications policy. More specific discussion of this is given in later chapters.
the state can exercise over corporate entities which are owned wholly or mainly outside Canada. The latter limits (actual or assumed) are a significant restraint on the theoretically absolute sovereignty of the Canadian state.

The central institution in the policy system, as in the political system, is the Cabinet. Members of the Cabinet are at the pinnacle of the policy-making processes of the Canadian state. As heads of government departments, ministers exercise considerable executive power individually by their authority to establish regulations, determine certain expenditure priorities and decide on new policy guidelines for their departments. In addition to a department, many ministers are also responsible, to varying extents, for the conduct of crown corporations, commissions and other government agencies or properties which are deemed to be within their 'portfolio' of responsibilities. While many of these agencies, including regulatory bodies, are given independent mandates by Parliament, ultimately there is some Cabinet control over them, whether through legislative amendment, budgetary control, official appointments or review of specific decisions by the agency concerned. (The centralized nature of the Parliamentary system gives Canadian regulatory agencies a different scope than in the U.S., for example.)

As a collective group (the Cabinet), government ministers exercise overall executive power and in these actions the principle of collective responsibility and Cabinet secrecy are firmly maintained. Finally, the Cabinet collectively exercises legislative authority through its decisions on which bills to introduce or which acts to have amended by the legislature.

Together, the four main categories of government action (expenditure, taxation, regulation and public enterprise) can be grouped as the principal 'governing instruments' that the government has at its disposal. (Doern and
Phidd would add a fifth one: public 'exhortation'.\(^{10}\) Each instrument covers a multitude of options on how exactly it will be used and for which purposes. Each instrument is not necessarily an alternative to another; all instruments may be used in any given policy field and even on one particular part of that field.

The choice between governing instruments may be made for various reasons. Trebilcock et al. have hypothesized that the process of choice involves three sets of varieties: 1) the choice may be legally or constitutionally constrained; 2) the choice is made nationally by policy-makers who seek to confer benefits on marginal voters and to ignore costs on infra-marginal voters; 3) the choice must take account of imperfect information on the part of voters and political parties.\(^{11}\) The rational choice model of how policy instruments are selected and used is one way of understanding how policy-makers behave and how their behaviour affects the marketplace (economic and political). However, such a model is hampered by the use of static microeconomic theory and, in a policy environment of many uncertainties and of rapid technological change, the full applicability of the model has to be questioned. Where the rational choice model is valuable is in drawing attention to the self-interested behaviour of politicians and bureaucrats and to the substitutability of the various governing instruments in terms of their effectiveness in achieving stated policy goals.

Although rational choice models are often framed by attention to economic efficiency goals, they do not necessarily have to be limited to

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\(^{10}\) Doern and Phidd, *op. cit.*, p. 110.

these. Robert Cairns has observed that broader social considerations have been central to policy-making in Canada. Along with others, Cairns notes that Canadian policy-making is not limited to 'policing' the marketplace—as in the classical models of economic regulation—but is also used to promote various activities as well as to plan for the society and its development.

The goals of policy-making can evolve over time but are likely to do so slowly because the underlying social ideas (the 'dominant ideas' in Doern and Phidd's terms) remain relatively unchanged. Policy goals are also unlikely to change when they are entrenched in legislation and in structures based on that legislation. It is my contention that structural rigidities act to preserve policy goals—possibly long after the society has altered its priorities—and they also act to restrict the freedom of policy-makers in selecting policy instruments to deal with new problems. Existing institutions are difficult to dismantle and existing expenditure programs equally difficult (politically) to withdraw or reduce. The accumulation of policy-making actions over time tends to reduce the options available to politicians and bureaucratic at least in the short term—and they are almost always operating is such a time-span. Thus, a considerable degree of policy inertia can exist from the structural element of the policy field, as well as from the element of ideas. The processes through which policy priorities are examined and policy actions taken are the most open part of the policy field.


At the federal policy level, the most important set of processes originates in the Cabinet and exerts its influence from there throughout the federal policy system. In looking at the processes through which the Cabinet exercises executive power the most important is what is now usually called the 'envelope system' of cabinet committees—more formally titled the Policy and Expenditure Management System (PEMS). This was introduced during the short-lived Clark government in 1979 but is generally assumed to have been in the making during the previous Trudeau administration. Since 1979, it has continued to evolve. In general, the key principles of PEMS are:

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- centralization of power to the Cabinet and decentralization within it;
-creation and integration of annual cycles of priority and expenditure planning; and
- longer (four or five years) planning and expenditure cycles set in the context of a fiscal framework.

The Cabinet committee system is central to the decisions made about the government's priorities and policy directions; these are shown in decisions about the collection of government revenues (which taxes to impose, on whom and at what level) and about revenue expenditures (which subsidies, grants or other assistance to provide as well as which government service programs to fund at what level). Given the complexity of the decisions that have to be made, the Cabinet as a whole cannot spend the time to consider these policy choices in detail. Therefore, much of this decision-making is done at the Cabinet committee level and coordinated through decisions of the whole Cabinet.

In 1983, there were ten envelopes of government expenditure; each envelope contains a number of departments, agencies and programs which are deemed to be related or similar in some respects. The ten envelopes and their related Cabinet Committees were:

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<tr>
<th>CABINET COMMITTEE</th>
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<td>Government Operations</td>
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<td>Services to Government</td>
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In many cases, a government department has some of its programs or parts of that minister’s portfolio funded from one envelope and the rest funded from another. The Communications portfolio is a case in point. The budget for almost all of the Department of Communications comes from Economic Development whereas the Social Affairs envelope has to provide funds for: the Department’s Arts and Culture program; Canada Council; Canadian Broadcasting Corporation; Canadian Film Development Corporation; Canadian Radio-television and Telecommunications Commission; National Arts Centre Corporation; National Film Board; National Library; National Museums of Canada; Public Archives; and the Social Sciences and Humanities Research Council.

The Cabinet committees are made up of various cabinet ministers, with a specific minister designated *ex officio* as chairman of each one. Depending principally on the power held by ministers holding particular portfolios (for example, Finance, External Affairs and Justice are usually deemed to be most powerful posts; Energy has become more powerful recently) and partly on the political influence wielded by the individuals in the Cabinet, a minister will probably belong to several committees.

The Priorities and Planning Committee, chaired by the prime minister, is the pre-eminent committee—sometimes referred to as the Inner Cabinet. One of its responsibilities is to determine the size of each expenditure envelope at the beginning of the annual cycle of budgetary allocation. Each envelope-related cabinet committee then has the responsibility for dividing the money between the departments, programs and agencies within the relevant envelopes.

In theory, the envelope system leads to a more rational consideration of the alternative ways of spending government revenues by making the ministers concerned choose between different expenditures. If one department or program gains additional funds, then another from within the same envelope must lose them if spending is not to exceed the revenue allocation. Also, in theory, the entire PEMS starts from a determination of policy priorities by the Cabinet, these priorities then being interpreted and disseminated throughout the executive branch so as to affect the priorities set by departments and by sub-units of each department. In this process, the Treasury Board and its Secretariat are influential throughout the public service.

In order for Cabinet to establish priorities, however, the ministers depend on information, planning forecasts, budgetary proposals and advice from their bureaucrats (as well as on political information they get through
the political party, constituency contacts, pressure groups, the mass media and so on). Within the bureaucratic sphere, the cycle of policy and expenditure management requires a two-way flow of information but, ultimately, the decisions on overall priorities are made by the Cabinet.

The priorities set in any given year are subject to change in the short term or the longer term, depending on the political contingencies of the time. As long as they are established, they affect each of the policy fields in which the government participates. The collective Cabinet and bureaucratic intentions about how the revenues should be spent must be submitted to Parliament for approval.

Although much of the Cabinet's time in setting policy priorities is tied to the expenditure process, policy-making at the Cabinet level also has a bearing on two related areas: the fiscal management process and the legislative process. Concerning fiscal management, the major responsibility for this rests on the Minister of Finance. This minister's job, in relation to the PEMS, is to provide reliable forecasts of the government's revenue for the next fiscal year. Until that revenue can be estimated, the envelope system cannot be implemented effectively. In light of the confusing economic history of Canada and the rest of the world in recent years, the difficulties of producing good forecasts are enormous but this must be done. The Minister of Finance, following Cabinet decisions about the management of the Public Debt, the size of transfers to the provincial treasuries and the probable revenues to be gained from existing taxes, can alter the fiscal framework for the economy through his formulation of a Budget which may introduce new taxes, change existing ones or alter the fiscal arrangements with the provinces. All budgets, proposed changes to existing tax laws and changes in fiscal arrangements must, of course, also be approved by Parliament before they can come into effect.
In the third element of government priority-setting, Parliament is the primary focus. While the Cabinet may determine high-level policy, in order to implement policy action it is usually necessary to obtain Parliamentary approval for a new departmental expenditure or change in income tax structure. In the first place, though, Parliament has approved the legislation which set up the department in question or which established the tax structure. The enabling legislation that allows the government to pursue its priorities through executive action must be submitted to Parliament. In the case of any legislative bill other than a fiscal measure, the approval of the Senate is as necessary as that of the House of Commons. Despite the efforts and declared intentions of recent House Leaders to 'streamline' parliamentary procedures, the legislative process is usually extremely slow, especially if a piece of legislation is strongly disliked by one or more of the opposition parties.

As taxation and expenditure systems continually require adjustments to changing circumstances, there is a continual need to change existing laws. Given the complexities of many government programs, it has become increasingly the custom to seek legislation which will empower a minister or his officials to develop regulations under a specific Act rather than to get Parliamentary approval in the form of a legislative amendment. Thus, we have seen the proliferation of regulatory structures within departments as well as in independent regulatory boards. All of the regulatory apparatus of government is ultimately approved by Parliament but is not under direct Parliamentary supervision or subject to detailed Parliamentary scrutiny—a source of frustration to many M.P.s especially those on the opposition benches.

Another element of the legislative aspect of Cabinet policy-making is the establishment of public corporations (often Crown Corporations). These
corporations have been established in a whole range of guises for a wide range of purposes. Some are entirely commercial enterprises which happen, for some reason, to be publicly owned; others provide goods or services which are (or are believed to be) unprofitable for private business or which have a national purpose deemed to be better managed as a public enterprise. Some public corporations make profits, most do not. A conspicuous example of the latter group is the Canadian Broadcasting Corporation which receives Parliamentary appropriations of over $800 million a year to provide a national broadcasting service: $820 million in 1983-84 and $895.7 million in 1984-85.

Within a policy field, it is necessary for ministers concerned, and for senior bureaucrats, to ensure that the policy instruments used are not working at cross-purposes to each other. This need for coordination is even greater across the entire range of government portfolios. Again, the Cabinet is the key element in this aspect of policy organization.

Coordination processes in the federal policy system take a number of different forms. Firstly, there is the use of the portfolio system in the Cabinet. This means that a minister is responsible not only for his own administrative department but also for a number of agencies, public corporations, boards and so on which relate to his major departmental responsibilities. In being responsible for his portfolio, he takes on the obligation

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to ensure that these separate institutional structures are being organized towards the same general policy goals. He has to do this without interfering unduly in the internal affairs of corporations, boards and so on which are supposed to be independent of direct government control—not an easy task. Usually the minister and his senior officials are engaged in coordination through various committees and informal meetings with the senior officials in the agencies concerned.

Another coordinating process is that involving the 'central agencies' of government. These have varied in number and strength in recent years but are usually the Treasury Board Secretariat (TBS), the Privy Council Office (PCO) and the Federal-Provincial Relations Office (FPRO). The first two in particular have been heavily involved in bureaucratic coordination for many years.

The Treasury Board, as a permanent committee of Cabinet, has existed by statute since 1869. Chaired by the President of the Treasury Board (who holds a Cabinet post in that name), the Board is made up of senior ministers such as the Minister of Finance. The Board's Secretariat provides administrative support both in organizing the Cabinet-level decision-making process but also in ensuring that the policy decisions are implemented administratively throughout the bureaucracy. Most clearly, the TBS has taken a strong part in issuing guidelines for the submission of expenditure forecasts and

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18 See, for example, G. Bruce Doern, "The Cabinet and Central Agencies", in G. Bruce Doern and Peter Aucoin (eds.), Public Policy in Canada: Organization, Process, and Management (Toronto: Macmillan of Canada, 1979), pp. 27-61.

proposals from departments to Cabinet and in preparing much of the documentation required before the Cabinet decides on the Estimates.

Essentially, in the expenditure process the Board and TBS act as mediators between the claims of various departments for more funds. As Doerr puts it: 20

The Treasury Board and its Secretariat—in this instance, the Program Branch—act as the central guardians of the public purse.

The Treasury Board also plays a role in the financial management of public funds, ensuring that the funds allocated are spent on the designated area and in a responsible, efficient manner. The Comptroller General is the official assigned to this latter task.

The Privy Council Office (PCO) also has a significant coordinating role in the organization of priority-setting and implementation. 21 The top official in PCO is both Clerk of the Privy Council and Secretary to the Cabinet. PCO provides the secretariat functions for most of the Cabinet committees and, therefore, is responsible for coordinating, managing and processing the proposals which come forward from individual ministers (on behalf of their departments and agencies) to the appropriate committees of Cabinet. By organizing the flow of papers into Cabinet, PCO officials have an influence over the format of the information put forward by departments; through their knowledge of the trends in Cabinet committee decisions, they have a subtler influence on the kinds of proposals that come forward for consideration.

20 Doerr, op. cit., p. 54.

The Federal-Provincial Relations Office, formerly a unit in PCO, has had a variable degree of importance given to it by the Cabinet, depending on the state of negotiations or conflicts with the provincial governments. The relationship between the government of Canada and the government of Quebec was a particularly important one in the Trudeau years. Richard Schultz has observed that:

"... what we have today in Canada is a system of separate levels of government sharing powers. It is an accepted, though often decried, fact of political life in Canada that the federal and provincial governments are obliged to collaborate in the making of public policy.

In this collaboration, virtually all government departments and many agencies are involved. In order to ensure an overall consistency in policies regarding federal cooperation with the provinces, coordination is required and it is this function that FPRO serves. Such coordination is also required within any specific policy field and there is often a departmental unit responsible for this, usually associated with a department's policy branch.

Ministers of State are another means by which policy coordination can be achieved. This type of minister has been given responsibility at the Cabinet level for an area of policy that has no corresponding department or which is contained within a large department. A current example of the former is the Minister of State for Youth, and of the latter the Minister of State for Multiculturalism. Such a ministerial appointment is often given to relatively junior M.P.s as an introduction to Cabinet-level responsibilities. In seeking to fulfill the mandate of their portfolios, their principal task is to encourage operational departments that have some relevance for their policy area to cooperate in achieving specific policy goals.

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Finally, there is a broad range of policy coordination efforts which are conducted at the level of public official or which are temporarily established. These cover such bodies as Royal Commissions or other commissions of inquiry set up to examine a specific policy issue, Task Forces (to do a similar thing but usually on a smaller scale and often having only public servants as the members), interdepartmental committees on various topics, and federal-provincial conferences—from, at the top, the First Ministers' Conferences, constitutional conferences, meetings of ministers on various topics such as health, communications, agriculture and so on, down to specifically local meetings of public officials of appropriate rank and department from each level of government.

So far, we have been looking at the federal policy system as it operates at the Cabinet, interdepartmental and intergovernmental levels. It is also worthwhile to observe the policy structures and processes within any given department. Seen from the departmental perspective, there is both an internal and an external policy system. Most departments are of the type known as 'line' departments, organized hierarchically to provide certain goods or services to the public. (Some others—such as Public Works—are service departments, providing services to the line departments; the third type, already mentioned, are the central agencies.) In a line department, the operation of government programs and interaction with the relevant public is its principal duty.

In their activities, public servants come up against various administrative problems that are due to a change in the department's environment or to a change in the overarching policy objectives of the government. Whether it is a need for changing departmental priorities, public demands for service, resource allocations, central agency procedures or influences from outside the society, the internal structures and processes of the department have to
adapt to changed circumstances. In adapting, the department may require additional public funds, different statutory regulations or even new legislation.

A department's ability to adapt depends significantly on its senior officials' capacity for forecasting its future needs, planning for change and requesting the appropriate resources in manpower and other funds at the correct time in the PEMS cycle and in convincing fashion. In all of this process, the key figure is the deputy minister (DM) who is the top official of the department. Although the minister is the head of the department and he must ultimately argue for his department in Cabinet meetings, the minister relies on his officials to foresee what the department will need, what its policy problems are likely to be, and what its options are for dealing with those problems. The political choices made between the policy alternatives are the responsibility of the minister and his Cabinet colleagues yet the options put forward by his officials may leave him little room for manoeuvre. Clearly, the working relationship between a minister and his DM is crucial to the adaptability of a department's policy and planning functions.

In relation to broadcasting policy, the line department that has become central to the policy field is the Department of Communications. The key role of the Minister of Communications in coordinating the structures and processes of the field is one that needs careful examination in later chapters.

The Broadcasting Policy Field

The priorities of the federal government on broadcasting policy are built in to the broadcasting policy field, which has evolved over the past sixty years. The field encompasses several elements; centrally it is
concerned with policy institutions and organizations (and the people in them), the processes by which the formal structures attempt to respond to changes in the policy environment, and the dominant ideas on which the structures are based and within which most processes have to be formulated. At the broadest level, the policy field's environment is the society as a whole, especially in its economic and political dimensions. The society in turn has its international environment within which it must act and react.

The policy field is in a constant process of change and adaptation to its environment. Because of their relative fluidity, changes are more likely to show first in policy processes than in structures. Changes in emphasis or balance between the dominant ideas will eventually be reflected in changes to policy structures and/or processes. Changes in idea emphasis should appear in public policy documents such as ministers' speeches, policy drafts (for example, Green Papers, Discussion Papers, and so on), government informational publications, departmental annual reports, regulatory decisions and so on— all outputs of various processes. If structural changes are slow to appear, this may be due to any or all of the following: a) organizational rigidity; b) bureaucratic resistance; c) lack of sufficient political will; d) the nature of Canadian parliamentary democracy and its central institutions. While these hurdles to change may retard it, they need not prevent it in the longer term.

A strong theme in the current phase of broadcasting policy in Canada is the pressure for rapid technological change in the broadcasting distribution systems. This change in the environment requires the policy field to respond to continually changing circumstances and the policy changes themselves have effects on the policy environment. The rapidity of the field's adaptation is affected by, among other factors, the degree to which the central ideas are entrenched within institutions and processes. Rapid
adaptability is not necessarily a desirable characteristic in a policy field because those affected by the policies need to have policy consistency in order to plan their future activities. On the other side, an inability to adapt the policy structures and processes to major and long-term changes in the policy environment means the policy field becomes increasingly out of touch with its surroundings.

My analysis of the broadcasting policy field will seek to discover what are the central ideas embodied in structures and processes of broadcasting policy. It is my assumption that a number of ideas are present in the broadcasting field although greatest weight in the past was probably given to the idea labelled by Doern and Phidd as 'national identity, unity and integration'. By saying that, it is not my intention to imply that other ideas have not been actively pursued in the establishment of policy structures and processes.

The policy ideas on broadcasting are built into structures (e.g., corporations, departments, commissions, laws, regulations, and so on), which have accumulated over time. The longer time-period in which the structures have existed, the more likely it is that policy ideas are deeply entrenched both in terms of internal procedures or actions and in the people who work in the institutions involved. The policy ideas are also inherent in the processes by which policy is made or changed (for example, public hearings, commissions of inquiry, inter-agency negotiations, ministerial announcements, judicial decisions, industry consultations, public reactions, and so on). Such processes can show evidence of the inherent policy ideas both in the language (key phrases, for instance) used and the way in which certain issues are discussed—or not discussed.

In their turn, structures and processes can reinforce prevailing ideas (and incidentally, each other), thus inhibiting major changes in policy
action. However, if there are problems of coordination between structures or strong disagreements within processes then a challenge exists against the dominant ideas which must be resolved or dealt with in some way. In response to such a challenge, ideas can change although they are unlikely to do so rapidly or drastically. When change does occur, it probably takes the form of altering the balance between the dominant ideas with one or more losing ground in favour of another. None of the dominant ideas are likely to disappear from any policy field although one or more may have limited strength in it.

Essentially, the pursuit of policies favouring any one dominant idea has to be modified by the strength of the others, the balance of these ideas being expressed in what Manzer has called the central principle for the policy field in question. For broadcasting policy, I suggest, the central principle can be expressed as follows:

Broadcasting services available to Canadians should strengthen national identity, unity and integration.

In the 1920s, the corollary to this principle was that, therefore, the Canadian broadcasting system must be publicly-owned and controlled. It appears the corollary has not been maintained in the same form up to the present day. The 1980s version of the corollary might be stated this way:

In light of the growing private participation in the broadcasting system, private broadcasters and others must therefore be encouraged by government incentives to work towards that principle and, when necessary, public ownership of system elements should be used.

In the present situation, where the prevailing policy ideas are undergoing strong challenges in society as well as from the economy, it is my expectation the analysis will show that some changes of emphasis have occurred among the dominant ideas. It may become apparent that the idea of using broadcasting services to strengthen nationhood has been modified by the perceived need to use limited economic resources more efficiently. This
greater efficiency is currently believed to be achievable through government's stimulus of private sector activities in program production rather than through direct action by government departments (such as the National Film Board) or Crown corporations (such as the CBC).

While the rhetorical statements to be found in government documents have changed in some respects, in other ways they are very similar to those given in the past. Structures for policy actions in terms of regulation, public corporations and other policy instruments have not been altered significantly and further changes which require legislative action are likely to be slow. The continuity of central ideas as well as of structures and processes remains strong even while valiant attempts are made to grapple with the intractible problems raised each time a major new communications technology emerges in North America.

In summary, it is my position that the central principle of broadcasting policy has not changed (i.e., that broadcasting services available to Canadians should strengthen national unity, identity and integration). However, the emphasis in its corollary may have changed from the 1920s version—that the broadcasting system must therefore be owned and controlled as a public system—to the 1980s version—that the growing private sector in broadcasting must be given economic incentives by the government to work towards the central principle.

Between the 1920s and the 1980s, there appears to have been a gradual erosion of belief among policy-makers in public ownership as the means to achieve the policy goals and objectives but there has remained a strong belief in the need for government direction in various other forms: tax incentives, content quotas, foreign ownership rules, licensing rules on foreign signal importation and so on. Indeed these techniques have been
used much more frequently as the dominance of the public sector in broadcast-
ing has declined since the 1950s.

The field of broadcasting policy encompasses first and foremost the
policies directed towards the broadcasting system and its constituent
elements. The broadcasting system consists of the technical distribution
system owned and operated by broadcasting licensees (radio, TV and cable TV)
as well as the programming content carried on that technical system. Since
a broadcaster is by definition a person or company licensed to own and
operate broadcasting equipment and to provide a specific broadcasting
service, the universe of broadcasting is clearly defined through the federal
licensing system. Broadcasting policy, while concentrated on licensees,
does affect other businesses, principally non-licensee production companies,
and—of course—the choice of programming services available to the audience.

Essentially, the structures in the broadcasting policy field can be
categorized into six types: corporations; boards or commissions; department;
central government structures; provincial structures and non-governmental
(private) organizations. The corporations involved are the Canadian Broad-
casting Corporation (CBC), the Canadian Film Development Corporation (CFDC)\(^2\)
and Telesat Canada. The first two are Crown Corporations, the third is a
statutory corporation half-owned by the federal Crown. Each of the three
has a statutory mandate and some degree of independence from day-to-day
control by the government. All three, especially the Crown Corporations,
depend on Parliamentary appropriations for funds.

Of boards or commissions, there are two in the field. The first is the
National Film board (NFB) which has played a peripheral role in recent years

\(^2\) CFDC was named Telefilm Canada in 1984.
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and which operates as a semi-autonomous body more akin to a government department than an independent agency. The second structure of this type is the Canadian Radio-television and Telecommunications Commission (CRTC) which plays a central role in the field as the direct regulatory agency responsible for the broadcasting system. The CRTC has a statutory mandate to implement the broadcasting policy enunciated in the Broadcasting Act of 1967-68. This policy statement is worded generally and leaves much scope for the CRTC to interpret and to develop specific policies and regulations.

An implicit obligation placed on the CRTC in 1968 was to establish policies and regulations regarding cable TV systems and this operation in relation to on-air broadcasting. While cable TV is the most outstanding example of an area where policy-making by the CRTC was much more than simply interpreting a statutory policy section, there have been other areas since then. One was the use of communications satellites to distribute broadcasting signals; the other was in the introduction of pay-TV. Neither of these areas were mentioned in the statute because neither technological development was anticipated by Parliament. Since the middle of the 1970s, there has been considerable discussion in the policy field on the degree to which the CRTC can and should initiate (or refuse) policy action for these new areas. There has also been discussion on the degree to which the Cabinet or Parliament should maintain policy control over the CRTC.

Although the policy scope of the CRTC's authority has become increasingly difficult to define, its powers regarding the issuance, renewal and revocation of broadcasting licences seem comparatively clear-cut. Actually, the CRTC's licensing powers are not absolute since it cannot revoke a licence issued to the CBC and its licence decisions can be appealed to Cabinet or the courts, under certain conditions. Nor are its powers wholly self-contained because they are tied closely to another licensing body, the Department of
Communications (DOC). The CRTC cannot issue a broadcasting licence until the DOC has issued technical and operating certificates which show that the broadcasting facilities meet set technical standards of performance.

This brings us to the category of departments in the list of policy structures. The Department of Communications is playing an increasingly central role in the policy field. Part of the reason for this is the Minister's expanding portfolio since he took over responsibility for a group of cultural organizations, including the CBC, from the Secretary of State in 1980. Altogether, the Minister is responsible for all or some of eighteen statutes and the related statutory corporations and agencies. Basically, the Communications portfolio contains two elements, one technical and the other social or cultural. The former, which requires most of the department's staff, is concerned with the technical matters of spectrum and with advanced research and design of communication's technologies. The latter is concerned with the development of communications (including broadcasting) policy and cultural policy.

The central government structures have already been discussed in general terms. With reference to how they impinge directly on broadcasting policy, the central structures (focused on the Cabinet) have been used to impose an excise tax on TV and radio sets, to establish the Canadian Broadcast Program Development Fund (administered by CFDC) and to impose a 6% tax on cable TV fees. As well, of course, the central structures must endorse the funding for all relevant departments, corporations and other agencies of the federal government (the funding is formally approved by parliament).

Although broadcasting is an exclusively federal responsibility and most of the policy structures are federal entities, this does not entirely exclude a place in the policy field for provincial bodies. In particular, the establishment of provincial educational broadcasting corporations in the
early 1970s allowed several provinces to participate (even if somewhat indirectly) in the broadcasting system and also meant that the CBC was no longer the only public broadcaster in the country. Most provinces have sought a greater role in communications policy-making and each have a department with communications as at least part of its mandate. The boundaries of 'broadcasting' for policy purposes have been under attack since the early 1970s by the provinces, especially regarding cable TV, pay-TV and satellite broadcasting. Their efforts have been pursued through the courts (usually not successfully) and through political negotiation.

Finally there are non-governmental structures that are significant in the policy field. These are mainly industry associations such as the Canadian Association of Broadcasters (CAB), the Canadian Cable Television Association (CCTA), the Canadian Film and Television Association (CFTA) and the Canadian Council of Film Makers (CCFM); there are also various industry unions, the most involved being the Association of Canadian Television and Radio Artists (ACTRA) and the National Association of Broadcast Employees and Technicians (NABET). Cultural organizations are increasingly involved in policy processes; most active has been the Canadian Conference of the Arts. The degree of influence these organizations can exert is always hard to establish but two of them--the CAB and the CCTA--have been very active in policy proceedings and informally for many years.

To summarize, the policy field has three central institutions--the CBC, the CRTC and, more recently, the DOC. The inter-relationships between these three organizations are at the core of the field today. Related to these three, although not often mentioned or noticed directly, are the often indirect and hidden influences of the central government structures, especially the Cabinet. Given the large expenditures required to operate the CBC and the wider implications of government expenditures on research and
development of communications distribution technologies (such as satellites and videotex), the role of the Cabinet in broadcasting policy direction must not be overlooked or underestimated. If one is looking at policy issues of production or content, additional structures of significance are the CFDC, the NFB and production-oriented private groups. If one is looking at policy issues of distribution systems, then different structures become significant (in addition to the central core of structures): Telesat Canada, provincial structures and distribution-oriented private groups.

As was pointed out already, at the federal level of the Canadian political system the ultimate political and policy-making power is held by the Cabinet on behalf of the Parliament. In a day-to-day basis, Cabinet ministers individually exercise policy authority within their own spheres of responsibility. The policy-making responsibility for broadcasting matters currently rests with the Minister of Communications; for technical aspects of broadcasting policy and regulation, the Minister and his department are also responsible. Under its delegated authority from the Broadcasting Act, the CRTC has non-technical regulatory and licensing responsibility for all broadcasting (including cable TV) licensees.

For the purpose of this thesis, principal policy-makers in broadcasting are assumed to be the Cabinet, the Minister of Communications, the CRTC and senior officials in the Department of Communications; lesser involvement is assumed for board members and senior officials of the CBC, Telesat Canada, the National Film Board (NFB) and the Canadian Film Development Corporation, depending on specific policy areas.

Broadcasting policy is not isolated from other policy areas within the federal policy arena. Most directly (and more so in recent years) broadcasting policy is treated as part of the larger field of 'communications policy'. During the early 1970s attempts were made by the federal government to
develop macro-policies on communications for Canada but these efforts ran afoul of provincial jurisdiction over certain elements of the telecommunications infrastructure, specifically telephone systems in the prairie provinces and in the Atlantic region.\textsuperscript{24} Work by federal and provincial politicians and officials since then to cooperate in developing nation-wide policies on telecommunications services and equipment has been slow but some progress has been made. Broadcasting has come to be seen as part of the communications policy field because the newer distribution technologies (especially satellites and optical fibre) seem to suggest that broadcasting and telecommunications signals will eventually be carried on the same technical systems.\textsuperscript{25} However, this technical integration still has some way to go before being realized and the jurisdictional divisions between the federal and provincial governments may make the integration even harder to achieve.

Broadcasting policy also can be seen as part of the overarching policy sectors of social policy and economic policy—and even of foreign policy insofar as broadcasting policy in Canada impinges on its neighbours, principally the U.S., as it has done on occasion. Because of the early decisions to develop a Canadian broadcasting system based on public ownership, broadcasting policy has usually been seen as part of the social policy sphere.

More recently, as broadcasting distribution technologies have proliferated and as private ownership has gained predominance, there has been a trend towards seeing broadcasting policy (at least partly) within the

\textsuperscript{24} See, for example, Gerard Pelletier, Minister of Communications, Proposals for A Communications Policy for Canada (1973), Communications: Some Federal Proposals (1974). See also the position statements of the provincial ministers at the 1973 Federal-Provincial Conference.

\textsuperscript{25} See, for example, Consultative Committee on the Implications of Telecommunications on the Sovereignty of Canada (Clyne Committee), Communications and Canada (Ottawa: Minister of Supply and Services, 1979).
category of economic policy. In particular, industrial policies that seek to favour the production and export of high-technology goods relate to several communications technologies which are affecting the broadcasting system and its services: satellites (spacecraft and ground-based technology), pay television security systems, video-cassette recorders and videotex. Also, policies directed towards the strengthening of the so-called 'program production industry' (as a source of television broadcasting content) and the strengthening of the music recording industry (as a source of radio content) have economic effects and require economic policy action in many instances.

For the most part, though, broadcasting policy has been directed towards social goals more than economic goals. The policy field can be treated (and has been so treated) as part of, or aligned with, the cultural policies of the federal government. However, it should be noted that federal policies on cultural matters are by no means the only ones in operation; many provinces regard culture as their domain and, especially in Ontario and Quebec, have actively developed policies reflective of their particular concerns. In the case of Quebec, the importance of culture and language to that society, and its special characteristics in the North American context, has meant that for at least the past twenty years provincial cultural policies have been directly and consciously developed which favour a different view of culture in Canada than is favoured by the federal government.  

Therefore, in linking broadcasting policy to cultural policy

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26 See, for example, Government of Quebec, A Cultural Development Policy for Quebec (Volume 1, A General View: The Culture Under Consideration) (Quebec: Editeur Officiel, 1978). This can be compared with the viewpoint expressed in the discussion paper issued by the Federal Cultural Policy Review Committee (Applebaum/Hébert Committee), Speaking of Our Culture (Ottawa: 1981).
it must be made clear that the federal policy system does not represent the whole range of cultural policies in existence in Canada.\(^{27}\)

While one may choose to analyze broadcasting policy as if it were a self-contained field, it is clear there is much overlap between related fields. Also, when discussing any policy field, it should be evident that the overall public policy system provides the organizational context in which the field exists. For broadcasting policy, the wider context is the federal policy system.

\(^{27}\)The problems associated with discussing cultural policy only at the federal level and regarding federal structures are illustrated in the final report of the Applebaum/Hébert Committee, published in 1982.
The broadcasting system is the 'subject' towards which broadcasting policy is directed although policy initiatives do touch upon other areas as well. The chapter is intended to draw attention to certain key characteristics of the Canadian broadcasting system, characteristics which have led to the particular policy field we now have and which persist as elements in the field. First of all, it is clear that extremely high expectations have been placed upon broadcasting to fulfill certain social and cultural obligations for the society as a whole; these expectations distinguish broadcasting from other mass media systems in Canada. Second, the Canadian state has been active almost from the beginning of broadcasting series in this country, in controlling the development of broadcasting through its licensing powers. Third, the distribution system across Canada is extremely complex, costly and ever-expanding in technical terms; as it expands, the balance between public and private ownership shifts more and more towards the latter. Fourth, the national audience for Canadian broadcasting shows a complex pattern of programming preferences and, for television, a mismatch between viewing preferences and the available Canadian programming content. It is here that the differences between a Canadian 'system', a Canadian 'service' and Canadian 'programming' can be seen most clearly.

Broadcasting and the Canadian Mass Media

It is to compensate for the structural and economic weaknesses in other mass media and in the development of the popular arts that broadcasting has been placed in a special position in Canada. Given a nation-wide
distribution system for broadcasting which is owned and controlled mainly by Canadian corporations and individuals, why not use broadcasting as the system that can provide services to all Canadians, provide an accessible outlet or 'showcase' for Canadian creative talent, serve as the starting-point for a cultural renaissance (or perhaps, in this case, simply a 'naissance'?), can be operated so as to stimulate the stronger economic development of the other mass media in this country and at the same time compete successfully against well-known and popular American media products that are easily available to Canadian households through various means? Why not indeed.

It goes almost without saying this is a tremendous burden of social, economic and cultural expectations to place on any mass media system. It is this collection of not necessarily compatible tasks that has been most heavily placed on the CBC. Although the Corporation has been willing to accept its obligations in this regard, are there any financial or human resources adequate to the tasks it or anyone else can be expected to fulfill? This is the Canadian broadcasting conundrum at the centre of much of the broadcasting policy field.

The influence of the popular arts on the development of broadcasting is also a significant feature of the place of broadcasting in the mass media. Most notable in Canada, the economic weaknesses of other mass media systems to produce and distribute, for example, popular magazines, paperback books and feature films have been of long standing and are difficult to remedy in the face of strong media systems centred in the U.S. Such weaknesses have been described at length by government commissions and by individual writers; some have focussed on production problems, others on distribution difficulties; some are concerned with the history of colonial dependence (economically and artistically) in the visual, literary and performing arts,
first on Britain and France, more recently on the U.S.; others again have concentrated on the need for governmental action to redress what they see as an unequal (and, therefore, inequitable) fight between domestic and foreign content for access to the Canadian audience. While these writers might disagree on the exact causes of the apparently ingrained weaknesses of Canadian mass media systems and on the best solutions to correct those weaknesses, they would probably agree that the problems have a long history and the weaknesses in one area (such as magazines) have a deleterious effect in other areas (such as book publishing, script-writing, and so on).

In terms of financial resources, trained personnel and content ideas, the mass media structures tend to feed off each other; thus, if one area is weak, it does not provide the sort of mutual support required for all media systems to flourish. It is this phenomenon of mutual interaction and support which is behind the idea of 'centres of excellence'--a concept epitomized by the mass media activities in cities such as New York, London and Paris but perhaps less satisfactorily applied in other cities such as Los Angeles, Toronto and Amsterdam which are strong in some media but not others.

It is important to note that broadcasting activities have developed in Canada within the broader context of mass media development. Given the prior existence of some modern mass media (particularly newspapers and popular magazines), broadcasting services had to be developed in relationship to these media and, since the 1920s, have had to adapt themselves to the development of even newer media. For example, radio broadcasting underwent major changes in content and format when television was introduced. The particular mixture of media systems--their economic strengths, ownership structures and content--which has evolved in Canada is unlike that of any other country. In particular, the influence of the
American mass media systems on the Canadian public (as audience or readership), in many ways and through various media, has been powerful and of long standing. The environment, then, in which Canadian mass media have developed has been not only a national one but also a transnational one from the beginning.

There are a number of influences related to mass media that have been at work in the formation and evolution of Canadian broadcasting. Foremost, perhaps, has been the influence of the newspaper industry. This influence has been exerted in two different areas: (a) the treatment of news and information by broadcasters is similar to that by newspaper publishers and editors; (b) as long as broadcasting stations were predominantly non-commercial, newspaper proprietors accepted the development of broadcasting but this attitude changed when more commercialization became the norm in the broadcasting system.

Regarding the first of these areas, as long as radio broadcasting stations were licensed as local stations and expected to serve a local area, the amount of news and information gathered by them was usually very limited. Even the CBC, which had national networks, did not develop a proper news service until 1941. The public's dependence on newspapers for news coverage thus remained strong long after the start of broadcasting. The organization of news exchange across the country has been difficult to build in a nation of scattered population and where newspapers were geared to serve local markets. The development of Canadian Press (CP) has been a significant element in the gathering and distribution of news in Canada.

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2 See Carman Cumming et al., Canadian News Services, Research Studies on the
It began in 1911 as a cooperative of Canadian daily newspaper companies and has remained under the control of newspaper proprietors ever since. From the beginning of actual news service operation in 1917, CP has had strong links and reciprocal news-exchange arrangements between its own members and (collectively) with the U.S. news agency Associated Press (AP).

In 1933, the CP cooperative began to deliver free news summaries to the Canadian Radio Broadcasting Commission (the predecessor of the CBC) with the condition these summaries be broadcast without advertising inserts. This practice continued when the CBC began in 1936. It should be noted this news provision had as its primary purpose the prevention of competition between newspapers and radio for advertising revenues associated with news. Many private broadcasting stations had much more difficulty at the start in getting news from individual newspapers or the CP cooperative. In 1941, CP set up a subsidiary, Press News Ltd., to sell news wire services to the CBC and to private broadcasters. In the same year, although the CBC continued to rely on CP for much of its news content, the Corporation set up its own news department. (The necessity for this apparently stemmed from the European war action and Canada's participation in it; neither CP nor AP provided adequate information of the Canadian war effort in Europe.) In 1954, CP set up another subsidiary, now called Broadcast News, to provide news content to private broadcasting.

Newspaper Industry Volume 6, Royal Commission on Newspapers (Ottawa: Minister of Supply and Services, 1981).

3 Cumming, op. cit., p. 8.


5 Cumming, op. cit., p. 8.
In summary, to the present day, the backbone of Canadian newsgathering and nation-wide distribution is and has been Canadian Press, either through its own member newspapers or radio and television stations, via CP's subsidiaries (PN and BN). In providing news and current information to its audience, the broadcasting system does not provide an alternative to newspaper coverage but, at best, a restatement of the same coverage in a different medium. Even where broadcasting stations and networks do initiate their own newsgathering, the journalists they employ have often been trained and employed as print journalists first. Given a ready acceptance of print journalists into broadcasting, the attitudes and values of newsgatherers and editors in newspapers have been carried over relatively unchanged to the work of broadcast journalists. Finally, it is worth noting that the civil and criminal laws related to press freedom which have been applied to the behaviour of journalists and newspaper managements were easily carried over to the 'electronic journalism' of radio and television. Therefore, laws on libel, treason, invasion of privacy and copyright have equivalent force for broadcasting as for newspapers.

The second area of newspaper influence upon broadcasting relates to the question of public versus private ownership of the mass media—and, therefore, to the commercial basis of media operations. In the early years of the broadcasting system, the predominance (if not monopoly—which was stated as a goal but never achieved) of the public ownership sector was government policy. In the campaign leading up to the establishment of public broadcasting, the newspaper proprietors were generally supportive because they did not see a non-commercial broadcasting system as a threat to their
economic well-being. However, the pre-eminence and non-commercial intent of the CBC was gradually eroded and, by 1950, 41 of 119 private radio stations were owned wholly or partly by newspaper interests.

When it became clear in the late 1940s that television services were going to be mainly advertising-based, the daily newspaper industry saw a strong need to participate in the ownership of television broadcasting stations. Consequently, they became more critical of public ownership, the methods of licensing private stations, the slowness of the CBC in getting its television service started, the lack of competition permitted between private and public stations in certain markets, and so on. Competition between private and public television stations for advertising revenues was increased as the CBC found itself with insufficient public funds to sustain its television service. This competition increased the dissatisfaction of newspaper proprietors with public ownership in broadcasting and, later, with the CRTC when it tried to exercise some control over cross-media ownership trends between newspapers, radio and television.

Another factor that has influenced the development of broadcasting in Canada has already been alluded to but needs to be discussed further: the relationship between broadcasting activities and mass advertising. There are several aspects to this that are significant in the evolution of Canadian broadcasting. First is the influence of the American experience.

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8 See, for example, the efforts of newspaper proprietors in British Columbia to break the proposed CBC monopoly over TV broadcasting in the early 1950s, described in: Peter Anderson, *The CBC and Its Mandate*, Master's Thesis, Simon Fraser University, pp. 20-40.
In the 1920s, it was already firmly established that U.S. broadcasting stations were economically based on advertising revenues. The economic cycle was this: radio air-time was sold to advertisers (either directly or through an agency); the size of the audience achieved—measured by some survey technique—determined the relative bargaining power of the station owner versus his advertiser-customer; the content of the air-time bought was a mixture of entertainment and advertising copy; the advertiser's 'return' on his expenditure for the air-time and production costs was indirectly received through increased sales of his advertised products; the costs of advertising were in some way absorbed in the total business operation and, ultimately, borne by the consumers who bought the advertised products (whether or not they heard or were influenced by the advertisement). The only changes to this cycle that have occurred since the 1920s are increases in the sophistication of audience measurement techniques and a strong trend away from program sponsorship (in which the programming content and the advertisements were advertiser-controlled) towards 'spot' advertisements interspersed between programming content which is the broadcaster's responsibility.

The commercial domination of broadcasting in the U.S. has remained unchecked up to the present although minor elements of the American broadcasting system are non-commercial—sometimes labelled as 'educational' or 'public' broadcasting. The public broadcasting sector of the American system is represented mainly by the Public Broadcasting System (PBS), a television network made up of educational and community-based stations organized cooperatively and partly funded from federal sources; National Public Radio (NPR) is the radio equivalent. For both these public services, their share of the total American audience is extremely small and their
financial resources minuscule compared to those of the big three commercial TV networks which dominate the broadcasting system. 9

The limitation on the commercialization of broadcasting in Canada has been a deliberate policy choice in reaction to the trends in U.S. broadcasting even as far back as the late 1920s. When the Aird Commission recommended in favour of a publicly-owned broadcasting system, it was because the Commission had concluded that private broadcasting stations carried too much advertising and had too high a reliance on programming from the U.S. 10 Given the sponsorship arrangements of that time in American broadcasting, commercialization and American program content were inextricably tied together, from the Canadian viewpoint. The slogan of the Canadian Radio League then—"The State or the United States"—perhaps epitomizes the stark choice thought to be facing Canada; supporters of public broadcasting in Canada today still tend to see the choice the same way. 11

The second aspect to commercialized broadcasting is that, despite the priority given to the public ownership of broadcasting in legislation and public funding during the 1930s and later, the broadcasting system as a whole was never fully publicly owned. Subsequent events (partly lack of Parliamentary support, lessening public support and the pressures exerted for private television) reduced the significance of the CBC and led to an

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increasing number of privately owned radio and television stations. The development of cable television service, and the licensing of cable TV companies that are almost all privately owned, added another level of private interest in the broadcasting distribution system. In 1960, the first privately-owned television network was licensed (until then the CBC was the only institution permitted to form national or regional networks); this was another indicator of the increased strength of the private sector. CBC networks themselves, in radio and television, had always had to be formed from a mixture of publicly-owned and privately-owned stations in order for CBC service to reach the maximum number of Canadian households (the only exception to this has been the FM radio networks of recent date).

As the private sector grew in size, its interests became more strongly articulated, especially through the Canadian Association of Broadcasters (CAB). Correspondingly, the interests of the public sector (almost entirely represented by the CBC) were not necessarily given top priority either in specific regulatory decisions or in policy-making generally. The CBC's primary source of revenue has been public funds although it has also always earned some revenue from advertising. While sponsorships and spot advertising have been more limited, both in quantity and program context, than in private broadcasting, the CBC has argued it needed these revenues to supplement its public funding. Nevertheless, the private sector has continually pressed for the CBC to drop advertising altogether. In radio, advertising was stopped (except for the 'Metropolitan Opera' broadcasts from New York) in 1974. In television, advertising provides about one-sixth of needed revenues and the Corporation has argued it cannot drop that without getting additional revenues from other sources or reducing further its programming commitments. The commercializing effects of depending even partly on advertising revenues on CBC's television services have been the subject of
public criticism, especially at the CRTC's public hearings on CBC network licence renewals.

The third aspect of commercial influence is the development of Canadian private broadcasting as a part of a 'North American' (i.e., predominantly U.S.) industry. Despite the fact that the private broadcasters require the exercise of authority by the Canadian state to allocate and license the use of radio frequencies of broadcasting purposes and to guarantee the secure and private use of these frequencies by those fortunate enough to acquire a licence, private broadcasters seem to prefer to see themselves as part of the 'free enterprise' economy. Consequently, any additional intrusion by the state into the operation of their broadcasting business is seen as excessive government control.

The technical innovations, financial operations and (as far as possible under different regulatory structures) programming formats of a private broadcasting station in Canada are virtually identical to those in the U.S. This is due to the almost unrestricted access by Canadians to information about American broadcasting technology, business practices, marketing trends and programming ideas. Such information comes through Canadian and American trade publications, product advertising, trade exhibits, industry conventions, training sessions and numerous other points of contact between American and Canadian broadcasting industries. It is easy to explain why American industries related to broadcasting (program production, film production and distribution, production equipment, transmission equipment, business management equipment and systems, numerous industry consultants and other services) would be pleased to extend information of this type so as to expand their market beyond the U.S. borders with relatively little effort. The relative weakness of Canadian manufacturing and the comparative
smallness of the Canadian market for broadcasting hardware and program content—quite aside from the well-established belief held by many Canadians that American products and methods of operation are generally better and more advanced than anything produced or done in Canada—have encouraged Canadian private broadcasters to look towards the U.S. for future trends and guidance on how their business should be organized.

Broadcasting and the Canadian State

Radio and television broadcasting have developed in a particular time period, in particular societies and within specially created institutional frameworks.

Sydney Head has corroborated this view: 12

Each country has adapted broadcasting to its own basic national philosophy, to its own geographic, social, economic, and cultural problems. Comparative study of broadcasting systems discloses a wide range of solutions, with no two countries having arrived at precisely the same answer.

Thus, it is difficult to detach broadcasting activities from their specific social environment. As a nation-state in the Western, 'developed' part of the world, Canada has been a participant in this process of societal evolution and in the adaptation of broadcasting to specific circumstances. Due to its particular political and economic history, Canada has been strongly influenced by British and American beliefs about the appropriate role for broadcasting in society. Nevertheless, Canadian broadcasting is quite different from both the British and American broadcasting systems.

The belief in the political, cultural and social power of broadcasting has been such that governments in most countries have felt justified in constraining that power within acceptable limits. What those limits should be and who should decide on them has been dealt with (and is continuously being determined) in different ways in different nation-states. It is interesting to note that, in the case of the U.S., it has been unacceptable for the government to intervene (in anything other than minor ways) in the organization of broadcasting services or in its political control. This distaste for state control of broadcasting is a distinct exception to the usual pattern in the Western nation-states. In Canada, popular acceptance of state involvement has been, especially in the early years, quite widespread; in more recent times, disagreements about government policy on broadcasting have been concerned with specific types of government control, not opposed to the broad principle of state control.

The commonest forms of government intervention in most Western societies are: state or public ownership of broadcasting facilities (transmitter stations or production studios or both); licensing of broadcasting stations to private operators under specific conditions of responsibility for technical standards and programming content; establishment of national corporations, owned and operated by major social groups on behalf of the nation, to provide broadcasting services on a monopoly or limited competition basis; imposition of special licence fees on receiver sets to pay for the broadcasting services; establishment of rules on 'objectivity' and 'impartiality' placed on professional journalists and programmers; the creation of regulatory bodies to supervise the performance of broadcasting institutions.

In Canada, based on judicial interpretations of the British North America Act as well as the various broadcasting statutes which have been in
force since the 1930s, the federal government has exercised exclusive licensing control over all the radio and television broadcasting stations and networks as well as cable television systems in Canada. More recently, the licensing of satellite receiving stations has been a relevant but complicated problem. What began as a technical or physical activity has become, in jurisdictional terms, the exercise of federal control over those enterprises engaged in transmission or reception of broadcasting signals.

The legal definitions relevant to broadcasting are provided by the current Broadcasting Act, section 2:\(^{13}\)

"broadcasting" means any radiocommunication in which the transmissions are intended for direct reception by the general public;

"broadcasting licence" or . . . "licence" means a licence to carry on a broadcasting undertaking issued under this Act;

"broadcasting undertaking" includes a broadcasting transmitting undertaking, a broadcasting receiving undertaking and a network operation, located in whole or in part within Canada or on a ship or aircraft registered in Canada.

Cable television systems are deemed to be 'broadcasting receiving undertakings' and, therefore, are required to be licensed under the Broadcasting Act. Altogether, the developments of cable television, pay television, and satellite carriage of television and radio signals have made the technical concept of 'broadcasting' much broader than was originally imagined. They have prompted efforts to change the legislative definition in order for effective government control over licensing of the whole broadcasting system to be retained.

The entire apparatus of government action regarding broadcasting stems from the federal government's authority to enact laws and enforce regulations on all uses and users, in Canada, of the radio frequency spectrum.

Through its power to allocate portions of the spectrum to specific kinds of usage and to assign specific frequencies for use in certain areas of the country, the federal government attempts to 'manage' radio spectrum use by Canadian persons. Broadcasting (technically divided into AM radio, shortwave broadcasting, FM radio, VHF and UHF television) is allocated to specific frequency bands and uses only a part of the whole spectrum available for radio communication.

With its authority confirmed in 1932 (and re-affirmed by subsequent judicial decisions), the Parliament has passed a series of statutes related directly or indirectly to broadcasting:

1932   Canadian Radio Broadcasting Commission Act  
1936   Canadian Broadcasting Act  
1958   Broadcasting Act  
1968   Broadcasting Act  
1969   Department of Communications Act  
1970   Telesat Canada Act  
1976   Canadian Radio-Television and Telecommunications Act

Under these statutes, various federal structures and institutions have been set up, principally:

1932-36   Canadian Radio Broadcasting Commission (CRBC)  
1936-     Canadian Broadcasting Corporation (CBC)  
1958-68   Board of Broadcast Governors (BBG)  
1968-76   Canadian Radio Television Commission (CRTC)  
1969-     Department of Communications (DOC)  
1970-     Telesat Canada  

The state's involvement in regulation has been an important element in the exercise of state control over broadcasting. Regulation has taken various forms, mostly aimed at encouraging the production of Canadian programming content or at the extension of service coverage; both types of regulation are discussed fully in later chapters. One area of state regulation that has affected the international (or multinational) business control of the broadcasting system is the restriction on levels of foreign ownership. As long as the CBC was the predominant broadcaster, less concern was
expressed about the existence of foreign companies owning broadcasting stations in Canada. By the 1960s, when the private sector has grown and cable TV was expanding quite rapidly (often with the help of foreign capital), political concern about foreign control of broadcasting became greater. Direct and effective action was not taken until 1969 when the CRTC was directed by the Cabinet not to issue licences to corporations with less than 80% Canadian ownership or where the corporation board was not made up wholly of Canadian citizens.\(^\text{14}\)

Other kinds of regulation have existed since 1932 and are currently implemented by the CRTC and the Department of Communications through various licensing processes. Regulations can be intended to affect the behaviour of specific types of licensees or can be applicable to the whole broadcasting system. The development and general characteristics of the broadcasting distribution system are discussed in the following section.

The Canadian Distribution System

It is useful to outline first the characteristics of broadcasting as a technical activity before giving a general picture of the distribution system. The present-day state of broadcasting technologies in radio or

\(^{14}\) There were actually three Cabinet directions issued (P.C. 1968-1969), 1969-630 and 1969-2229—the third was the crucial one), which together gave the CRTC guidance on the corporations and individuals ineligible to hold Canadian broadcasting licences. The complex process of allowing foreign owners time to find acceptable purchasers for their holdings extended over several years, in some cases beyond 1972. Probably the three most significant transfers of ownership were from Famous Players Canadian Corporation, CBS and Canadian Marconi. See Canadian Radio Television Commission, Canadian Ownership in Broadcasting: A Report on the Foreign Divestiture Process (Ottawa: Information Canada, 1974).
television involves the over-air transmission of electronic signals from one central location to numerous reception points, almost all in households. The electronic signals are sent through the air on specifically assigned radio frequencies and this usage of part of the radio spectrum by broadcasters is only one of many communications activities which require radio spectrum allocation and management. Depending on other factors (especially geographic and economic), a broadcasting transmitter may be a single station or a network of stations linked together by electronic means.

The number and quality of the signals received by a household depends on the exact location of the household, local conditions for signal interference or distortion, the compatibility and reliability of the reception set and the availability of supplementary aids to reception (such as roof antennas, cable TV hook-ups, satellite dishes). Another way of looking at broadcasting transmission is from the stance of the broadcaster whose transmitter can achieve a certain audience 'reach', based on its signal power, its location and the dispersal of the households within its theoretical contour. At least three different transmission technologies are used for television throughout the world; radio also has different transmission technologies in various frequency ranges around the world.

This brief overview of the development of broadcasting services in Canada focusses on the technologies of transmission employed--an unavoidable feature of broadcasting. Only limited references are made to government policies although, as we shall see, these are a pervasive feature of the broadcasting milieu. Also, little will be said here about the economics of

15For the moment, this description of broadcasting is concerned with what is often called "over-air broadcasting, not with cable-fed or satellite-fed transmissions of radio or video signals."
broadcasting licensee companies because this tends to lead to a discussion of the 'broadcasting industry'. What is being described, rather, is the 'broadcasting system' in a broadly technical sense. Broadcasting activities (the production and distribution of programming content, including advertising) occur within the constraints of this system.

Canadian broadcasting activities began in experiments conducted during the First World War and the first licensed radio broadcasting station (XWA) began in Montreal in 1919. This station is still operating, now with the call letters CFCF. Gradually, through the 1920s, other stations were established, by inventors, entrepreneurs, churches and educational institutions; some were set up by the Canadian National Railway which developed the idea of having a series of stations across the country transmitting to special receivers installed in its railway passenger trains. By 1929 there were 62 radio stations in Canada, broadcasting to nearly 300,000 licensed radio receiving sets.

These developments of radio broadcasting were haphazard, dependent on individual initiative and unevenly distributed across the continent. Many communities in Canada received no radio service at all, while others could receive only American radio stations. The issuance of broadcasting licences also was haphazard, being subject to no clearly defined rules. Eventually, licensing became a subject of political controversy due to certain decisions

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17 Weir, op. cit., pp. 5-8.

of the government minister responsible (the Minister of Marine and Fisheries) with regard to broadcasting by religious organizations.\(^{19}\)

Political pressures gradually increased to urge the Canadian government to establish broadcasting policy for the country as a whole. The establishment of the Royal Commission on Broadcasting in 1928, under the chairmanship of Sir John Aird, was the first step in this new policy process. The Commission's Report\(^{20}\) was not acted upon speedily because of the need to resolve a political dispute about which level of government had jurisdiction over radio broadcasting. The decision was finally made by the Judicial Committee of the British Privy Council in 1932 in favour of exclusive federal jurisdiction over what was called 'radio communication'--a term which includes all uses of the radio frequency spectrum, not merely broadcasting transmission.\(^{21}\) This decision was interpreted as precluding any participation by a provincial government in broadcasting matters (an absolute ban never fully accepted by the government of Quebec, especially under Maurice Duplessis, and more recently being hotly disputed in broadcast-related areas by most provincial governments).\(^{22}\)

In 1932, the Canadian Parliament set up by statute the Canadian Radio Broadcasting Commission whose purpose was to acquire radio stations, set up

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\(^{21}\) *Re Regulation and Control of Radio Communication in Canada* (Radio Reference), [1932], A.C. 304, [1932], 2 D.L.R. 81.

new stations, produce programming and develop a publicly-owned national broadcasting network. The CRBC, for various reasons, did not function well and was replaced by the publicly-owned Canadian Broadcasting Corporation, under a new statute in 1936. The CBC was given broad powers to establish and develop stations and networks across the country and it gradually did so during the late 1930s, during the Second World War and after. While the CBC was intended to be the major element in the broadcasting system, from its inception there were always some privately-owned radio stations in existence and their numbers grew over time and in different areas, though not in any coherent pattern.

Television broadcasting service began in Canada in 1952, about six years after services had begun in the U.S. Before any Canadian station ever went on-air, it is estimated there were about 145,000 TV sets in Canadian households. The CBC was requested by the Canadian Parliament to introduce TV service as quickly as possible but sufficient funds for rapid expansion were not available and public pressure on policy-makers as well as on the CBC itself led to the licensing of private TV stations in smaller cities where the CBC could not hope to install transmitter equipment soon. Development of television service, therefore, was done through both the private and public sectors. During the 1960s, private TV stations were licensed for large cities, and a private network was formed, all in

23 Canada, Statutes, Canadian Radio Broadcasting Act, 1932, 22-33 Geo. V., c.51.
competition with the CBC, and this development provided further growth for private broadcasting in Canada.

Parallel to the development of Canadian television was the introduction of cable TV service—indeed the latter preceded the former in many areas of the country. The first cable TV system is reported to have begun operation in 1950, two years before the first Canadian TV station came on-air. From the beginning, it could be argued, cable TV systems were intended to receive and re-transmit signals from American TV stations to Canadian households, with Canadian signals carried usually as a secondary service. (It may be noted that the carriage of foreign-originated signals has never been the primary purpose of cable TV systems in the U.S.).

Cable TV, or Community Antenna Television as it was earlier called, developed gradually from small distribution systems in smaller towns to rather haphazard developments in urban areas and it was not until the mid-1960s that the size of the industry and its possible economic effects on Canadian TV stations became apparent to the policy-makers. Increasingly, the growth in subscriber numbers and size of technical systems occurred in the cities and larger urban areas so that cable TV became more of an urban phenomenon than a rural one. Consolidation of system ownership and rationalization of system boundaries in the 1970s helped to give the industry strong leadership and a push towards rapid technological innovation.

While television and cable TV services were being developed, changes were going on in radio at the same time. FM radio broadcasting technology became available in the 1930s but does not appear to have been licensed for use in Canada until the late 1940s. This was probably due to the fact that

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basic extension of service in much of Canada could be more effectively achieved through the building of a small number of powerful AM radio transmitters across the country—which the CBC did undertake.) During the 1950s, the sale of FM radio receivers was not widespread, consequently audience growth for FM was slow. In the 1960s, a further spurt of interest occurred in FM technology and other stations came on-air, many of them owned by private companies already involved in AM radio. In the 1970s, the CRTC attempted to give direction to the kinds of content carried on FM radio, to differentiate it from AM content as well as to get it away from providing only background music. Towards this end, the Commission established an FM Radio policy in 1975.\textsuperscript{28} After this, more stations were licensed and the FM Radio sector grew more rapidly when the numbers of households with FM receivers increased markedly.

The CBC, in the 1970s, reorganized its radio services into two networks: the AM (or Radio) network and the FM (or Stereo) network, with different audience and content goals.\textsuperscript{29} As extension of radio service to outlying and isolated communities was continually pushed forward by the CBC, FM frequencies were allocated for this purpose of re-broadcasting to small pockets of population.

The CBC's Northern Service began with a few local radio stations in 1958 and added short-wave radio broadcasting to the High Arctic in 1960.\textsuperscript{30} By the early 1970s, in the mid- and far-North, FM radio transmitters owned

\textsuperscript{28}CRTC, FM Radio in Canada: A Policy to Ensure a Varied and Comprehensive Radio Service, 20 January 1975.

\textsuperscript{29}CBC, Annual Report 1970-71, and following years.

\textsuperscript{30}CBC, A Brief History of the Canadian Broadcasting Corporation (Ottawa: CBC, 1976), pp. 10-11.
by the CBC as part of its Northern Service were sometimes made available for
the broadcasting of locally-produced programs, under a community radio
policy of the Corporation. 31

FM radio stations were also established in the late 1960s and the 1970s
by non-profit societies at universities or colleges as well as by community-
based non-profit organizations in a few cities and towns. This sort of
station has depended heavily on the efforts of a few individuals to get
started and to continue operating; most of them proceed under financially
precarious conditions. 32

Another less conventional use of radio broadcasting has been the
production of 'third language' programming and, in a few cities, the estab-
lishment of 'multilingual' broadcasting stations, mostly FM but some AM. 33
These programs and stations are primarily commercial in character, dependent
on advertising revenues to operate but aimed at the so-called 'ethnic'
population as their self-defined market. At least 40% of the programming
content of multilingual stations must be broadcast in languages other than
English and French, under CRTC licensing requirements.

32 Jean McNulty, Other Voices in Broadcasting: The Evolution of New Forms of
Local Programming in Canada (Ottawa: Department of Communications, 1979).
33 CRTC, Multilingual Broadcasting in the 1970s (Ottawa: Information Canada,
1974).
Another way in which the broadcasting services expanded in the 1970s was through the development of provincial educational communications authorities. The exclusively federal jurisdiction over broadcasting required that a special arrangement be made to allow educational broadcasting to be carried on in Canada. After 1972 (when this arrangement was made), Ontario, Quebec and Alberta each developed a unique organizational structure which is provincially funded and intended to produce and distribute over-air generally 'educational' programming to its provincial audience. 34 Alberta is involved in both radio and television broadcasting while Ontario and Quebec use television only.

Satellite technology has had its effects on the broadcasting services by extending the reach of TV and radio signals to previously unserved communities. Since 1972, when the Anik A-1 satellite was launched and put into operation, satellite linkages within Canada have affected the broadcasting distribution systems and, through the development of pay-TV and other new services, they are beginning to affect the nature of broadcasting content also. Although the appropriate connections between satellites and broadcasting have been discussed extensively by policy-makers since about 1976 in Canada, the structure of these connections (in economic, technical, cultural and political terms) has not yet been resolved into a predictable pattern. Further changes—and further periods of uncertainty—must be expected when powerful Direct Broadcast Satellites are brought into

34 Although British Columbia is the third most populous province, and it does have a provincial system for the distribution of educational television programming, it does not engage in over-air broadcasting but uses satellite and cable TV channels. Consequently the B.C. system (Knowledge Network of the West—or KNOW) does not require any broadcasting licences.
operation (forecast to be for 1986 in the U.S., probably 1988 in Canada, although these dates may be optimistic).  

The broadcasting distribution system at present consists of radio and television stations, radio and television (including Cancom) networks, and cable TV systems. In a technical sense, satellite linkages are now also part of the broadcasting system. This system transmits various broadcasting services directly to households, at direct or indirect costs. The direct costs are for cable TV fees, pay-TV fees, receiver sets and other equipment such as roof antennas, satellite dishes, video-recorders, and so on. The indirect costs take the form of federal taxes (part of which go to support the operations of the CBC), provincial taxes (in some provinces, which use some of their revenues to support educational broadcasting organizations) and advertising (which is added to the cost of goods and services purchased by all consumers).

Current statistics on Canadian broadcasting give some indication of the size of the broadcasting system. In 1983, there were 755 AM stations and 673 FM stations licensed by the CRTC. Also in 1983, there were 1,357 licensed TV transmitters in operation. These figures combine both the originating stations and those which simply re-broadcast other stations'  

35 Department of Communications, Direct-To-Home Satellite Broadcasting for Canada (Ottawa: Department of Communications, 1983).

36 Cancom (or CanCom) is the short name for Canadian Satellite Communications Inc., a company licensed by the CRTC in 1981 to provide four Canadian TV signals (from existing stations) and six Canadian radio signals as a broadcasting 'package' via satellite to communities in remote or underserved areas of the country. These communities are most in the mid-North and right across the country. Local companies have applied for licences to redistribute the Cancom package to households which must pay a direct fee for the service. In 1983, the Commission further authorized Cancom to carry four U.S. TV signals and additional radio signals as part of its total package.
signals. Altogether, in radio and television at national and regional levels, there were 54 networks of broadcasting stations, including pay-TV networks. A further 338 broadcasting licences were issued for transmitters used to re-broadcast Cancom signals from satellite reception. Cable TV systems in operation in 1983 numbered 493 (excluding cable systems carrying Cancom) although 625 had been licensed by the CRTC.  

The total revenues of the broadcasting system are substantial; they are only partly available for the production of content, the rest going to provide profits for corporations (including earnings to stockholders) and to pay for the operation of broadcasting stations, including purchase of expansive, often obsolescent, broadcasting hardware. The economic value of the broadcasting system gives another indication of its size and scope although available statistics cannot measure the whole system as it now exists. Total assets of private broadcasting stations in 1982 were $1,164.9 million while CBC's assets were valued at $600 million. Total liabilities for private radio, private television and all of CBC were $907 million, the difference ($858 million) being shareholders' equity. The CBC's portion of equity value was almost $395 million, which is an asset for the Government of Canada.

Another measure of economic worth is total operating revenues. For private radio, in 1982, this was $476 million, for private television $746 million, for all of CBC $110 million (additional revenues of

37 CRTC, Annual Report 1982-83, p. 52
Net profits after income tax for all private broadcasting in 1982 was $86.5 million. As far as cable TV is concerned, total revenues in 1982 were $472 million, with net profit after income tax of $18 million.

Although the Canadian distribution system is elaborate and costly to maintain, all these efforts are in vain if Canadian audiences do not find the programming and program services of interest to them. The response of the national audience to Canadian broadcasting services is a significant element in the broadcasting system.

The National Audience

In 1982, there were 8,254,000 households in Canada of which only 153,000 did not have at least one television set. Almost 6 million households had at least one colour television set. For radio the figures are similar with slightly less than 2% of households having no radio sets at all. The total numbers of subscribers to cable TV were about 4.9 million in 1982, approximately 60% of all Canadian households. Bearing in mind that about 16% of Canadian households are outside any cable TV licensed area, the 60% subscriber level is extremely high. Figures for pay-TV subscribers are difficult to determine because the services only began in 1982.

40 Statistics Canada, op. cit., page 17. (These figures do not include pay-TV or non-commercial stations.)
early 1983; it was estimated that there were 447,000 subscribers (or about 7.2% of all 1983 cabled households) in July 1983.\(^{45}\)

In terms of broadcast coverage throughout Canada, almost all households could receive at least one TV station and one radio station. In 1977, nearly 95% of households could pick up at least two Canadian television stations in their own language (that is, in English or French). Ninety-eight percent of English-speaking Canadians outside Quebec had access to at least four Canadian radio stations whereas about 97% of the Quebec population could pick up at least four French-language radio stations.\(^{46}\)

Signal coverage is one way of looking at the Canadian audience and its relationship to the broadcasting system. However, it tells us nothing about which particular stations the audience chooses to listen to or watch. Also, a measure of the signal reach of Canadians does not indicate the reach of all possible stations—in this case, the reach of U.S. stations has to be considered.

Data on audience patterns is what is required. In Canada these have been collected and organized in particular ways. Essentially, there are a) audience data collected by BBM Bureau of Broadcast Measurement, which conducts surveys for its members—mostly broadcasters, advertisers and advertising agencies—and b) data collected by various federal agencies, primarily Statistics Canada and the CRTC.\(^{47}\) BBM conducts major audience surveys in the fall and spring of each year (with additional surveys in the larger cities) and its data are useful to show total audience

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\(^{45}\) *Cable Communications*, August 1983, p. 13.

\(^{46}\) *Canada Year Book 1980–81*, p. 608.

\(^{47}\) The CBC does some of its own survey research on specific programming but it relies heavily on BBM for general audience data.
characteristics. For instance, BBM data indicate that Canadians (individuals, not households) on average view television for about 23 hours per week and listen to radio for about 19 hours each week as well. Of course, audiences vary over the calendar year (highest in fall, lowest in summer) as well as in composition—by sex, age, educational level, home language, and so on. For television, generally women watch more television hours than do men, older people more than adolescents or young adults, those with lower educational attainments watch more than those with higher education.

For radio, audience characteristics are somewhat different due to the development of specifically targetted radio stations based on particular musical styles (for example, rock music, 'middle-of-the-road', country-and-western, jazz, and so on). The CBC radio networks operate differently in this respect than do the private stations. One difference between the audience appeal of radio as compared to television can be shown in the fact that BBM data for radio cover individuals from age 7 and up whereas television data cover all individuals from 2 years old and up. The audience appeal of radio (at least, as currently organized in Canada) is very limited for children; while adolescents do listen to radio—specific stations only—the primary audience is adult (i.e., over 18).

Moving on from the general BBM data, the CRTC has produced data which give insight into what Canadians listen to and watch. In a special study completed in 1979, the CRTC produced much useful data on audience choices in

48 Paul Audley, Canada's Cultural Industries (Toronto: Canadian Institute on Economic Policy, 1982), pp. 257 and 192 respectively.

The data in this study are organized separately for radio and for television. Secondly, the data are organized on the basis of the language of broadcast; in other words, French language stations and the French language audience are treated separately from English language stations (Canada or American) and the English language audience. Thirdly, the content for television is categorized both by program type and by country of origin; radio content could not be treated this way.

Given these categories of data collation, what can be said about the choices made by the Canadian audience? Let us look at television first. The most crucial concept used in studying TV audiences is that of 'audience share' (rather than 'audience reach', already mentioned above). Audience share applies most strongly in any attempt to assess the significance of U.S. stations' reach into Canada either over-the-air to border cities and towns or via cable TV to most of urban Canada. In 1977, about 70% of Canada's population could receive one U.S. television, about 54% could receive three such stations whereas only 19% of Canadian households actually tuned in U.S. stations in prime time (p. 43). If one looks only at 'English-speaking Canada'--the territories plus all provinces except Quebec--the equivalent figures are: 78% could receive one U.S. station, 62% could receive three stations and 25% of the total audience went to U.S. stations in prime time.

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50 Canadian Radio-television and Telecommunications Commission, Special Report on Broadcasting in Canada: 1968-1978, volumes 1 and 2 (Ottawa: Minister of Supply and Services Canada, 1979). All data in the following pages are from this study, volume 1.

51 'Prime time' in this study is given as 6 p.m. to midnight.
The distribution of viewing time between categories of program content is also important for Canadian television. In 1976, of the total audience viewing-time on English language TV stations (Canadian and U.S.) in prime time, almost 76% of the time was devoted to 'entertainment'; this category includes plays, drama series, films, situation comedy series and light entertainment/music shows (p. 44). For French language television stations (all Canadian), the equivalent percentage was 68%. A closer examination of this preference for entertainment on TV reveals one of the central dilemmas of Canadian broadcasting. As the CRTC Special Report puts it (p. 47):

Much of the alarm of despondency about the intrusion of American "culture" arises from the fact that, in 1967 and 1976, more than 70 percent of all the programming viewed by Canadian audiences for English-language stations was of foreign origin . . .

Almost all of this 70% given to the viewing of foreign programs is given to the entertainment category (96%) and the programming is "overwhelmingly of U.S. origin" (p. 51). The viewing of American entertainment occurs not only through the tuning-in of U.S. stations but also through watching American programs on Canadian stations. By contrast, for French language television stations, 35% of total viewing hours in 1976 were given to foreign programming (virtually all of it entertainment). Canadian entertainment on French language TV retained 33% of total viewing hours from the French language audience (p. 49).

In summary, the CRTC study makes the following conclusions on audience patterns for prime-time television (pp. 59-60). First, the English Canada audience share for the public sector (defined as CBC network and owned-and-operated [O&O] stations) was 34.61% in 1967 and had fallen to 22.5% by 1976. In the same time-period, the private sector share had risen from 43.75% to 52.31%. For all the stations, the audience share for Canadian programming remained at 29% from 1967 to 1976. For French language television, Canadian programming increased its audience share from 58.69% in 1967 to 64.78% in
1976. Clearly, the experience and context of French language television services have been very different from those of English language television stations in Canada and their audience. However, since the late 1970s, there have been signs of change in the French language television audience. For one thing, cable TV subscriptions have increased significantly in Quebec since 1979. Apparently as a direct consequence of this, the amount of time spent by Quebec francophones in watching English-language TV (Canadian and U.S. stations) has also risen markedly—from 6% of viewing time in 1976 to 11% in 1983.\textsuperscript{52} The watching of English-language TV by francophones in Montreal is about twice as high as this provincial average. Even with this change in viewing behaviour, by 1983 Quebec francophones still watched significantly less foreign programming than did other Canadians—45% of total viewing time compared to over 70% by anglophone Canadians watching English-language Canadian TV stations.

Statistics on radio audiences are formulated differently, as already mentioned above, from those for television mainly because the content formats are so different. The most striking feature of the Canadian radio audience is the extremely small proportion of listening-time given to foreign stations. In Canada outside Quebec, the audience share for Canadian English language radio was about 97% in 1977 (an additional 1.5% was given to French language stations). In Quebec, the audience share for French language radio stations was about 75%, almost all the remainder going to Canadian English language stations (pp. 65-66). In all of Canada for both English and French language stations, there has been a trend for the

\textsuperscript{52}Federal Department of Communications and Ministère des Communications du Québec, \textit{The Future of French-Language Television}, May 1985, p. 17.
audience share of AM stations to diminish as the share for FM stations has increased from 1968 to 1977.

The division of the audience share between the public sector (defined as the CBC) and the private sector, has remained constant between 1967 and 1976 for the English language stations in English-speaking Canada, with CBC getting 19% and the rest (private, unaffiliated or U.S. stations) getting over 80% (p. 70). For French language stations in Quebec, the equivalent audience shares in 1977 were 34% and 76% respectively.

In conclusion, the audience for Canadian broadcasting can be described in terms of reach (or coverage), which is based on the households or individual Canadians who can receive specified numbers of stations. Almost all Canadians can receive one or more TV and one or more radio stations licensed in Canada. However, this does not mean Canadians invariably tune in to Canadian stations because other stations broadcasting in the U.S. are also available to many Canadians. While, in radio, very few Canadians appear to tune in foreign stations, a significant minority of the television audience do so. Even if the Canadian audience is tuned to Canadian stations, this does not mean they are watching or listening to Canadian programming content.

Therefore, it can be concluded that the audience share given to Canadian stations is lower than the audience reach and that the audience share given to Canadian programming content (especially entertainment) is lower than the share given to Canadian stations. The implications of this low percentage of total households (or individuals) preferring to receive Canadian programming content when it is available are at the core of the policy issues surrounding the Canadian broadcasting system now and in the past.
V. THE TECHNOLOGICAL ENVIRONMENT

The environment of the broadcasting policy field is defined as all those activities outside the policy field itself. Thus, what is perceived to be in the environment are those factors that influence the structures, processes and ideas at the core of the field but are more appropriately seen as part of the society as a whole. The environment can be described as consisting of numerous elements, each of which exerts its own particular influences on the policy field; these elements are also assumed to interact with each other in the wider society. An outstanding element in the environment of the broadcasting policy field is often referred to as 'technology' or the 'communications revolution'. This chapter examines some of the key aspects of this element of the environment.

In Canada, government responses to the perceived communications revolution have been going on in various ways at the federal level since the late 1960s, with the setting up of the Department of Communications, the launching of the Telecommission studies and other Task Forces. The most recent version of this type of study is the Clyne Committee Report.\(^1\) Provincial governments have also produced studies and reports. Canada is indeed rich in government studies of various aspects of the communications technologies although the extent of explicit actions directed towards gaining advantage for Canada is less clear. The general tone of these documents is that the 'revolution' is going ahead, with or without Canada's participation in it, and Canada must take account of (if not accommodate itself to) the changes

\(^1\) Department of Communications, Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Clyne Committee), *Telecommunications and Canada* (Ottawa: Supply and Services Canada, 1979).
that will occur internationally and, therefore, domestically. These changes are expected to occur in Canadian communications systems (which have economic, political and cultural consequences for Canadian society) as well as in the Canadian economic system.

The federal government's perception is that Canada cannot afford to be left behind in the technological 'race'. If it is left behind, then the Canadian economy is fated to be (increasingly) dependent on foreign technology, which would have several consequences: loss of the ability to influence technology system design in ways to suit domestic conditions; loss of highly skilled design, manufacturing and service-related jobs (potential or actual jobs); loss of potential export markets for Canadian products; increased dependence on the export of raw resources to maintain the trade balance; increased reliance on fluctuating world prices for resource commodities while imported high technology goods have escalating prices. This prospect does not make an appealing picture for a society that perceives itself to be advanced but whose economy is undeveloped in some respects.

Despite these concerns about the costs of not participating in the communications revolution, there is an ambivalence in Canadian policy attitudes towards communications technologies generally. While these technologies can offer—and, it is usually argued, should offer—the opportunity to enhance political cohesion and cultural development, at the same time these same technological systems can be and are being used as additional carriers of non-Canadian information. It is frequently claimed by federal policy-makers that the increased diffusion of foreign information in Canada could decrease national unity and prevent cultural development. So, communications technologies, including broadcasting technology, are seen as both potential national saviour and potential trojan horse. It has been observed many times in policy documents and other writings that distribution
technologies are well-advanced in Canada while at the same time the produc-
tion of domestic content to be carried on these systems has been weak. This
is not a new problem for broadcasting or other communications fields; it has
been a perennial policy concern. The concern has simply been exacerbated by
the rapid introduction of several new communications technologies at more or
less the same time.

New communications technologies that have been introduced in recent
years have had effects on the economics and politics of the broadcasting
system. Those with fairly direct effects have been: communications satel-
lite systems; pay-TV and specialty TV systems; video cassette recorder and
playback machines (VCRs). Other technologies that may soon affect the
broadcasting system are: home computers and video game machines; computer
network services; videotex services; optical fibre networks. Clearly, these
technologies are widely different in their characteristics and their scope;
the pressures exerted on the broadcasting system are also very different.

The technologies recently introduced are of most concern to this thesis
so some brief outline of their characteristics needs to be provided. First
and foremost, a communications satellite system has been operating in Canada
since 1972 and several systems have operated in the U.S. since about 1977.
A satellite system is basically a telecommunications relay system that has
its key transmitter-receiver antennas located far above the earth's atmo-
sphere. A satellite system consists of one or more (usually two or three)
satellites, a ground control centre and numerous earth stations or dishes
which may transmit and/or receive telecommunications signals. The content
of what is carried on those signals may be telephone conversations, data
communications, radio or TV programming. While, at first, it was assumed
that satellite linkages would be used almost entirely for telephone-type
traffic, their use for the transmission of broadcasting signals has rapidly
increased especially on the U.S. satellite systems. For some years, it has been assumed that the next stage of technical development would be the design and implementation of Direct Broadcast Satellites; even if such satellites are not developed for some years, the current satellite technology is capable of extending the reach of existing TV and radio stations and networks as well as providing vast audiences for new television and radio services not based on conventional broadcasting systems, and incidentally increasing the channels available via cable TV.

Pay-TV and specialty TV systems require the use of existing distribution technologies such as cable TV, satellites and occasionally over-air transmission. Added to that they need to have transmission techniques that prevent unauthorized reception; this means they must either use 'scrambling' techniques or other security devices that prevent access to specific transmission channels on cable TV or specific frequencies on other transmission systems. Virtually all of these techniques use complex electronic devices as the basis for their security. Pay-TV and specialty TV systems are based on direct payments by users who are also members of the audience for conventional TV and radio. If the numbers of subscribers were to increase substantially they would affect audience patterns and, thus, affect the economic viability of over-air broadcasters. So far in Canada, pay-TV and specialty TV services have not had significant effects on audience patterns but this may change. Due to the fact that these services depend heavily on cable TV for home delivery of their signals, the cable TV systems have been affected by the new services—not always advantageously.

Video cassette recorder and playback machines (VCRs) are self-contained systems allowing playback of pre-recorded video-tapes; these tapes usually contain popular movies from Hollywood although they may be TV series, self-help programs, children's programming or even pornographic content.
addition to using VCRs for viewing pre-recorded tapes, many households also use the VCRs for taping programming transmitted by television networks, stations or services (such as pay-TV). This taping may be for later viewing if the audience member cannot view the original broadcast or it may be for watching again a particularly enjoyable program. Obviously, the increasing use of VCRs to view pre-recorded or self-recorded tapes affects the audience size for conventional television, especially in prime-time hours. Furthermore, advertisers on commercial television are becoming increasingly concerned about the VCR households' habit of erasing the advertising content from self-recorded tapes, thus negating the advertisers' efforts to convey their messages to those households.

Other technologies that may soon affect the broadcasting system can be grouped as a) computer-based information and entertainment systems and b) a new transmission technology. First, the computer-based systems such as home computers, video game machines and computer networks do not seem to have much to do with broadcasting. Their effect will be indirect; because they are likely to use up leisure hours that might otherwise go to television-watching or other mass media usage, the increasing acceptance of these systems into households will probably affect the audience for broadcasting. Another type of computer-based system, videotex, may be different than the others although it is hard to predict how videotex services will develop. Videotex systems could provide topical information in visual form that may be a substitute source for some of the information currently received via the mass media, including broadcasting. Such information as the weather, news headlines, sports scores, retail prices and sales of household goods could be made available through videotex systems. If such systems were to develop in the future, they could affect broadcasting content and audience patterns for broadcast programming, especially those containing topical...
information. Broadcasters, cable TV operators and telephone companies may become involved in the ownership and operation of videotex systems.

Finally, one other imminent technology needs to be mentioned: optical fibre networks. Optical fibre technology is based on the transmission of light rather than radio waves and, because of this, can provide vastly increased capacity for carriage of information over any existing communications system. Also because it transmits light and transmission techniques now permit the translation of any analogue or digital signal into a code suitable for transmission as sequences of on-off light messages, the optical fibre system can carry signals of any kind, including radio and TV signals. Optical fibre linkages are currently being installed by telephone companies and it is envisaged by the telephone industry that virtually their entire telephone networks will be optical fibre links within twenty or thirty years. If their estimates are correct, the existence of a broadband, high speed transmission system that reaches most households will create a challenge for the cable TV systems and for over-air broadcasters. The present distribution systems used by the cable TV industry and by broadcasters could become unnecessary and increasingly inefficient if optical fibre systems are installed.

The communications revolution relates to broadcasting services not only by enabling broadcasting production and distribution techniques to be transformed through computerized processes and microelectronic devices but mainly through the potential and actual creation of other electronic distribution networks for broadcasting material and of other content formats. These new distribution methods and content formats create competition for audience attention against the traditional broadcasters—the so-called over-air broadcasting stations. They will also affect the market for cable TV and related services. Increased competition for audiences could mean
lower profits for private broadcasters and higher net costs for public broadcasters if the broadcasting system in Canada is to be maintained. The question then arises of whether the traditional policy concept of the 'broadcasting system' is still appropriate or whether it should be abandoned.

Increasingly, broadcasting can be seen as part of a wider 'communications system' in which all media of electronic communications are interchangeable and interconnected. These media would now include broadcasting, coaxial cable, telephony, telegraphy, data communications and satellite systems. As these systems 'converge' in their usage of digital transmission and their inter-connections, it becomes increasingly difficult to regard any of them as totally separate or even separable from the others. Furthermore, communications technologies that have permitted the establishment of the electronic communications systems can in turn be seen as part of a wider sphere: information technologies. As is discussed later on in this chapter, the information technologies are based largely on computer technologies but they also depend on the transmission of information through communications systems; the two sets of technology are inextricably inter-dependent.

The rapid expansion and development of information technologies has direct effects not only on the growth of communications systems; they also are having direct effects on the whole society through changing economic structures, work practices and users of leisure-time. The major transformation of industrial society that is assumed to be going on (or will shortly occur) is believed to lead to the 'information society'. The entire process of technological change involved at all levels has direct and indirect effects on broadcasting. The broadcasting system is under pressure to change technologically and the policy field is under pressure to adapt to these changes. The sources of this pressure need to be examined and
understood. Also, it is important to note that ideas about events are significant in policy-making. Ideas about the nature of technological change, about the communications revolution and the information society all exert this influence in the formation of policy about broadcasting in Canada.

Understanding Technological Change

If the influence of 'technology' on the broadcasting system is the most frequently alluded to cause of the policy crisis, it is also an elusive phenomenon to define. Technology has numerous different definitions attributed to it and, clearly, definitions affect how the phenomenon is perceived to exert influence in a society. Definitions vary widely from those focusing on mechanical devices or machines, to those recognizing the interrelationships between machines and social organizations, to those linking machines, social organizations and ways of thinking. As Langdon Winner has observed, 'technology' is now applied to a wide range of different phenomena and, while it is not possible to come up with a single definition that will be acceptable to everyone, it is useful to distinguish between three different levels of meaning in common use. First, there are the pieces of apparatus--tools, instruments, machines, appliances, weapons, gadgets--which are the "physical devices of technical performance". Second, there is the type of techniques needed to operate the apparatus and accomplish tasks--e.g., skills, methods, procedures, routines. Third, there is the type of social organization which can encompass various technical

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activities—networks, factories, bureaucracies, and so on. In the following discussion, my own definition of technology encompasses all three levels of meaning distinguished by Winner.

Dallas Smythe has observed that "the most common meaning of technology in Western capitalism is the full implementation in practice of some invention which has emerged from the R&D stage." However, he has also noted that many writers on technology have not defined the term at all but merely implied that it means 'modern capitalism' or some similarly general concept. He goes on to suggest that technology may be preferred as a tag for modern Western society because the former appears to be neutral or uncritical of the phenomenon. It does appear to be the case that, especially through the popular media, technology is discussed as though it were synonymous with progress, with the implication that it cannot be halted—although maybe it may be guided a bit. Communications technology in particular is popularly presented in terms of consumer devices that are progressive, modern and generally beneficial to people. This prevailing positive attitude is maintained even while there are periodically expressed concerns about the potential incitements to anti-social behaviour contained in violent, pornographic or otherwise exploitive media content, especially regarding television content.

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4 Smythe, op. cit., p. 219.

5 See, for example, public inquiries such as the Ontario Royal Commission on Violence in the Communications Industry (LaMarsh Commission), Report (Toronto: The Commission, 1977) and the CRTC Task Force on Sex-Role Stereotyping in the Broadcast Media, Images of Women (Ottawa: CRTC, 1982); there are also popular books such as Jerry Mander, Four Arguments for the Elimination of Television (New York: Quill, 1978) and John Wicklein,
The problem of causality regarding technology is one that many writers have wrestled with and it is not one that can be fully resolved. Jennifer Slack suggests it is not particularly useful to try to decide if technology is a cause or an effect of society when it is clearly both. She also argues that there are different models of causality underlying much of the writing on causes and effects of technology. Much of the literature on technology and society, especially that published in the 1960s and early 1970s, uses as the underlying model of causality a mechanistic one in which technology is seen as an exogenous cause having an effect or 'impact' on society in the form of 'social change'. Much of this writing is inherently conservative in its political stance because it tends to concentrate on short-term cause and effect relationships of specific technologies on particular segments of society, assuming that the major social institutions (e.g., corporations, governments, educational systems and so on) will remain powerful in the society. Ultimately, it is to take an uncritical view of contemporary society and to concentrate on how to make 'society' (i.e.,


people) adapt to changing influences in the immediate environment in the workplace or in the consumer marketplace.

It has been suggested by some more critical writers that to view technology as the starting-point of one's inquiry is to treat it largely as 'given' rather than as a social phenomenon in itself. It is, thus, to accept that technological innovation is occurring and will continue to occur, without questioning from where this innovative pressure comes. Political economists such as Herbert Schiller have argued that communications technologies and pressures for further innovations in communications in the U.S. come largely from major, multinational corporations and from interests in the armed forces and in government favouring increased expenditures on military R&D and hardware production. 9

As for many other areas of inquiry, the bulk of social science works published on technology has been written by Americans looking at the topic largely within the American societal context. To discuss technological change in a large, economically powerful society where much of that pressure for change is being generated is to study a comprehensible and remarkably self-contained world. However, the topic tends to look very different from within the context of a society other than the American one. This difference in viewpoint is well illustrated by two Canadian writers who have tackled, in various ways, the relationships between modern communications technologies and Canadian society: Harold Innis and Marshall McLuhan. 10

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9 See, for example, Herbert I Schiller, Mass Communications and American Empire (New York: Augustus M. Kelley, 1970); Vincent Mosco, Pushbutton Fantasies: Critical Perspectives on Videotex and Information Technology (Norwood N.J: Ablex Publishing, 1982), chapter 2.

10 For an interesting attempt to outline the similarities and differences between Innis and McLuhan, and to link them to a seemingly very different thinker--George Grant--see Arthur Kroeker, Technology and the Canadian Mind:
How does the technological enterprise of the modern world affect a society that is not the generator of the innovative pressure but receives it from outside its borders? In the sense that Canadian society is different from American society (at least politically), the technological pressure is exogenous to this society. The pressure is received and re-transmitted through economic structures that integrate the Canadian economy as part of the U.S. economy; the pressure is also conveyed through the popular media that operate transnationally, from the U.S. Ideologically, Canadian society is very much part of the Western industrialized world although the role its economy plays in that world is somewhat problematic.\textsuperscript{11}

Much of the literature on technology tends to discuss it in terms of its allegedly good or bad consequences—good and bad being highly qualitative terms that change meaning between users with different viewpoints. To argue that technology is, on the whole, good or bad is again to miss the point and the main result of such labelling seems to be to enable writers to dismiss their opponents as being either hopelessly optimistic ('Utopian') or hopelessly pessimistic ('gloomy' or 'Dystopian') in their views.

These opinions, even when they are amusingly expressed, are no more useful to a fuller understanding of the phenomenon of technology than are the views of those writers who take the position that technology is neutral because it can serve any end we may choose. Who 'we' are is never specified; the implication is that everyone in the society has a voice in the

\textsuperscript{11}See, for example, a recent treatment of this situation by Glen Williams, Not for Export: Toward a Political Economy of Canada's Arrested Industrialization (Toronto: McClelland and Stewart, 1983). Also for a more historical review, Wallace Clement, Continental Corporate Power: Economic Linkages between Canada and the United States (Toronto: McClelland and Stewart, 1977).
matter. That technology can have beneficial and harmful consequences, and at the same time, is evident. What is less often pointed out is that the benefits are not equally shared nor is the damage equally endured by all people (in an area, a society or the human world generally). The differential effects of technological change on people are crucial to any understanding of the influences of technology in any specific society.

One of the key aspects of writings about technology is the presumed direct relationship between technological innovation and increased economic growth. For many writers, technological innovation and economic growth are virtually synonymous terms and any suggestion of restricting technological change is tantamount to restricting economic growth—and therefore threatening everyone's economic well-being. Who could be against greater wealth generation? Presumably no-one with any common sense. John McDermott has suggested that writers who equate technological change and economic growth are usually arguing for a "laisser innover" stance, rather similar to the laissez faire stance of free enterprise proponents. The freedom of the economic structures to introduce technological innovations must not be hampered because, it is argued, that would interfere with the economic growth to follow from those changes. It is claimed that the innovations allow industries to become more efficient users of resources and capital as well as increasing worker productivity.

It is noteworthy that attitudes towards technology, as reflected in the academic literature, do change as economic circumstances have changed. Writers in the 1960s, when economic growth was strong and seemingly infinitely expandable, recognized there were social costs due to technological

change and were willing to contemplate, if not recommend, the slowing-down of change or redirection of change in order to ameliorate the damage. However, during and after the energy crisis of the early 1970s, writers were much less sure that economic growth was automatically assured; they were more likely to see the need to encourage technological change as a means to stimulate economic growth, even though they recognized this might require painful social adjustments for some.

Through the late 1970s and into the 1980s, the pressing need for new sources of economic growth seems to have led more writers to the view that technological change should be encouraged so as to create growth. Some have even gone so far as to state that growth is contingent upon technological change and cannot be achieved otherwise. To rely so heavily on one 'solution' to widespread and apparently deep-seated economic ills in domestic and international economies is alarming but it is an idea that appears to be firmly established in the public policy agendas of many developed countries, including Canada.  

The Information Revolution

Technological change appears to be proceeding at an ever-increasing rate in recent decades and this trend is attributed mostly to the creation of computer technology. Its widespread diffusion throughout manufacturing, processing and service industries, as well as in communications networks and the introduction of new computer-communications systems and processes, has

made 'the computer' the key technology of this time. The short term for this rapid and diffused form of innovation is the 'computer revolution' or even more broadly the 'information revolution'. While the use of the term 'revolution' is intended to indicate a period of change requiring major adjustments in social structure, the word is now so overused as to have lost much of the intended shock value. As Jennifer Slack has commented:

Many discussions about communication technologies and society use as their organizing principle the notion of communication revolutions. Today when researchers write about communication technologies, they commonly cast the discussion in terms of revolutionary change. We, as readers, are bombarded with claims for the computer revolution, the home video revolution, the cable television revolution, and on and on. Historians write about the print revolution, the electronic revolution, the electric revolution, the transistor revolution, or even something broadly conceived as the communications revolution. This interesting phenomenon—this attribution of revolution to changes in communication technologies—deserves careful initial analysis.

In a similar vein to the spate of revolutions observed or foreseen by social scientists, there has also been a considerable literature produced on the new society that will emerge from the revolutions. Most popular are the terms 'post-industrial society' and 'information society'.

Although the disciplinary approach and purpose of various authors can vary a great deal, there are a number of common threads which tend to emerge in this literature. These common threads are observations, supported by data of some type, about changes in developed economies in general or the U.S. in particular. In no particular order of priority, the threads are:

a) the increase, especially since World War II, in the numbers of white-collar workers—variously described as technical experts, scientists,

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14 'The computer' in this sense becomes simply a general term intended to encompass all the innovations made as a consequence of developing microelectronics and the integrated circuit or 'chip' upon which so many computerized devices are based.

15 Jennifer Daryl Slack, op. cit., p. 142.
professionals, service workers, planners, managers, educators and bureaucrats; b) the increase in the deliberate application of science and technology (R&D) to develop and implement new products and services; c) the growth in government activities by expanding service provision—especially in education and health—and by intervening in the economy; d) the growth in the size of private sector corporations which now dominate economic activity domestically (and often internationally in the case of large American corporations); e) the rapid development of computer technology and of electronic communications networks.

The importance of these common threads in relation to each other and the significance attached to particular details varies from one writer to the next. All of these trends can be summarized as meaning there is an 'information revolution' going on but this seems to overemphasize one aspect of the concurrent trends and ignore or under-rate others. Certainly, if the word 'information' is defined broadly enough, all of the above observations of change can be ascribed to changes in the quality and quantity of information exchanges in society. However, emphasis on another term (such as bureaucracy or education) could lead the analysis of available data towards the conclusion that there is a bureaucratic society or an educational revolution.

One of the key studies in this literature is Marc Uri Porat's elaborate work on a statistical analysis of American economic life viewed as the 'information economy'. This is a key study because it is frequently referred to in subsequent work by many other writers. The accumulative data

produced by Porat and his team indicated that 53% of all labour income in the U.S. could be described as earned by information workers and that 46% of the Gross National Product (GNP) was information-activity related. These data and others from Porat's study are often used to 'prove' the existence of an information economy in the U.S., to presume that other developed countries show a similar pattern of economic evolution and to predict that the information society is either imminent or has already arrived. Studies similar to Porat's have since been undertaken by the Organization for Economic Co-operation and Development (OECD) and the figures produced using a similar technique are taken as confirmation of the validity of Porat's analysis. It is, therefore, very important to look more closely at the Porat study in order to understand the significance of his data; from that understanding, it may then be possible to determine what factual support he provides to the various concepts, models and theories of the information society.

The question which Porat sets out to answer is: "What share of our national wealth originates with the production, processing and distribution of information goods and services?"\(^{17}\) He describes the focus of his study as the economy's 'information activity' and in several instances throughout the text he notes that such an activity is not definitionally the same as a sector in the conventional economic sense. In introducing his study, Porat indicates that the precursor of his work was the pioneer study by Fritz Machlup on the knowledge industries in the U.S.\(^{18}\) While Porat favours a focus on information and uses a different methodology for assigning

\(^{17}\) Porat, op. cit., volume 1, p. 1.

economic activities to categories, Machlup focussed on a broad definition of knowledge, which encompassed information. Despite their differences, these two studies are of a similar kind in attempting to isolate the economic activities associated with information as a commodity of a definable type.

The definition of information used by Porat is contained in the following:

Information is data that have been organized and communicated. The information activity includes all the resources consumed in producing, processing and distributing information goods and services.

This conceptualization of the information activity is a central element in Porat's work but his analysis should not lead anyone to conclude that there is now an information sector similar in kind to the traditional sectors of agriculture, mining, manufacturing and so on. Rather, the information activity occurs across most of the traditional sectors and, by disaggregating the data of those sectors, Porat was able to collect together selected pieces into a picture of the information activity. Such a technique could equally well be applied to the economy's 'food activity', as Porat points out in one example, or to the 'education activity.'

In developing data on information workers, Porat attempts to improve upon the earlier efforts of Machlup and Daniel Bell\(^2\) to quantify the scale of information labour by going into much greater detail than did the previous works. While recognizing that every human endeavour involves some informational activity, Porat decided to assign to the information sector any occupations which are primarily engaged in the production, processing or

\(^1\) Porat, \textit{op. cit.}, volume 1, p. 2 (author's emphasis).

distribution of information. As Porat notes, the rapid growth of information occupations since the Second World War is partly explained by the increased division of labour and specialization. As jobs became more specialized, as governments expanded their activities and as science and technology activities grew, the educational system responded by producing more highly trained and larger numbers of information workers.

Porat has taken a specific approach to the problem of quantifying the information economy. Within the definition and the constraints of the methodology used, he produced some interesting results. However, if the limitations of any statistical analysis methodology are overlooked, greater meaning can be read into the data than was intended by the statistician. In this case, there is a tendency by other writers who are using his data to forget how Porat created his information sector—i.e., that it does not parallel those more traditional sectors of agriculture, manufacturing and services but rather cuts across them. Another tendency is to misunderstand Porat's use of the term 'information industries' which he has grouped into primary and secondary information sectors. These industries include public (and non-profit) organizations such as schools and hospitals as well as private bureaucracies which are 'carried' by the production of goods and services in the corporations to which they belong. Most of these activities are not profitable in the usual sense so that the information industries could not be understood as all being profit-oriented enterprises.

Porat, op. cit., volume 1, chapter 7, and volume 8, Appendices 5 and 7.
Any statistical treatment of the U.S. information economy lends itself to various interpretations, depending on the context within which the results are viewed. From the Canadian context, the strength of the U.S. economy ( informational or otherwise) is of perpetual interest because of its influences on the Canadian economy. There is some evidence to suggest that the Canadian economy is 'underdeveloped', at least substantially less developed than those of the other nations usually represented at Economic Summits (the U.S., U.K., France, West Germany, Italy and Japan). What kind of underdevelopment is meant here? Glen Williams suggests that one criterion to use in measuring development is the degree to which exports are manufactured goods rather than raw materials. It is clear that while Canada has a large surplus of trade in raw resources, it is heavily dependent on importing manufactured goods. Williams points out that, leaving aside the Auto Pact (which distorts the trade in manufactured goods between the U.S. and Canada), Canada's percentage of finished goods as a proportion of total exports was only 22% in 1980—compared to 71% for Japan, 60% for West Germany and 52% for the U.S. Countries usually regarded as developing or semi-industrial, such as India and Brazil show an export record as good as Canada's (23% and 22% respectively).

By this one criterion, then, Canada seems to fall well below the nations it prefers to associate with. However, as Williams observes, there are many other criteria considered relevant as measures of development such as the degree of integration in the economy, the gap between productivity

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and wages, and investment levels.\textsuperscript{23} He concludes that the Canadian economy is not underdeveloped in the way that 'peripheral' economies are but Canada does suffer from a case of 'arrested industrialization' due to the underdevelopment of domestic manufacturing industries. The causes and consequences of this situation are complex but central to any discussion of it are the serious trade imbalances for Canada, the heavy reliance on foreign capital to invest in Canadian industries and weak export markets for Canadian-manufactured products; these consequences are inter-related, as is the vexed question of foreign ownership in the Canadian economy.

Wallace Clement states that the most significant sectors of the economy are foreign-controlled through ownership and investment, with only a few remaining predominantly controlled by Canadians: finance, transport, utilities and the mass media.\textsuperscript{24} He points out that the financial sector, even though Canadian-owned to a large extent, has assisted in the foreign control of the economy because Canadian investors have tended to prefer investing in U.S. corporations rather than the smaller, thus riskier, Canadian companies and Canadian banks have been very willing to lend to U.S. corporations wishing to invest in or acquire Canadian businesses. Technological leadership of U.S. corporations has also played its part in this process of foreign control, as Clement observes:

\begin{quote}
Not only did its technological lead give the United States an important wedge for entering Canada, but the effect of its branch plants has also been to appropriate the means of innovation and further reinforce its strength within the sphere of production.\textsuperscript{25}
\end{quote}

\textsuperscript{23}Ibid, p. 4.

\textsuperscript{24}Wallace Clement, Continental Corporate Power: Economic Linkages Between Canada and the United States (Toronto: McClelland and Stewart, 1983), Chapter 2.

\textsuperscript{25}Ibid., p. 88.
The attitude of the state towards foreign investment and foreign control in the economy has been somewhat ambivalent. On the one hand, it is firmly believed at the federal level—and even more emphatically by many provincial governments—that foreign investment is essential for Canadian prosperity. On the other hand, 'too much' foreign ownership is detrimental to Canadian sovereignty. Also, some sectors of the economy are seen as more crucial to sovereignty than others. For example, the communications sector has been seen by the federal government in this light whereas manufacturing has not received the same attention. As the communications sector expands to be called the 'information sector', it appears that the state will continue to regard it as crucial to Canadian prosperity. It seems to be a short step from this position to believing in the inevitability of the information revolution.

Following is a brief discussion of two representative examples of Canadian writing on the information economy and information society concepts. They are: Gordon Thompson's *Memo from Mercury* and Shirley Serafini and Michel Andrieu's report for the Department of Communications on the Information Revolution.  

In *Memo from Mercury*, Gordon Thompson bases his introductory remarks on the principal finding of the Porat study, namely that 53% of employment income in the U.S. is for information workers. He then goes on to claim that, since 1960, more than half of all American workers have been in information sector occupations although that does not agree with Porat's calculations even at the broadest definition of information worker which he

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sometimes uses. This reference to Porat's study, together with a reference to a statement by Edwin Parker (who was an advisor to Porat, incidentally) that the U.S. is shifting from an industrial to an information society, is all that Thompson gives to substantiate the reality of an imminent information society—at least in the U.S. How it relates to Canadian occupations and patterns of employment is not discussed. Thompson makes a strong equivalence between information workers and information technology (meaning machines) although Porat's study shows clearly that he includes many more categories other than those who work directly with such machines.

For Thompson, information technology can create great economic wealth if it is allowed to operate in ways which permit such wealth to be found and brought out. Although he insists that his is not a deterministic point-of-view, Thompson does appear to argue that information technology is subject to constraints which society should remove and that, until they are removed, information technology cannot reach its full potential. The assumption is that the technology should be given its head, economic benefits will then result and society as a whole will ultimately benefit. In Thompson's concept of economic development, each stage in our history (such as mercantilism and industrialization) has been held back by constraints of a previous stage until the new form is able to throw off those limits and then forge ahead to greater economic growth. As he sees it, the informatization of the economy is being held back by industrial structures which dictate large-scale centralized modes of production. In other words, Thompson appears to regard technology and technological development as autonomous and

\[27\] Porat, op. cit., volume 8, p. 44.
external to social structures. From that perspective, it is incumbent on society to adapt to new technologies as they come along so that they can reach their fullest development. 28

One key feature of Thompson's argument that wealth creation will occur when information technology can be fully developed is that information can be treated as a private good. 29 Without this concept of property attached to information, Thompson believes that his ideal future of an information marketplace cannot be achieved. This argument is a curious one because he uses the economists' classic definition of public and private goods. In theory, a public good is one which is in virtually unlimited supply and which, therefore, cannot be sold to consumers at a per unit price. Private goods, ideally, are those which are limited in supply and which can be controlled through property rights and sold for consumption at a certain price per unit.

However, there are many goods (and services) which are neither ideal public goods nor ideal private goods but are somewhere in between. Albert Breton has coined the term 'non-private goods' to cover many of those which have mixed characteristics and which are frequently produced or provided by governments. 30 Thompson's belief is that the new information technology allows the private control of certain information, which should be encouraged because it will create wealth for the information 'owners',

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28 Another Canadian writer who takes a similar approach is David Godfrey. See, for example, David Godfrey et al., Gutenberg Two: The New Electronics and Social Change (Toronto: Press Porcēpic, 1979), especially "Introduction" and chapter 4.


the sellers or traders and those who manage and control the information networks. 31

Thompson's whole discussion is made in general terms, without reference to specific societies or segments of society. The impression is given that all people will be equally able to generate (and, presumably, accumulate) wealth and that all nations are more or less on an equal footing as potential wealth-generators. This view of the information revolution as world-wide and democratic is fairly typical among many of the more optimistic writers on the topic. However, its lack of recognition of societal differences and contexts reduces its validity as a guide to future events.

A second kind of writing in Canada tries to take into account the nature of Canadian society and economy. An example of this would be the short book written by Shirley Serafini and Michel Andrieu of the Communications Economics Branch of the federal Department of Communications: The Information Revolution and its Implications for Canada. In many ways, it is a very interesting treatment of the complex issues concerning the growth of communications technologies; the document (which is described by its authors as a report) is also the closest to being a policy paper. It is one of a number of reports and studies produced by various government agencies and departments on the topic. 32

31 Gordon Thompson spent most of his working life in research and development work associated with the telephone industry, principally through Bell Northern Research.

32 The Science Council of Canada has produced numerous publications in this area. See, for example: Arthur J. Cordell, The Uneasy Eighties: The Transition to an Information Society, Science Council of Canada Background Study 53 (Ottawa: Supply & Services Canada, 1985); Science Council of Canada, Planning Now for an Information Society: Tomorrow is too Late (Ottawa: Supply & Services Canada, 1982); Science Council of Canada, Forging the Links: A Technology Policy for Canada (Ottawa: Supply & Services Canada, 1979).
The report starts from the position that there is an information revolution going on, manifested by the development of information technologies--electronic computing, communications networks, automated work machines and so on. As the authors say, this report's purpose is "to lay the groundwork for the formulation of policy proposals aimed at helping Canada to make the most of the information revolution". Several chapters are concerned with providing background information on various aspects of the information revolution related to technological development.

The report uses data produced by OECD on information workers which are categorized on the same basis as that developed by Porat. These data are for the period from 1950 to 1970 approximately and show an overall rise in the percentage of workers who have informational occupations for each country in the survey. The U.S. tops the list with over 40% in 1970, closely followed by Canada. Curiously, Japan has the lowest percentage of the eight developed countries shown although it has also got the highest growth rate over the past ten years. This anomaly should make one pause for thought.

The report provides an international context for the analysis of the information economy and this is important for several reasons. As the authors note, the division of labour between nations may partially explain the differences observed in proportions of information workers within each nation. This is relevant to the American economy which may show a lower percentage of non-information--specifically manufacturing--workers than

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33 Serafini and Andrieu, op. cit., p. 8.
34 Ibid., p. 12.
might be expected because its major corporations engage in off-shore production using cheaper foreign labour or taking advantage of tax incentives in other countries. Conversely, because the parent firms and head offices of many multinational corporations are based in the U.S., this may increase the proportion of information workers above that of other industrialized countries. It seems unlikely that either of these reasons applies to Canada therefore other rationales would have to be explored for this economy.

The authors tentatively suggest that Germany's information workers are a lower percentage of labour force because it has a strong industrial base while the U.K. is strong in banking and insurance, both high in information workers. Another possibility for Britain could be the heavily bureaucratic nature of social service provision, which also requires large numbers of information workers, but this is not mentioned by Serafini and Andrieu. They do admit that the explanations they give are "just tentative and superficial rationalizations of the data. Only a more serious analysis could provide a full explanation". This could be a fruitful area for research and might well help our understanding of the structural differences which underlie the aggregate data of information activity in national economies.

The authors note the close relationship between increases in the service sector and growth in information-related activities which is common to all industrialized economies and, they say, particularly striking in Canada. In 1971, 76% of information workers belonged to the service sector. Unfortunately, no Canadian data are available on the proportion of the GNP provided by information workers so no comparison of this type can be made.

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36 Ibid.
with Porat’s data for the U.S. Nevertheless, the authors conclude that the Canadian economy is sufficiently like that of the U.S. for them to assume the Canadian information sector is making an increasing contribution to the GNP. They do caution that the information activities which are non-market in character are particularly difficult to measure and that measurement by using inputs as equivalent to output may be subject to serious inaccuracies—a comment which might be directed towards the way in which Porat measured his secondary information sector. This criticism is particularly noteworthy for Canada where a significant portion of economic activity is carried on in the public sector, much of it in a non-market or quasi-market context.

Serafini and Andrieu go on to comment briefly on the possible reasons for increased demand for information goods and services (not explicitly defined but presumably similar to Porat’s definition). The reasons given include: changed production techniques in manufacturing caused by use of computer technology; the demand for consultative services to steer people through a complex society; the increased role of government which leads to growing bureaucracies; growth of private bureaucracies due to the increased size of firms; increased household demand for such goods and services because of rising real incomes. Growth in the information sector of a non-market nature could be due to such factors as increased education services for a larger population, increased public and private support of scientific and technical research and the increased provision of health and unemployment services by the public sector. The authors suggest that the proportion of information workers in education will decrease as the school age population declines in the 1980s although this assumes that the demand for higher levels of education from all ages of the population will not compensate for reductions at the school level.
The authors conclude, on the basis of available data, that the growth in information employment observed in the past four decades may taper off in the near future. Unlike others, they do not extrapolate past trends into the future with ever-increasing proportions of workers being classified as information workers. On the contrary, taking the view that there will not be growing opportunities for employment in the information sector as it is structured at present, the authors are concerned that other sources of employment for the future must be actively sought in Canada. They see those possibilities in the growing usage of information technology to produce goods and services. As they put it, "The application and diffusion of information technology throughout the economy is a central issue. They will probably not only strengthen Canadian industry, but also significantly contribute to solving other pressing issues raised by the information revolution". In their view, Canada has no choice about introducing the new technologies if it is at least to maintain, and preferably strengthen, its economic competitiveness internationally. They suggest the Canadian approach should be based less on creating new technologies but on adaptation of those developed by others, through various technology transfer arrangements with foreign companies.

This approach to the future economic health of Canada could be described as an acceptance of the information economy's existence and a recognition of the need for a suitable policy framework in which the economy should grow. Very little is said about the character of the future information society so that no concept of this is apparent other than awareness of social 'issues' which will become prominent with increased usage of

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\[37\text{Ibid.}, \ p.95.\]
information technologies. Issues such as personal privacy, trans-border data flow (TBDF), cultural and national identity and access to information are touched upon but not as much length. Such 'issues' have been discussed endlessly in Canada in numerous documents.

At one point in the discussion, the authors refer to information technology as a solution in search of a problem but perhaps it could be said they have identified a problem—decreasing capability to compete for international trade—and have selected information technology as the solution. They are not the only writers in Canada (or elsewhere) to do this.
VI. INTRODUCTION TO POLICY PROCESSES

The Technology Challenge

In chapter V, discussion of the technological environment indicated that the recent pressures for change in the policy field are part of what is often called the 'information revolution'. At the core of this revolution is the development of computers and their introduction throughout the economic structures of industrialized societies. Related to the computerization has been the rapid growth in capacity and number of communications distribution systems ('networks'); outstanding among these systems has been the communications satellite system although a variety of other systems have also been introduced over the period of the last twenty years. Many of these technical systems have been described extensively and anticipated by many writers for years. Even though the federal government in Canada foresaw the introduction of various communications technologies and tried to envisage how they could be used for the benefit of Canadian society, the actual introduction of the technologies has not been easily managed or orderly.

It is being argued here that the proper role of satellite systems in broadcasting is at the centre of the current crisis in Canadian broadcasting policy. It is also argued that the technological challenge of satellite systems has required the expansion of the policy field to include more structures and processes and a re-orientation of the field to centre on the Minister of Communications (rather than the CRTC or the CBC as in the past). The basic argument is as follows. The technological environment of Canadian society has produced strong pressures for change in the broadcasting policy field. The key element in the technological environment for broadcasting is
satellite technology, in Canada and the U.S. When policy change is required, all elements within the policy field have to be capable of change. The core elements of the field—processes, structures and ideas—do not change at the same rate or to the same extent. The nature of the changes in the policy field will have effects on the policy actions undertaken, that is on the use of the governing instruments such as regulation, public ownership, taxation and so on.

Policy processes can change most readily because they are not usually written down or institutionalized; new processes can be developed in response to need, especially by Cabinet or Cabinet ministers in a parliamentary form of government (statutory agencies are not as free to develop new processes although it can be done). Policy structures are less readily adaptable because they depend on legislative mandates that have proven difficult to change in the Canadian parliamentary system; structures are also slow to change because of bureaucratic inertia, corporate momentum and legal restrictions from interpretations of their mandates. However, a structure can change in its degree of authority in relationship to other structures in the policy field (or other fields by which it could be affected). In the parliamentary system, government departments are more easily adapted than are independent agencies; the former can be altered structurally, take on new responsibilities, be given larger budgets by Parliament through Cabinet decision, and so on. The role of the department minister is crucial in these changes.

Policy ideas are least easily changed because they are rarely if ever explicitly discussed or examined in the policy field; ultimately, these ideas are based on normative values, firmly held, and their resistance to change can be an obstacle to the solution of a policy problem because they can prevent specific policy actions from even being considered. Basically,
policy ideas about broadcasting in Canada were formed at a time when there was a much simpler technological environment (the 1920s and 1930s). Now, broadcasting is part of a complex communications/information infrastructure that is continually expanding and rapidly changing. Broadcasting is not insulated from the other communications systems and their usages; this is especially the case with satellite systems and broadcasting.

If it is the case that the core elements of the policy field must interact upon each other although they are not capable of responding to pressures for change to the same extent, then it seems likely that a policy crisis would arise. This is particularly likely where the pressures for change are extremely strong and exerted over a short period of time, as has happened in Canadian broadcasting with the introduction of satellite distribution systems in Canada and the U.S.

The use of satellite technology to improve and extend the distribution of television and radio programming to Canadians has been enthusiastically discussed by the federal government since the 1960s and its attitude was clearly stated in the 1968 White Paper on A Domestic Satellite Communication System for Canada, issued by then Minister of Industry, the Honourable C. M. Drury. According to that document, a domestic satellite system could have significant benefits for the distribution of television service in Canada. First, it could make TV service available in both English and French across the country, as had not been done to date. Second, it could do this at a lower cost and sooner than would be possible through expansion of existing terrestrial distribution facilities. Third, it would allow the extension of television service to many areas of the country previously unserved because of their remoteness from the main centres of population and
from the U.S. border. It was also recognized that satellites could extend radio services but the need for this was seen to be less immediate.

Telesat Canada was established by statute in 1969 with an exclusive mandate to own and operate all communications satellite systems in Canada. Its mandate appeared to include the ownership of all satellite signal receiving equipment (called earth stations or more commonly now called dishes). Even the CBC was limited to leasing, rather than owning, the dishes in locations where it was the only Telesat customer of signal reception.

An incident occurred in 1976 which gave some indication of possible policy difficulties ahead. The small community of Teslin, Yukon Territory, decided it was unwilling to wait any longer for television service. It might eventually receive CBC Television when the Corporation had dealt with all communities which had higher priority, according to CBC criteria under the Accelerated Coverage Plan, but that could be years away. The Teslin community association had looked at the possibility of receiving TV signals via microwave but found that a satellite receiving antenna would be much cheaper. For $40,000 the community paid for the purchase and installation of earth station equipment with a 15-foot antenna to provide an acceptable signal quality of the CBC Anik-relayed television service. The association

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2 The following description of the Teslin incident is from: Gordon D. Hutchison, "Telecast versus Teslin: Wherein the big satellite company takes on a small Yukon village", Financial Post, March 27, 1976, p. 13.

3 The Accelerated Coverage Plan was introduced in 1974 under special Parliamentary appropriations to extend CBC's primary services to unserved communities of 500 or more people. Teslin had only about 350 people in 1976.
applied for and was granted a CRTC licence to receive and rebroadcast the CBC's Northern Television Service signal, provided they had the approval of Telesat and CBC. The latter was agreeable to this provided it did not have to pay any of the costs but Telesat was adamantly opposed to community ownership of the earth station.

Up to this time, Telesat had been building earth stations for the CBC for about $135,000 and leasing them to the corporation for approximately $100,000 per year. The Teslin earth station was of lower technical quality yet still provided an adequate signal at a fraction of this cost. Telesat then offered to lease a more modest earth station to the community for $19,600 per year; the Yukon territorial government became involved on behalf of several communities and said it would pay up to $15,000 per year per community to lease the dishes from Telesat. Negotiations between Telesat and the Yukon government reached an agreement on the provision of earth stations to four communities; Telesat would acquire and deliver the equipment in crates then the communities would be responsible for installation and maintenance of the equipment. The government agreed to pay an annual lease fee to Telesat of $13,900 for each dish; the dishes would be capable of receiving one TV channel of CBC only.

So, for the moment, Telesat preserved its monopoly ownership and leasing of earth stations but the incident sparked the interests of the major users of Anik satellites in the idea of eventually owning their own receiving equipment. At much the same time, the federal government was

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5 Gordon Hutchinson, "Teslin's 'pirate' TV changes a policy", Financial Post, May 22, 1976, p. 36.
initiating a series of experiments with the Hermes and Anik B satellites to
test the possibilities for using much smaller dishes than had been possible
with Anik A. Smaller dishes meant lower costs for purchase, lease and
maintenance and would seem to encourage the development of less restrictive
ownership rules for earth stations.

In January 1976, the Communications Technology Satellite (CTS) was
launched as a joint endeavour by the federal Department of Communications,
NASA in the U.S. and the European Space Agency (ESA). One of the primary
objectives of the satellite was "to demonstrate high-power television and
other transmissions to small, low-cost earth stations". Experiments using
the satellite, now called Hermes, began in April 1976 and continued until
June 1979. The Department was responsible for the operation of the
satellite and the management of the more than 20 "social" experiments
carried out. While this was going on, the Department was also engaged in
planning and design of the 'hybrid' satellite Anik B, which would be owned
and operated by Telesat. Whereas Hermes operated only in the 12-14 GHz
range and had 200 watts power, the Anik B satellite was designed to operate
in this higher range as well as in the more usual 4-6 GHz range. Anik B was
launched in December 1978 and went into service in February 1979 (while
Hermes was still in operation). About 17 'pilot projects' were developed
(from the Hermes experiments) to use the 14/12 GHz transponders (trans-

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6 Department of Communications, Annual Report 1974-75, p. 11.
7 Department of Communications, Annual Report 1975-76, p. 11.
8 The social experiments were mostly projects to use satellite communications
for the improvement of educational or health services in remote areas;
experiments were also conducted by several native communications
organizations in the North. These experiments should be differentiated from
the technical experiments to use Hermes and its successor for direct-to-home
TV distribution.
mit/receive channels) of Anik B; these transformers were leased by the DOC from Telesat at a cost of $34 million over 2 years. In September 1979, a 'world first' was achieved

... when Anik B began transmitting 12 hours a day of educational TV programming direct to rural homes, community centres, small cable TV systems and low power broadcasting stations in north-western Ontario. Similar broadcasts began in December in northern British Columbia, the Yukon and the Northwest Territories.

Even though the Anik B transponders could only provide 20 watt power output, the dishes being used were either 1.2 metres or 1.8 metres in diameter—considerably smaller than the 4.5 metre dish needed in Teslin in 1976. All the non-commercial experiments and projects on both experimental satellites benefitted from having free satellite time and the provision of earth station and other equipment by the Department. However, this could not be provided by the DOC forever and the experimentation came to an end in the fall of 1982 when the DOC's lease of Anik B transformers finished and, the Department hoped, the experimenters transferred their activities to use of the new Anik C satellite's commercial operations. By 1979, the DOC had demonstrated the technical feasibility of direct broadcast via satellite (DBS) and increasing attention was being paid in the 1980s to the planning for full DBS technology, which it was assumed would be the next phase in satellite development. (Studies on DBS began in April 1981 and the Department issued an information paper, intended to encourage public discussion, in June 1983.)

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9 Department of Communications, Annual Report 1978-80, p. 16.
10 Ibid.
11 See, for example, "Dishes and Space no Pie in the Sky", Maclean's, October 26, 1981, p. 51.
12 Department of Communications, Direct-To-Home Satellite Broadcasting for
While all the social experiments and technical advances encouraged by the DOC was going on with Hermes and Anik B, there were other developments which required the involvement of the CRTC in questions about extension of service to isolated communities and, later, in questions about the usage of satellites in extending the reach of broadcasting signals. During the period from 1977 to 1979, the Federal Communications Commission (FCC) in the U.S. had gradually changed its regulations on earth stations.

In 1977, the FCC removed its restriction on the minimum size of earth station dish (it had been 9 metres). This permitted the use of 4.5, 5 and 6m dishes at much reduced cost for the owner. At the lower prices, cable TV system operators began to acquire their own dishes and more TV services became available via satellite to gain access to the 'new' cable market. By 1979, over 20 TV services were available via satellite to U.S. cable TV operators. In October 1979, the FCC approved voluntary licensing of TV receive-only (TVRO) dishes, which further encouraged the use of such dishes, by cable TV operators among others.\(^\text{13}\) This move by the FCC helped to reduce installation costs for dish-owners but left them with the risk of encountering major frequency-interference problems. A slower and more costly procedure could ensure interference-free reception.

The liberalization of the FCC rules on earth stations had repercussions in Canada because it led to increasing numbers of TV signals being distributed via satellite (to cable TV systems mostly). Because U.S. satellite beams did not cover only U.S. territory but spilled over much of Canada as well, these signals could be received by earth stations almost anywhere in

\(^{13}\)"Deregulating the dishes: FCC lets loose earth stations", Broadcasting, October 22, 1979, p. 28.
the country. By early 1979, this fact had dawned on a number of Canadians, often those who lived in isolated communities in the mid-North. The consequences of this regulation were the installation of illegal dishes and the ensuing efforts by the DOC and the CRTC to deal with this policy problem.

While the short history of satellite technology in Canada has been strongly affected by federal government initiatives, the history of several other new broadcasting-related technologies has been very different. Specifically, in the case of new technical systems that require broadcasting licences, the pressures for innovation have come primarily from entrepreneurs, rather than from the federal government. These systems can provide the TV services known collectively as "pay television" although the CRTC has chosen to distinguish between "pay-TV" (a general interest service for which the full cost is borne by the subscriber), "specialty programming services" (which are intended for special interests or segments of the general audience and which may be partially funded from advertising revenues or other sources) and "non-programming services" (which are alpha-numeric information services or monitoring services). Since the early 1970s, cable TV operators particularly the multi-system operators (MSOs), have been pressuring the federal government for permission to provide satellite-distributed pay television

14 Several provincial governments (B.C., Saskatchewan, Ontario and Quebec) have taken an active interest in pay television and other new cable-distributed programming services. The encouragement given by these governments to such developments has become a factor in the policy process, as is described in chapter VIII.
services via cable. Through several public hearings and lobbying efforts at both federal and provincial levels, the cable TV industry, the over-air private broadcasting industry, the CBC, Telesat Canada, film and video program producers, equipment manufacturers and others put forward their views on how pay television should be handled. The introduction of pay television technology in Canada can be regarded as a rather clear example of the influence of pressure groups in public policy-making.

The development of research and design of communications satellites in Canada grew primarily from the space research being carried out by the scientific community, mostly in government laboratories. The impetus for investment in communications satellites for a domestic satellite system came from the federal government. While it was evident that satellite communications linkages require the use of radio frequencies, and the user must be licensed for this purpose, it remained unclear for some years after the launch of Canada's first communications satellite (in 1972) to what extent the operation of the satellite system would impinge upon existing broadcasting services and broadcasting licences. By 1976, it was becoming apparent that satellite systems in the U.S. and Canada would affect each other's operation and each could affect the domestic and neighbouring broadcasting system by changing the possibilities for signal distribution. If this were so, then the broadcasting policy field would have to adapt to the changing circumstances.

15Cable TV licensees, being licensed federally, have preferred to lobby federal authorities and have remained at a distance most of the time from persuading provincial governments to act on their behalf. However, individuals and corporations not holding federal licences have engaged in lobbying at the provincial level.
Whether or not one calls this technological determinism, the extension of U.S. hegemony or public policy pragmatism, events show that satellite-broadcasting 'technology' has been introduced in Canada and the U.S., is being introduced in Western Europe, Japan, Australia and other industrialized and industrializing countries. The pressures for technological change in Canada have come partly from the federal government itself and partly from industrial pressures--from equipment manufacturers, equipment retailers, program producers, program packagers and broadcasting (including cable TV) licensees both in Canada and the U.S. The political decisions about how to respond (or not respond) to the technological 'challenge' of satellites have been and remain complex; a clear resolution of the acceptable relationship between satellite distribution, program production and broadcasting systems has yet to be achieved in Canada.

The Period Under Study

The time period chosen for study is for 1976 to 1983. Throughout this period, numerous actions were taken both by policy-makers and by those affected by the policy framework on broadcasting. The processes historically used in the broadcasting field underwent changes as new pressures came to be exerted and urgent demands for policy actions were heard. To provide a complete picture of all related events in the policy field is not possible so three aspects from which to perceive the policy processes have been selected. These aspects are inter-related, to some extent they deal with the same events and, in my view, they all have been strongly influenced by the introduction of domestic satellite systems in Canada and the U.S. The three aspects can be summarized as: a) the extension of broadcasting-type
services via satellite distribution; b) the introduction of pay television services; and c) the development of the program production industry in Canada.

Choosing the period of time relevant to the current policy crisis depends on perceptions of crucial events. The year 1976 is being taken as a watershed in the broadcasting policy field because it was then the possible effects of satellite systems on broadcasting became apparent to policy-makers in Canada. By that date, satellite transmission for intra-national (usually termed 'domestic') usage had been going on in Canada and the U.S. for about three years. Although the vast majority of the signals transmitted were carrying telephone and data communications traffic (usually labelled collectively as telecommunications), some radio and television content was also being relayed via satellite for networking purposes. The end-date of 1983 has been chosen because that was when a major policy paper was issued on broadcasting and the challenge of new technologies.

There were, of course, preceding events that are significant in the history of satellite usage. In late 1972, the first of the Anik A series of satellites was launched by NASA on behalf of Telesat Canada; the operation and usage of this satellite in early 1973 inaugurated the first domestic geostationary satellite communications system in the world. In 1973, the CBC started to use satellite distribution for radio and television signals to feed its national networks and also to extend service coverage to remote and Northern communities.

The early 1970s was also the time when pay television services in the U.S. began in profusion; one of the services that survived was started in 1972 by Home Box Office (HBO), using microwave links between New York and participating cable TV systems in the north-eastern States. In 1975, HBO
began distributing its pay TV service via U.S. domestic satellite direct to cable TV systems across the U.S. Also in 1975, the CRTC held its first full-scale policy hearing on cable television; one item on the agenda was pay-television which, the Commission decided, need not be introduced in Canada for the foreseeable future.

In 1976, three significant events took place. In a speech to the annual convention of the Canadian Cable Television Association, the Minister of Communications (the Honourable Jeanne Sauvé) declared that pay-TV in Canada was "inevitable". It was also in 1976 that the first satellite receiver dish not owned by Telesat Canada was installed and operated unlicensed in Canada; that happened at Teslin, in the Yukon, and was an omen for changes in satellite-broadcasting connections. Thirdly, it was in 1976 that the CRTC became responsible for federally-regulated telecommunications carriers in addition to its broadcasting regulatory role.16

The evolution of telecommunications policy also impinged upon the broadcasting policy field in the early 1970s. From its inception in 1969, the federal Department of Communications focussed its attention on telecommunications, computer/communications and the observed convergence of communications technologies which was leading towards the information revolution. The establishment of a task force of public servants from various government departments to collect and publish information about the imminent communications explosion helped to alert federal and provincial policy-makers about the importance of these developments for Canada. In 1971, the task force

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16 The Canadian Radio-Television and Telecommunications Act, S.C. 1974-75, c. 49, was proclaimed on April 1, 1976, and transferred to the Executive Committee of the reconstituted CRTC the regulatory authority over certain telecommunications carriers formerly exercised by the Canadian Transport Commission under the Railway Act and the National Transportation Act.
(called the Telecommission) published a series of over 40 studies and a summary report called *Instant World*. It was anticipated that the materials gathered and responses to the studies would enable the Minister of Communications (then the Honourable Eric Kierans) to table in Parliament a White Paper on communications policy.

However, this did not prove to be an easy task and by March 1973 the government was able to produce only a Green Paper. In November 1973, the first federal-provincial conference of ministers responsible for communications took place and discussion of the Green Paper was the focus. The federal minister's approach was that there was a need (due to a 'technological revolution') for a national policy to coordinate federal and provincial regulations of telecommunications and to integrate with that the federal field of broadcasting policy. Somewhat to the surprise of the Minister of Communications (the Honourable Gérard Pelletier), the provincial ministers objected strongly to the federal view. The conference ended without any agreement on the parameters of a national policy. A second federal discussion paper, issued in 1975, received little support either, at the second federal-provincial ministers' meeting.

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19 See the Conference Papers of the Federal-Provincial Conference of Ministers Responsible for Communications, 29-30, November 1973, especially the "Joint Provincial Statement", Statement by Mr. Jean-Paul L'Allier (Quebec Minister of Communications), and the Quebec document *Québec: Master Craftsman of its own Communications Policy*.

20 Minister of Communications, *Communications: Some Federal Proposals* (Ottawa: Information Canada, 1975). To distinguish this from the Green Paper of 1973, this document is often referred to as the "Grey Paper"
 Particularly prominent in the disagreements between Ottawa and the provinces were Quebec and the three prairie provinces. Quebec's objections were based on the argument that the provincial government needed to control broadcasting developments in order to meet the cultural objectives of the Francophone majority in the province. While the whole field of 'communications' (understood to cover both telecommunications and broadcasting) was and remains of interest to Quebec, it concentrated for some years on the need for provincial jurisdiction over broadcasting, particularly cable TV.

In 1973, the Quebec government tried to regulate some aspects of cable TV systems through the introduction of a licensing procedure administered by the Quebec Public Service Board (Régie des services publics). This action forced the Quebec cable TV operators to deal with a dual licensing system and created acute problems for a few licensees. A series of court actions followed which took until 1977 to be finally resolved by the Supreme Court of Canada when it confirmed that the federal government had exclusive jurisdiction over cable television (but not over closed-circuit cable TV systems that do not carry broadcasting signals).

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21 The Quebec Public Service Board Act is the responsibility of the Minister of Communications. Under the Communications Department Act (S.Q., 1969, ch. 65), section 3a, Regulations were issued in the Quebec Official Gazette in 1973 for the regulation of "cable distribution public services" in Quebec. The Public Service Board was made responsible for administering these Regulations.

22 Judgement was given on November 30, 1977, on the case of CRTC and Francois Dionne et al., v. la Régie des services publics et al. For an analysis of this case, see for example, C. Christopher Johnson, "Supreme Court Thinking on Cable Jurisdiction", Communiqué (CCTA), vol. 1, no. 3 (Winter 1978), pp. 11-14.
The prairie provinces were also concerned in the early 1970s about what they saw as the extension of exclusive federal jurisdiction from over-air broadcasting to cable television and the proposed intrusion of federal authority into what had been a provincially-controlled area of telephone company regulation and ownership. While it would be incorrect to say that the prairie provinces were not interested in the cultural argument advanced by Quebec, they placed a higher value on arguments concerning their historic rights to own and control telecommunications carriers and systems in their territory. Any technological developments that threatened the telecommunications systems and their economic viability concerned the prairie governments for social as well as economic reasons. As they saw it, changes in the availability of telecommunications services, especially in the rural areas, would affect the survival of small towns and farming communities throughout the region.

As far as the prairie provinces could see at that time, cable TV systems—which were not much developed in Saskatchewan or Manitoba then—could become competitors of the telephone companies in the provision of some services such as pay television or information services. This type of competition was not acceptable to them. To prevent it, the prairie provinces sought to exert control over the physical installation of cable TV technology. In November 1976, the Manitoba government signed an agreement with the Government of Canada which allowed the provincial telephone company (MTS) to own almost all of the physical plant of the cable TV systems in its territory in exchange for acknowledging the federal government's exclusive authority to regulate other areas such as broadcast programming content. However, the prairie provinces were also concerned in the early 1970s about what they saw as the extension of exclusive federal jurisdiction from over-air broadcasting to cable television and the proposed intrusion of federal authority into what had been a provincially-controlled area of telephone company regulation and ownership. While it would be incorrect to say that the prairie provinces were not interested in the cultural argument advanced by Quebec, they placed a higher value on arguments concerning their historic rights to own and control telecommunications carriers and systems in their territory. Any technological developments that threatened the telecommunications systems and their economic viability concerned the prairie governments for social as well as economic reasons. As they saw it, changes in the availability of telecommunications services, especially in the rural areas, would affect the survival of small towns and farming communities throughout the region.

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this argument did not fit in with existing CRTC licensing practices for

cable TV and further disputes arose between MTS, the cable TV operators and

the CRTC. 24

The Saskatchewan government also was concerned about the relationship

between cable TV development and telecommunications services in the province

not only because of possible economic effects on its provincially-owned

carrier Saskatchewan Telecommunications (Sask Tel) and possible social

effects on rural communities. An additional concern was that the province

wanted the cable TV systems to be owned by local cooperatives, not by

private individuals or corporations. The difference between provincial and

federal views regarding ownership of cable TV systems erupted into a major

dispute in 1976 when the CRTC held public hearings on licence applications

to serve several large towns and cities. The province claimed the right

through Sask Tel to control the distribution hardware of all cable TV

systems and indicated that only cooperatively-owned licensees would be

permitted to negotiate into Sask Tel for the installation and use of cable

TV systems. Of the four licences issued by the CRTC after the 1976 hearings,

two were for cooperatives and two for private entrepreneurs. The dispute

dragged on through a complex series of negotiations involving the federal

minister, the provincial minister, Sask Tel, the licensees and the CRTC. In

the regulation and supervision of all broadcasting and broadcast-related

services (including pay TV) distributed by the Manitoba Telephone system,

while at the same time recognizing the responsibility of the provincial

government for the regulation and supervision of other telecommunications

services distributed by this carrier".

24 The CRTC policy required cable TV licensees to own at least the receiving

antenna, house drops and amplifiers in a cable TV system but the

Canada-Manitoba agreement conceded the ownership of all the hardware to the

provincial telephone company. It was not until September 1978 that the CRTC

changed the conditions of licence for several Manitoba cable operators to

make them compatible with the federal-provincial agreement.
late 1977, the dispute was more or less resolved by the CRTC conceding that Saskatchewan cable TV licensees need not own more than the house-drops as a condition of licence while the rest of the cable TV distribution system (and all installation work) would be Sask Tel's.

The ownership and operation of the cable TV systems enabled Sask Tel to determine the usage of the systems for purposes other than the relay of broadcasting signals. One use was to establish a closed-circuit pay television service, operated by a federation of cooperatives in Regina, Saskatchewan and Moose Jaw called the Cooperative Programming Network (CPN). The service was not licensed by the CRTC and was not challenged by the federal government through court action. The service encountered severe technical and structural difficulties and only lasted from late 1977 to early 1979.25

While this venture into pay television was economically costly for the province, the operation of the service was mainly intended to make the point that the federal government did not have total jurisdiction over pay television or other TV services if they could be delivered solely via telecommunications networks. If this could be done through telephone systems, why not through satellite systems—another form of telecommunications network? A few provincial ministers began to think about the possibility.

From 1973 onwards, a number of efforts were made to work out a political settlement between federal and provincial governments on the sharing of jurisdiction over communications or on some other division of authority over specific areas such as cable TV and telecommunications services.26 Ultimate

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26 See, for example, Hazel Strouts, "The Future of Cable: Federal or
mately, none of these efforts was successful on a nation-wide scale so there has been no consensus on a national communications policy. While conventional broadcasting was generally conceded to fall within the exclusive jurisdiction of the federal government, there was no such agreement on new television services or new broadcast distribution systems.

In summary, new communications technologies are increasingly impinging upon the traditional broadcasting system in Canada. The technology identified as having had the greatest effect on the system, and therefore on the broadcasting policy field, is satellite distribution of broadcasting signals. Related to it has been the development of pay-TV services of various kinds. Both of these developments have raised again the questions about the Canadian 'character' of the broadcasting system. In essence, these inter-related developments can be seen as three aspects of the technological challenge precipitated by the establishment of satellite networks in Canada and the U.S. In the following chapters, the three aspects of extension of service, pay television and Canadian program production are examined in terms of the processes through which the policy field attempted to respond.

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Provincial?", Broadcaster, February 1978, p. 28.
VII. EXTENSION OF SERVICE

In March 1983, the Minister of Communications issued a long-awaited 'strategy' paper on broadcasting policy.\(^1\) This document was the culmination of major efforts in the Department of Communications policy sector to respond to the changing "technological environment" with new policy initiatives. A significant part of the environment was seen to be the use of satellites for distribution of new television and radio services in the U.S. and the strong possibility that within three years (i.e., by 1986) there would be DBS services operating in the U.S. and receivable in Canada.

Essentially, the existence of U.S. domestic satellite systems and their carriage of an increasing range of TV services (mostly pay-TV, specialty programming and so on) has impinged upon the Canadian broadcasting system because the satellite signals spilled over into Canadian territory. Canadian householders in remote and poorly served areas could gain access to U.S. TV signals (previously unobtainable by terrestrial means); also, urban areas could receive the same signals and this affected master antenna TV (MATV) systems, cable TV systems, commercial establishments and some individual households. Indirectly, over-air broadcasters were also potentially affected if TV market fragmentation increased. It became increasingly clear during the period under study that the policy field had to adjust to the satellite-broadcasting linkages being made in the U.S. and Canada, especially the former. However, although the strategy paper promised "new policies and

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\(^1\)Minister of Communications, Towards a New National Broadcasting Policy, March 1983.
initiatives", most of its contents discussed the various problem areas on which action was needed and only part was concerned with actual decisions.

If, as is argued here, the policy field was under pressure to adapt to the environment of technological change, especially the development of satellite distribution systems, why was this strategy paper so lacking in concrete actions in response to the challenge? After all, it was published about a decade after satellite distribution of TV signals began in North America. My argument here is that the central elements of the policy field--structures, processes, ideas--were not easily adaptable to the changing environment. Also, it is argued that these elements have not adapted at equal rates or to the same extent to change and this has precipitated a crisis of policy-making that led to lack of concrete action by the principal policy-makers during the period of study. To support this argument, the following chapter provides a summary of the chronology of events concerning extension of service followed by an analysis of the events in terms of the model being applied.

The Problem of Underserved Areas

Initially, the actions which spurred the federal government into high gear on extension of service (normally a perennial feature of CRTC hearings) seemed relatively harmless. In 1977, Mr. David Brough--dubbed by one newspaper as the Pirate of Pickle Lake--became active in Northern Ontario communities, supplying them with videotaped programming taped in Toronto from American TV channels received there. Such taping was not authorized by the TV stations, it violated the copyright protection of the program originator and intruded upon the copyright leases paid for by Canadian broadcasters for the same programming. However, since the viewer numbers
involved were small, the copyright violation was not vigorously pursued. More alarming to the CRTC was the fact that Mr. Brough was installing low-power television rebroadcast stations in the Northern communities without bothering to seek either CRTC or DOC technical licences.

In Spring 1978, Mr. Brough was encouraged to apply for licences to serve small communities in Ontario, Manitoba and the Northwest Territories; some of these communities had no TV stations licensed to serve them while others did have CBC service. In May 1978, the CRTC issued a Public Notice in which it noted the Brough applications were deficient in a number of ways and calling for applications from all and sundry to serve remote communities in Northern Ontario. At the same time, the CRTC made it clear that matters such as copyright protection, ownership of the local broadcasting facilities and local programming origination would have to be dealt with. The possibility of using satellite distribution for delivering Canadian program services was also raised in this Public Notice. On October 17-19, 1978, the CRTC held a Public Hearing in Thunder Bay, to hear the licence applications including those of David Brough. (The decisions were not announced until more than eight months later.)

In the meantime, the Minister of Communications finally responded to calls for a full inquiry into the technological convergence and its implications for Canadian policy. However, instead of establishing a Royal Commission as some had hoped, the Minister (the Honourable Jeanne Sauvé) appointed a committee with an obligation to report within three months. The rationale for this was that a Commission would take at least two years to carry out a

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2 CRTC Public Notice, 18 May 1978, Broadcasting Services to Small Remote Communities.
full inquiry and the decisions to be made were too urgent to wait that long.  

So, in November 1978, Mme Sauvé appointed the Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty, to be chaired by the Honourable J. V. Clyne. The Committee was asked:

to produce specific recommendations on a strategy to restructure the Canadian telecommunications system to contribute more effectively to the safeguarding of Canada's sovereignty; and

to make recommendations on the future of the Canadian telecommunications system in relation to new technologies and the need for Canadian software and hardware resources to meet foreign competition, with particular reference to the role of broadcasting in contributing to the preservation of the sovereignty of Canada, including:

(a) the use of communications satellites to the best advantage of Canada;
(b) the status of the cable companies in relation to broadcasting and to the common carriers in the provision of new services;
(c) the importation of foreign programming;
(d) the framework and timing for the introduction of pay-television nationally.

The Committee took as its definition of sovereignty: "the ability of Canadians (both in government and in the private sector) to exercise control over the . . . direction of economic, social, cultural, and political change". Like many other groups which have studied one or other aspect of telecommunications or broadcasting in Canada, the Committee saw the parallels for Canada between the 19th Century development of railway networks and the


4Department of Communications, Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Clyne Committee), Telecommunications and Canada (Ottawa: Supply and Services Canada, 1979), Preface.

20th Century development of communications networks in ensuring the ultimate prosperity and sovereignty of Canada. In these ideas, there is for Canadians a strong awareness of the economic strength of the American marketplace and its influence on the much smaller Canadian market. For this reason, the Clyne Committee went along a familiar path when it said:

In approaching telecommunications we should realize that its importance demands we view it in a special way. Telecommunications, as the foundation of the future society, cannot always be left to the vagaries of the market; principles that we might care to assert in other fields, such as totally free competition, may not be applicable in this crucial sphere. We must look at it freshly, without preconceived ideas.

The Clyne Committee's twenty-six recommendations on the action needed by the federal government received a mixed reception from the various communications industries potentially affected. Unfortunately, the Committee's report was published in March 1979, only two months before the change of government.

The incoming Clark government and its Minister of Communications, the Honourable David MacDonald, was not under any obligation to implement the recommendations of the Committee. Regarding satellite communications, the Committee made four recommendations, only one of which appears to have been followed up:

Recommendation 20
The Committee's view is that the Canadian satellites could be more fully used in the distribution of Canadian TV to all parts of the country. The federal government should, as a matter of urgency, initiate detailed studies, in consultation with the governments of the provinces, to determine the best means of establishing and financing a satellite transmission package that would provide alternatives to existing CBC programming (e.g., CTV, the House of Commons debates,

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6Ibid., p. 2.
educational television, TVA, and other CBC programming) as widely as possible throughout the country.

The concept of a Canadian 'satellite package' became a topic for discussion for federal policy-makers at DOC and CRTC and between federal and provincial ministers during 1979. Meanwhile, concurrent with the deliberations of the Clyne Committee and the decision-making of the CRTC on extension of service, the Department of Communications announced in February 1979 that it was reviewing its earth station ownership policy. The immediate cause of the DOC's review of the policy was the Telesat-TCTS Agreement which came into operation in 1977 and which affected the relationship of Telesat with all Canadian common carriers. The Agreement necessitated a re-consideration of the ownership of satellite earth stations which had been totally Telesat-owned from the start of the Corporation's operations in 1972. In this

7Ibid., p. 83.

8The idea of a satellite package had been put forward in 1977 by Mr. Stuart Griffiths (formerly president of Bushnell Communications) in a study done for the Ontario Royal Commission on Violence in the Communications Industry (La Marsh Commission). Mr. Griffiths' radical scheme required a national television authority to take over all existing TV and cable TV operations in the country and then provide 12 channels of TV via satellite to all Canadian households. This plan was largely ignored at the time of its introduction, for obvious reasons. See Ontario Royal Commission on Violence in the Communications Industry, Report, Volume 7: The Media Industries: From Here to Where?, pp. 207-251.

9In 1976, Telesat announced its plan to become a member of the Trans-Canada Telephone System (TCTS), the cooperative association of the major telephone companies in Canada which manages interprovincial telecommunications traffic for its members. By joining TCTS, Telesat hoped to be assured that TCTS members would use the satellite system on a continuing basis. The CRTC reviewed Telesat's membership in TCTS and refused to permit such a move because it would not be in the public interest. Telesat appealed this decision to Cabinet, which overturned the CRTC's decision. See: CRTC, Telecom Decision 77-10, 24 August 1977, Telesat Canada, Proposed Agreement with Trans-Canada Telephone System; Government of Canada, Order-in-Council P.C. 1977-3152 (3 November 1977); and the Proceedings of the House of Commons Standing Committee on Broadcasting, Films and Assistance to the Arts, November 24, 1977.
February 1979 statement, it was noted that the delivery of signals for broadcasters and cable TV licensees offered "the greatest potential for a major increase in satellite utilization"\(^{10}\) and, therefore, consideration ought to be given for organizations other than Telesat to own earth stations. (Later in 1979, the DOC modified earth station ownership categories so as to allow broadcasters, common carriers and provincial educational authorities to own certain kinds of earth stations.)

In March 1979, the Department of Communications organized a conference, in collaboration with the CRTC and the Secretary of State, on the subject of the satellite package. The DOC tabled a working paper proposing a phased approach for the implementation of such a package:

The first phase would extend basic services to inadequately served areas, while subsequent phases would aim at distributing more marketable Canadian signals and the possibility of including foreign signals.\(^{11}\)

Conference attenders, who included representatives from the cable TV, radio and TV industries as well as telecommunications carriers (including Telesat), did not express enthusiasm for this approach because it was thought to be financially infeasible. Nevertheless, the conference focussed more attention and effort on the possibilities for using satellite distribution for the extension of Canadian services.

On June 27, 1979, the CRTC finally announced its decisions on the applications of David Brough and others to provide service to small Northern Ontario communities. The Commission also issued on the same date a Public Announcement, which described the various issues discussed at the October

\(^{10}\)Department of Communications, A Radio Licensing Policy for Satellite Earth Stations Operating with the Canadian Satellite System, February 1979, p. 5.

\(^{11}\)Department of Communications, Broadcasting and Social Policy Branch, The Satellite Distribution of Television Programming in Canada: A Policy Discussion Paper, August 1979, p. 3.
1978 Public Hearing. The essence of this Public Announcement was that the CRTC was prepared to deal with each licence application for service to a community on a case-by-case basis because conditions varied widely from one place to another in terms of physical isolation, population and community cohesion. In its actual Decisions, the Commission postponed action over a number of applications, turned down others because they were incomplete and issued a few licences to Norcom Telecommunications Ltd. for CTV affiliate service and cable TV service in and near Kenora. In August 1979, the CRTC issued five more licences to David Brough on behalf of a company to be incorporated.

Meanwhile, however, one matter which was discussed at the Thunder Bay hearing began to loom larger. Isolated communities, which had acquired satellite earth stations to pick up TV signals from American satellites, were told they were operating them illegally. The CRTC stated it would not license cable TV systems to rebroadcast the signals from American satellites because the DOC would not issue its necessary Technical Construction and Operating Certificate (TCOC) for the earth station being used. Despite statements from the CRTC and from the Minister of Communications, communities persisted in acquiring and operating earth stations. Estimates of the number of such illegal dishes in operation by fall 1979 were given anywhere between 200 and 700 across Canada, mostly in the mid-North.  

12 CRTC Public Announcement, 27 June 1979, Extension of Broadcasting Services to Small and Remote Communities.

13 Newspaper reports usually gave figures in this range but officials in the Department of Communications, relying on reports from inspectors in their regional and district offices, had a more modest estimate of about 50 illegal dishes. However, in conversation, they admitted this figure could be too low.
Much of the television fare being received by earth stations in Northern Canada consisted of U.S. pay-TV channels and this fact was disturbing not least to the government bodies but even more so to the cable TV industry in Canada which had been trying for years to get the CRTC to license pay-TV services. While few earth stations had been installed in Southern Canada, cable TV operators believed it would surely be only a short time before they became installed in urban areas and in areas close to the U.S. border. If that happened, the cable TV companies feared that a pay-TV service in Canada might be unprofitable when it was eventually introduced. Broadcasters also expressed concern about the effect on their audience sizes if Canadian viewers in significant numbers were able to opt for TV reception via earth station—from American satellites since the only TV programming being distributed via Canadian satellites were the CBC networks, which are already received via terrestrial means by most Canadians.

Interest increased in the development of a satellite package, a collection of Canadian TV channels either from existing stations and networks or from specially acquired programming. The idea was that, once a Canadian package was made available via Canadian satellites, then Canadian viewers could be encouraged to view this package or compelled to cease watching American satellite channels or both.

In October 1979, a Federal-Provincial Conference of Communications Ministers discussed satellite distribution of TV programming and pay-TV and agreement was reached through a meeting of federal and provincial officials in November on objectives and guidelines for each service. The objectives and guidelines were forwarded to the CRTC by then Minister of Communications,

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14 For details of the objectives and guidelines, see Appendix B.
David MacDonald, on November 22, as part of the correspondence he exchanged with the Acting Chairman of the CRTC, Charles Dalfen. In response, Mr. Dalfen outlined the Commission's intention of establishing a seven-member committee to undertake the first phase of a two-phase public process on "how the number and variety of television services to northern and remote communities may best and most expeditiously be increased, and the issues of satellite distribution and pay-television are naturally expected to arise in that process". 15 Thus, the CRTC's emphasis was, and remained throughout the hearing process, on the extension of service to northern and remote communities even though others (especially journalists) tended to refer to the two-phased hearings as pay-TV hearings.

One interesting innovation in the CRTC Committee was the inclusion of provincial representatives on the panel. 16 The provincial representatives were to be selected by the CRTC from a list of people nominated by each of the provinces. The Committee, chaired by Réal Therrien, contained nine people, four of them representing the provinces and territories. Committee hearings were held in Baker Lake, N.W.T.; Whitehorse, Yukon; Geraldton, Ontario; and Goose Bay-Happy Valley, Newfoundland; as well as in Hull (National Capital Region). The Therrien Committee's Report, submitted to

15 Letter from Charles M. Dalfen, Acting Chairman of the CRTC, to the Honourable David MacDonald, Secretary of State and Minister of Communications, dated November 26, 1979, p. 1.

16 For a detailed discussion of this example of federal-provincial cooperation, see Catherine A. Murray, Managing Diversity: Federal-Provincial Collaboration and the Committee on Extension of Services to Northern and Remote Communities (Kingston, Ontario: Queen's University Institute of Intergovernmental Relations, 1983).
the CRTC in July 1980, made 41 recommendations on various subjects: extension of television services; extension of radio services; satellite services; native broadcasting; pay-television and program production. 17

On October 16, 1980, the Commission issued its first response of the Committee's Report in a Public Announcement. 18 In that, it accepted the Committee's recommendation that extension of service hearings and licences should be given precedence over pay-television and should not be linked together. In this Public Announcement, the CRTC called for applications for licences to provide radio and TV service from Canadian networks to "remote and underserved areas"—although no definition of this term was given. The CRTC also called for licence applications in particular from native organizations and native communities to operate broadcasting undertakings and produce native-language programming. A Public Hearing for all these applications was planned for February 1981.

The separation of extension of service matters from those of pay-television was emphasized again in a Public Announcement of October 21, 1980, in which the CRTC stated that it accepted the Committee's recommendation on the introduction of pay-TV but that it would "deal with this matter as soon as the steps necessary to ensure extension of service have been taken". 19

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17 CRTC, Committee on Extension of Service to Northern and Remote Communities (Therrien Committee), The 1980s: A Decade of Diversity—Broadcasting, Satellites and Pay-TV (Ottawa: Supply and Services Canada, 1980).
18 CRTC Public Announcement, 16 October, 1980, Call for Licence Applications for Extension of Service to Remote and Underserved Communities.
Pending the licensing and establishment of the extension of service undertakings, the CRTC also stated it would take interim steps to provide alternative entertainment programming via satellite to remote and underserved areas as soon as possible. Discussions on how this might be achieved took place between staff of the CRTC and the DOC. Following on these efforts, on December 31, 1980, the CRTC announced that the CTV Network had applied for a network licence to distribute via Anik A-3 a special package of programs which would be received by communities currently unserved by a CTV affiliate. A temporary network licence was issued to CTV for a service to begin on January 15, 1981 (and renewed on February 16). Anyone wishing to distribute or transmit this CTV package was asked to apply for a licence from the CRTC; again, it was pointed out that those who could not qualify for a DOC licence (i.e., those currently receiving U.S. television via satellites illegally) would not be able to get a CRTC licence. This was a rather unsubtle attempt to persuade Canadian communities with unlicensed dishes to become legitimate.

In the week of February 9, meantime, the CRTC had held the second phase of the two-phased public hearings on extension of service. After this Hearing, held in Hull, the CRTC issued a set of decisions on April 14 which authorized a number of new licences. The principal winner in these hearings was Canadian Satellite Communications Inc. (known as Cancom) which applied to provide a multiple channel TV and radio network operation via satellite

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20 CBC Television was already available in virtually every community via terrestrial broadcasting or via satellite reception.

21 CRTC Decision 81-262, 14 April 1981, CTV Television Network Ltd.—Special Package Distribution via Satellite.
across Canada. Other licences were issued to four regional services and the CRTC also authorized continuation of CTV's interim network service via satellite until the beginning of Cancom's network service (promised for 90 days after licence issue date).

On the same date of the above decisions, the Commission called for applications to distribute the network services of Cancom, the Inuit Broadcasting Corporation and the corporation to be established by the Council of Yukon Indians and the Dene Nation. The signals distributed by Cancom were intended to be scrambled to prevent unauthorized reception and operators of the authorized receiving facilities were to be responsible for collecting fees from each subscribing household at a maximum of $4 per month (less for households in native communities which chose not to receive all of Cancom's signals). The procedure required by the Commission was that each terrestrial broadcasting facility (off-air or cable) had to be licensed separately and each facility was obliged to sign an affiliation agreement with the network operator as well as obtain a technical certificate from the DOC for its

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22 CRTC Decision 1981-252, 14 April 1981, Extension of Service to Northern and Remote Communities--CANCOM. At this time, Cancom was licensed to distribute, via satellite, four Canadian TV signals (3 English-language stations and 1 French-language programming package composed from several different stations); Cancom was also licensed to distribute up to six radio stations signals. The service was being distributed via satellite by fall 1981 and was fully operational by early 1982. However, the licensee experienced some difficulty in gaining subscribers quickly enough and in sufficient numbers for its all-Canadian service and it sought permission to distribute some American TV signals as well. In April 1983, the CRTC amended Cancom's licence to allow it to add four U.S. network TV signals to its package on the basis of the "3 + 1" rule already prevailing for cable distribution; that is, it could distribute 3 commercial TV signals and 1 non-commercial (PBS) TV signal.

earth station. Licensing of these network affiliates was expected to be proceeded with as speedily as possible. 24

On May 8, 1981, the federal Minister of Communications (the Honourable Francis Fox) announced that help for rural and remote communities would be provided for those wishing to receive the newly licensed satellite networks, authorized by the CRTC on April 14. The DOC was to provide information and technical advice to deal with the licence applications required by the DOC itself and a special streamlined procedure for handling broadcast transmitter applications was developed. DOC staff in regional and district offices were prepared to deal with the expected flood of queries and applications. Mr. Fox expressed the hope that "the people responsible for existing unlicensed installations would respond positively to the new Canadian satellite initiatives. He emphasized that his department is prepared to guide and assist them in making a prompt, orderly transition". 25

Despite all these endeavours to create a Canadian satellite package, to deliver it to underserved areas and to encourage those who were operating illegal dishes to conform to the current law, the efforts of federal policy-makers were not always well-received by provincial ministers. In June 1981, two provincial government ministers in Ontario expressed their own support for the reception of TV services off American satellites by Canadians in isolated areas of the country. 26 The two ministers (James Snow, Minister of

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24 According to the CRTC Annual Report 1982-83 (p. 29), by March 1983 the CRTC had received 1,750 applications for local distribution of the Cancom package of which about 430 had been approved to serve over 800 communities.
26 Ministry of Transport and Communications, Ontario, News Release, "Snow and Bernier support reception of U.S. broadcast services off U.S. satellites", 177
Transportation and Communications, and Leo Bernier, Minister of Northern Affairs) compared the reception of U.S. signals from satellite to those received on cable via microwave and argued they should receive distribution on the same basis in both cases. They also argued that Cancom services were artificially restricted in availability under the terms of the CRTC licence and this denied the services to many Canadians or made it too expensive for others. A year earlier, B.C. Minister of Universities, Science and Communications, Dr. Patrick McGeer, had created a furor by installing an earth station on the lawn in front of the Legislature and announcing that he was receiving TV signals from U.S. satellites—although that was illegal, under the conditions of the DOC technical licence his ministry had applied for and been given. The "illegality" of this type of action was frequently stated by the federal authorities concerned (the CRTC and DOC) but the ultimate test of this claim would have to be in the courts.

Court Challenges

The spectacle of a provincial minister using a satellite dish to receive foreign signals—and daring the federal authorities to stop him—created an embarrassing problem for the Minister of Communications, Mr. Fox. He could either try to have a provincial cabinet minister prosecuted (and the action might fail) for an infraction of the Radio Act regulations or else do nothing and let Patrick McGeer and others conclude that the federal government was powerless to stop the reception of signals from foreign

June 18, 1981.

27 Mark Budgen, "Taking it and Dishing it Out", Maclean's, June 16, 1980, p. 25.
satellites. Dr. McGeer argued there should be an "open skies" policy on satellite TV reception and there was a good deal of sympathy for this view, in B.C. at least. While the illegal dish was being operated at the B.C. Legislature, the Chairman of the CRTC John Meisel was announcing that the CRTC would be taking court action against the "more than 100 dishes already in use in isolated communities in the province". 28

A number of court actions ensued in which the CRTC was involved, sometimes as plaintiff and sometimes as defendant. In 1981, Dennis Jacobsen and the Fort St. John Satellite Society of B.C. were charged and fined for carrying on a broadcasting undertaking without a CRTC licence; the Society had been receiving U.S. satellite signals and rebroadcasting them to the community. 29 In 1982, Northern Cablevision Ltd., of Grande Prairie in Alberta, was fined for providing services not authorized by its cable TV licence from the CRTC; the unauthorized services were programming services received from U.S. satellite signals. 30 In early 1983, Vidéo Dery, the cable TV licensee in Ville de la Baie, Quebec, was fined for the same offence. 31

In a Newfoundland case, the decision took longer but the CRTC did eventually get the judgement it wanted, at some political cost in terms of adverse public comment. 32 In late 1981, in Newfoundland District Court, charges were brought by the CRTC that Shellbird Cable Limited (a cable TV

28 Ibid.
29 CRTC, Annual Report 1981-82, p. 44.
31 Ibid.
32 CRTC, Annual Report 1981-82, p. 44.
licensee) was providing an unauthorized service in violation of its licence; the licensee was receiving the Public Broadcasting Service (PBS) television signal from a U.S. satellite and retransmitting the signal on its cable system. The court decided that the prosecution had not shown that the signal concerned was "broadcasting" and the charge was dismissed.\(^{33}\) The CRTC appealed and the Supreme Court of Newfoundland upheld the CRTC's contention that it had jurisdiction to regulate the use of the licensee's system for the reception and distribution of PBS programming. In January 1983, Shellbird sought leave to appeal to the Supreme Court of Canada but this was denied.

Two other cases not involving licensees or over-air transmission turned out less fortunately for the CRTC and other federal authorities. In 1981, Lougheed Village Holdings Ltd. in Burnaby, B.C., was charged with the offence of receiving U.S. satellite signals and redistributing them, along with local TV signals, to apartment units in an apartment complex via an unlicensed cable system. The judge in Provincial Court dismissed the charge because "the prosecution had failed to prove that radio communication or broadcasting was involved".\(^{34}\) The CRTC appealed the decision to County Court but was unsuccessful in having the Provincial Court decision overturned or the case re-opened.\(^{35}\) In both courts, the judges were critical of the lack of evidence produced by the Crown to demonstrate that


there was federal jurisdiction in this situation. It might be surmised that the Crown could have won this case if there had been a better-prepared prosecution brief but that is by no means certain. A case in Manitoba suggests quite otherwise.

In 1980, the regional office of the Department of Communications in Winnipeg discovered that a Holiday Inn hotel was operating an earth station and receiving U.S. pay-TV signals via satellite. The hotel operators were ordered to cease this operation or the equipment would be seized by DOC officials. Under protest, the hotel operator did discontinue the use of the earth station but then Lount Corporation, ATPRO Inc., and Satel Consultants Ltd., took joint action against the Attorney General of Canada, the Minister of Communications and the CRTC to get a declaration that their earth station was not a broadcasting receiving undertaking and also to get an injunction to prevent signal or seizure or shut-down of the earth station by federal authorities. In the Federal Court trial (held in August 1983), it became clear there was a master antenna television (MATV) system as well as an earth station in use at the hotel. The court found that, under the CRTC's own policy, the MATV system did not require a licence. It decided that the earth station and the MATV system were separate systems.

One point at issue in this case which could have long-term significance for Canadian policy-makers concerned the characterization of the U.S. signals received by the hotel's earth station. Even though two of the signals were pay-TV services carried on U.S. satellites, the court declared


37 CRTC Public Announcement, 16 March 1977, MATV Licensing and Exemption. It had been the CRTC's practice to exempt MATV systems which operated only within one building, usually an apartment block or hotel.
that the essential point was whether the satellite transmissions were intended for direct reception by the general public (a necessary criterion for a signal to be defined as broadcasting). In light of the fact that the U.S. satellite signals carrying pay-TV services could be received in much of Canada and Mexico as well as throughout the U.S., and in light of the fact that the signals were not 'scrambled' to prevent unauthorized reception, the court concluded these signals were intended by the service providers for direct reception by the general public "even though that result is not really desired" by the pay-TV operators. Because the plaintiffs were simply receiving broadcasting signals and providing them to hotel guests without direct charge, the court determined that the operation of neither the earth station nor the MATV system was an "undertaking" of the type concerned by the Broadcasting Act or the Radio Act. Consequently, neither of them required licences or certification.

Regulatory Amendments

Although proceedings in this case began in 1980, the judgement was not issued until November 1983, by which time the Department of Communications had already amended the regulations under the Radio Act concerning who could operate a radio or television receive-only (TVRO) earth station without a technical licence. These regulations are part of General Radio Regulations, Part II, Section 6, issued under the provisions of the Radio Act and were published in the Canada Gazette on May 25, 1983. The amended regulation

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allowed: a broadcasting undertaking to receive satellite signals from a "Canadian space station" if approved by the CRTC; an individual to receive satellite signals if those signals were not redistributed via telecommunications to someone else; a business establishment to receive satellite signals provided they were not redistributed nor displayed anywhere other than a publicly accessible room or a room "used for purposes other than boarding, lodging or accommodation". In other words, the latter category permitted bars, hotels and motels to operate earth stations to provide satellite TV to their customers without a direct fee. It is useful to note that the broadcasting undertakings remain limited to receiving satellite signals from Canadian satellites whereas individuals and the specified commercial establishments were not restricted in that way. The status of MATV systems respecting these amended regulations was left unclear. In the 1983 strategy paper, the Minister of Communications gave the CRTC the task of determining which MATV systems would require licences as broadcasting undertakings.

Since 1968, the CRTC had maintained the position that all MATV systems were subject to regulatory control but, for all practical purposes, they had been exempt from the requirement to be licensed as a broadcasting undertaking. In 1977, the CRTC had issued a public announcement on MATV licensing and this confirmed that MATV systems solely within one building and not charging directly for the signals provided were exempt from the licensing requirement. However, by 1979, when MATV systems began to install satellite dishes (thus becoming known as SMATVs) this was viewed as an economic danger by the licensed cable TV operators who were not permitted to receive foreign signals via satellite. In May 1982, the CRTC called for comments on its
MATV policy but issued no decision as a result of the comments received. In the strategy document, the CRTC was asked by the Minister of Communications to give "paramount importance" to the economic viability of licensed cable operators when considering the licensing of MATVs to distribute satellite programming. Still pursuing the question of whether or not to become involved in licensing all or most MATVs, and in light of the new broadcasting strategy, the CRTC issued a Public Notice in April 1983 requesting additional comments from interested parties on the appropriate criteria for licence exemption. In November, the Commission announced changes to its MATV policy to take effect on February 1, 1984. In summary, the MATV systems could distribute the same signals as the local cable TV systems and they would remain exempt from licensing requirements provided they did not charge directly for off-air signal reception and still met the other 1977 criteria.

While the announcements on satellite dishes in the March 1983 strategy document, and the amended DOC regulations and CRTC policies later in 1983, did help to cool down the political controversy over dish ownership and operation, it could not be expected this would be the final action required. For one thing, there was still the unresolved problem for licensed cable operators who found illegal satellite-cable systems operating in their

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41 Minister of Communications, Towards a New National Broadcasting Policy, March 1983, p. 12.


licensed area. For another, the strategy and its follow-up did not deal with the programming options available from Canadian satellites because policy actions taken had been primarily concerned with the rights or privileges of reception.

**Analysis**

If we look at the sequence of events described above in terms of the analytical model, a number of observations can be made about the evolution of the policy field in regard to extension of service. The central elements of the field have behaved in differing ways in response to the environmental challenge of satellite distribution. While distribution of television signals via Canadian satellites could be perceived as the cause of technological pressure on the policy field, the primary 'challenge' came from the existence of U.S. satellites and their usage to distribute TV signals (mostly pay-TV) to U.S. cable systems. The spillover of these signals onto Canadian territory may have been incidental to the American broadcasters but it had a predictably major effect on the Canadian broadcasting systems, and thus on the policy field.

The spillover effect changed the structures of policy-making in one significant way and had other consequent effects. The significant change was to the exclusive power of licensing held by the federal government. Of course, from the beginning of radio broadcasting there has been a problem in controlling cross-border transmission. This loss of total sovereignty always had to be coped with by the Canadian government, especially in the most populated border regions such as Southern Ontario and B.C.

During the 1960s, the development of cable TV and microwave systems extended the reach of U.S. border TV and radio stations well beyond their
over-air reach. The extension of signal coverage was only partly resisted by the policy structures, in particular the CRTC which had responsibility for authorizing signal carriage on cable TV systems. In the late 1960s and early 1970s, the CRTC had sought to limit the use of microwave for carrying TV signals beyond their over-air terrestrial limits but had to abandon this policy in light of strong public protests from Canadians who would have been prevented from viewing the major U.S. networks. The CRTC established the rule of Canadian signal priority on cable TV as a measure to balance the increasing presence—and often the numerical superiority—of U.S. TV signals available to Canadian cable subscribers.

In light of the terrestrial spillover of U.S. radio signals and the use of microwave systems to extend the reach of radio and TV signals from the U.S. into Canada, it may be concluded that the satellite signal spillover phenomenon is merely another stage of this continued limitation of Canadian sovereignty over radiocommunication. Indeed, in some ways that is what it is. However, with regard to the policy structures used to control radiocommunication through licensing, the Canadian government's authority was undermined on a scale not before experienced. The foreign satellite signals were now receivable by virtually any Canadian household with the appropriate satellite dish. Because the signals did not need to be relayed to households via cable TV, there was no intervening terrestrial communications system (cable TV, microwave or other telecommunications network) over which the Canadian authorities could exercise control to permit reception or even delay the widespread accessibility of the signals. Thus, the Canadian government, and its customarily designated agency the CRTC, were not in a strong legal position to exercise direct control over the satellite dish phenomenon.
Under the Radio Act, the federal Department of Communications claimed the authority to regulate all transmission and reception of all signals carried via the radio frequency spectrum. While the unrestricted reception of radio and TV signals sent over the air by terrestrial transmitters had long been established, the government was not willing to acknowledge that satellite signals carrying radio or TV content should be treated in the same way. Furthermore, the reception of satellite signals for community use required some means of redistribution to reach the community's individual households; if that re-distribution was done over-air, it required a local transmitter; if it was done via cable TV, it would require a cable TV system to be built. In both cases, a broadcasting licence would be required from the CRTC and a TCOC from the DOC. Through this redistribution need, the federal government thought it had a foothold from which to establish a means of licence control over satellite-broadcasting signals. However, this foothold proved to be rather slippery, for political and judicial reasons.

People in isolated communities cooperated to purchase satellite dishes for community use. The purchase of such 'dishes' (really a collection of electronic equipment and a reception antenna) was not illegal but the operation of them was, especially in conjunction with broadcasting undertakings, according to the federal DOC and the CRTC. Canadians whose TV services were limited or non-existent did not seem to be too impressed with the logic of this position. They also became quite aware of the political risks to the government of preventing the use of the dishes. Only a few incidents of requesting the RCMP to seize the illegal equipment operating in small towns were sufficient to impress on the federal government the political costs of these heavy-handed enforcement actions—regardless of the legal merits of the government's actions.
To add to its problems, the federal government found that the legal merits of its position of satellite dishes were not nearly as strong as had been believed. Several court cases were decided against the government, principally on the grounds that the existing statutes upon which the government relied were not clear in their prohibitions on the ownership and operation of the dishes. The courts examined questions related to the extension of 'broadcasting' to satellite-fed signals, cast doubts on the powers of the Radio Act to prevent reception of satellite signals and showed that the federal control of MATV systems was not established through existing regulations. When the cases involved the establishment of unlicensed TV transmitters or unlicensed cable TV systems, the federal government (usually the CRTC) was clearly on much stronger ground but the illegality of the reception dish was not nearly so clear. These court actions left the federal government with the necessity of revising its current statutes or introducing new legislation. As has been pointed out, the legislative process had been extremely slow in acting upon proposed bills introduced by the Minister of Communications.44 Some changes could be made (and were) in existing regulations under the Radio Act but these were to allow satellite reception for specific categories of users and could not change the limits of federal authority as interpreted by the courts.

While the policy structures, based on legislative authority, have attempted to extend control over the satellite-broadcasting phenomenon, they have been restricted by court judgements and public pressures from preventing the purchase and operation of satellite dishes in a wide range of communities, households and business operations. During the same period under study,

44 By the end of 1985, no amendments to existing legislation had been approved by Parliament.
there were changes in the ways in which the policy structures related to each other, particularly between the DOC and the CRTC. One instance of this changing relationship arose concerning the Telesat-TCTS Agreement of 1977. There was a basic disagreement between the two bodies about the policy advantages of the Agreement. Through the process of a Cabinet appeal, the Minister of Communications was able to overrule the CRTC's refusal to approve the Agreement. This was an example of the authority of a Minister being able to prevail over a regulatory agency, under certain circumstances. Another example of the differences between the DOC and CRTC was with regard to the 'satellite package' of Canadian signals. In this initiative, the DOC took the lead in organizing the national conference in 1979. A third example was regarding the overt policy on satellite distribution of Canadian signals which the Minister of Communications discussed with his provincial counterparts. The resulting objectives and guidelines endorsed by the provinces were published and sent to the CRTC as part of the Minister's efforts to encourage CRTC action on this area and the related area of pay-TV. The CRTC was not involved in the development of the objectives and guidelines (however, a question remains of how the DOC proposed to enforce them if the CRTC had decided to ignore, or only partly implement, them). The increasing involvement of federal and provincial ministers in discussions of matters related to broadcasting policy placed the CRTC in an awkward position. It had no representation at such meetings and could only await the outcome, to be informed by the Minister of the results of such negotiations—for example on the Government of Canada-Manitoba agreement on cable TV negotiated by Madame Jeanne Sauvé in 1976.

When we look at the impetus for changes in processes of policy-making, it is not sufficient to say they came about from technological pressures. The impetus would be more accurately ascribed to public pressures exerted by
viewers--specific segments of the national audience--and by affected industries. The audience pressures came from the small mid-North communities ill-served by conventional means; they also come from individuals who acquired dishes, especially those operating hotels and bars who wanted to provide satellite TV (mainly U.S. pay-TV) to their customers; third, they also came more indirectly from MATV system operators who found they could receive and redistribute satellite signals with relative freedom from government regulation. All those types of dish-owners in turn elicited concerns from broadcasting licensees who began to fear loss of audience to the new distribution method. Cable TV operators particularly expressed fears that their local monopoly was threatened if satellite dish owners were not subject to regulations similar to their own cable TV regulations. Unregulated MATV systems in urban areas particularly worried them. In their turn, over-air broadcasters were concerned about potential loss of audience if satellite dish ownership became widespread in urban areas. For those outside the broadcasting system, the industrial concerns were different. Manufacturers and distributors of satellite receiving equipment wanted to be free to sell their products and services without restriction; they became concerned any time it was suggested that ownership of a satellite dish might be illegal. The preferences of all these parties for policy action clearly contradicted each other; they were continually impressed upon the policymakers, both formally at public hearings or conferences and also informally through consultations.

If we look at the processes going on in the policy field between 1976 and 1983, there is a perceptible change in the kinds of processes used. Customary processes in broadcasting policy revolved primarily around the public hearing procedures of the CRTC, either in licence hearings or policy hearings. In dealing with regulatory issues associated with extensions of
service coverage via satellites, the Commission found itself dealing with serious gaps or anomalies in service provided to Canadians mostly in mid-Canada, in areas where the economics of conventional broadcasting worked to the disadvantage of local audiences. These audiences often could not be assembled into viable market bases because they were too small and scattered, it was not economically worthwhile to establish local TV stations and their coverage would come about only by re-broadcasting, if at all. Efforts to license Canadians such as David Brough to provide better service via conventional means were frustrated because of lack of an economic base to support such coverage. Satellite distribution to such scattered communities would make sense if sufficient numbers across the country could support the costs of leasing satellite channels and related expenses.

The concept of how to do this came to be known as the 'satellite package'. While there had been earlier proposals to develop such a system in Canada, the DOC was the primary mover on getting such a system operating. In an unusual procedure to stimulate interest in the package concept, the DOC organized a national conference (mostly of industry representatives) to discuss how it could be implemented. Although no action immediately ensued, the conference served to focus attention on the possibilities and to encourage the affected industries to consider how they might participate.

After initial exploration of the satellite package concept was undertaken by the DOC, the task of seeing how it could be implemented was urged upon the CRTC through the exchange of letters in late 1979. The CRTC's response was to establish a committee, made up of Commission members and representatives from the provinces and territories, to examine the options. (The Commission firmly refused to study the implementation of pay-TV before the problems of service extension were dealt with; more discussion of this
priority is given in the following chapter.) This unusual committee structure and its mode of operation led to a report recommending the licensing of Canadian TV and radio services via satellite to reach "underserved" areas. Meanwhile the CRTC, with DOC prompting, licensed several TV services to reach unserved communities via satellite. Eventually, the CRTC decided to license one company (Cancom) to provide a satellite-broadcasting network service across Canada to underserved communities; Cancom's service could be described as a 'package' of signals, initially only Canadian but subsequently both Canadian and U.S. To encourage Canadian communities in conforming to the legal framework, both the CRTC and DOC urged that they apply for broadcasting licences for the satellite/local rebroadcasting systems. The DOC even set up a special licensing advice procedure in its regional and district offices to assist the communities, making it easier for them to conform.

Another unusual feature of the policy processes during 1976-1983 was the extent of federal-provincial discussions of policy issues. The introduction of pay-TV was a much more high profile issue but it is interesting that the provincial ministers were able to reach a consensus with the federal minister on how extension of service policy should be guided. Such public agreements between federal and provincial authorities are rare in communications matters and particularly so in the field of broadcasting, which the federal government has traditionally insisted was exclusively its own concern.

A third unusual fraction of the policy processes was the issuance of the 'strategy' paper on broadcasting policy in 1983. While this paper turned out to have much less substance than promised by the Minister, nonetheless it was a landmark statement of the evolution of federal policies on broadcasting in light of the changing technological environment. It
consolidated what little had been decided on in terms of policy actions and laid out the areas in which it was known that further actions were needed. At the least, it was the government's assessment of the policy problems following from the technological challenge. In this statement, the Minister declared that satellite communications should be used to distribute Canadian services to those households beyond the reach of conventional terrestrial signals and of cable TV. (For urban areas, the Minister gave policy priority to cable TV as the means to deliver more and better Canadian services to Canadian households.) Although the strategy paper was not presented as a White Paper or Green Paper, its declarations would have to be treated as official policy and its directions to the CRTC were treated in that way. Efforts to deal with the anomaly of MATV systems followed immediately upon the issuance of the strategy paper.

The collective effect of the policy processes undertaken was to move the DOC and its Minister much more directly into action on the extension of broadcasting service. The CRTC, and its predecessor the BBG, had usually taken the primary role in dealing with gaps and shortcomings in the distribution of Canadian broadcasting signals to the Canadian public. Although the regulatory body still retained the licensing power necessary to establish new broadcasting enterprises, yet much of the initiative for new ways to deal with coverage via satellite seemed to have been taken up by the DOC.

In looking at the ideas at the basis of policy-making on service extension, there have been four major ideas at work. The first is that all Canadians have the right to receive Canadian broadcasting services; they must have access to Canadian services because this will ensure they share with other Canadians in the reception of common images and messages about the nation, its culture and significant events. While the "right to receive" broadcasting signals of any origin is enshrined in the Broadcasting Policy
section of the Broadcasting Act, policy initiatives are primarily directed towards fulfilling the ideal that all Canadians, regardless of where they live, be able to receive Canadian programming carried in Canadian-operated services. Because the costs of providing services to people in less-populated areas are vastly greater than those for urban residents, it has been a basic assumption of Canadian policy that the uneconomic service coverage must be undertaken either by public subsidy (through the CBC) or by cross-subsidy (through allowing private broadcasters certain market advantages in exchange for extending signal coverage to marginal areas).

The idea of right to Canadian service is based on ideas about the possibilities for knitting the nation together through sharing the same video or audio messages; but these must be not only the same messages, they must be messages about ourselves as Canadians, and about Canadian experiences. The sharing (through mere reception) of common messages about Canadian society is presumed to develop a common identity among Canadians. Thus these ideas and assumptions are tied to the idea of nation-building—'national identity, unity and integration' in the terms used by Doern and Phidd.

The second major idea at work tends to modify the force of the first. This second idea is an elaboration of the importance of equity in treatment of all Canadians. Initially this idea is applied to the accessibility of Canadian broadcasting services and their extension to outlying areas. It is accepted by the policy-makers that it is unfair for some Canadians to receive substantially better service (in signal quantity and quality) than others. Every effort has been made since the beginning of publicly-funded services in the 1930s to extend coverage to all possible households. As distribution technologies have evolved, the extension of service has gone
further and further into rural and remote areas but it has never been extended to all households to date.

However, the idea of service equity is applied not only to Canadian service. If it is possible for Canadians near the U.S. border to receive foreign broadcasting signals, then it is generally argued it is not fair for other Canadians to be prevented from receiving the same signals merely because additional technical systems would be used for extending the signal coverage area. This argument has been successfully applied in the cases of microwave extension, cable TV head-ends and satellites. If, in the case of satellites, service coverage of U.S. signals can be vastly increased then the Canadian government should not prevent Canadians in otherwise ill-served areas from receiving those signals.

This version of the idea of audience equity is not usually put forward by federal policy-makers but rather by members of the audience themselves and by distribution systems operators (for example, cable TV operators) in whose interests it is to maintain such a position. It may also be expounded by provincial ministers. Due to public and interest group pressures, the policy-makers eventually respond to this idea of equity by permitting further extensions of non-Canadian services. However, to maintain some control of the situation, the policy-makers seek to modify the negative effects of these extensions by finding ways to give priority to Canadian broadcasters' services, thus re-emphasizing the greater weight given to the first idea about extension of Canadian service. In cable TV, there was the development of carriage priority rules. For satellite service, the emphasis was placed on the establishment of a Canadian satellite package. The policy

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45 This argument may also be applied to specific programming, not necessarily the total programming service or signal.
intent then was to persuade illegal dish-owners to become subject to formal regulation by agreeing to receive the Canadian package. To some extent, this goal was achieved. An additional aspect was the CRTC's decision to gain priority to the licensing of Canadian services for a satellite package ahead of the licensing of pay-TV (generally assumed to be heavily dependent on U.S. content and, in any case, an optional service not available to all Canadians).

A third idea significant (although less so than the other two) in the area of extension of service policy-making has been that of efficient usage of resources, especially capital resources. Efficiency is related to the policy priority given to the development of the satellite package and the subsequent licensing by the CRTC of Cancom. It was assumed that the Canadian market for broadcasting services was already fully expanded and could not support any additional TV services, especially if they were expected to be economically dependent on the least profitable areas of the country—the underserved and unserved communities. Thus, the concept of the satellite package was of a collection of signals from already-licensed TV and radio services. Also, it was assumed this would be best organized and distributed by a single corporation to reach the entire breadth of the country. This is what the CRTC licensed in Cancom (some other licences were issued to regional or native language broadcasters).

Efficiency as an idea also crops up in the strategy document of 1983 in which the Minister sought to indicate the future direction of distribution technologies. In the strategy paper, he stated that it would be most efficient to use satellites for distribution to rural and remote areas whereas it would be cable TV that should be favoured for urban distribution. Assuming that the conventional off-air distribution systems would eventually be duplicated in coverage almost entirely by the other two systems, the
strategy paper proposed a way to rationalize the broadcasting system and make more effective use of public funds spent on distribution facilities.

A fourth idea that influenced policy action on extension of service related to the needs of native people in the North (native communities or individuals in southern Canada did not receive the same attention to their communications needs). Special policies were developed and funding was set up to support native communications societies. Licences were issued by the CRTC to allow native associations to use satellite broadcasting to distribute native-language programming to some locations. These special provisions were costly in terms of per capita expenditures for those who received the broadcasts so efficiency of resource use was clearly not the policy idea motivating this policy direction. It could have to do with ideas about national unity but more likely it is based on the idea of regional diversity and sensitivity, especially for the region of the northern territories.

Of the four policy ideas discussed above, the idea about the right of all Canadians to receive Canadian services was the most important one. It guided the actions of both principal policy-makers, the DOC and the CRTC. The major changes in what was available to Canadian households if they chose to receive satellite signals did not appear to affect the strength of this idea in the policy field. Most of the policy efforts on extension of service were directed towards (a) increasing the availability of Canadian TV services via Canadian satellites and (b) attempting to discourage Canadians from receiving U.S. services via U.S. satellites. Once the Canadian package was in place, the policy-makers then were prepared to allow the reception of some U.S. satellites signals and the development of Canadian pay-TV services.
Literal-minded people like to point out that all television services are "pay television" since they are paid for indirectly through advertising costs included in the price of goods and services or are paid for through income taxation, through licence fees or other forms of payment. Nevertheless, these indirect forms of payment for television are not what is meant by pay television today. Cable TV service, for which direct payment is required, is also not deemed to be pay television because it is regarded first and foremost as a delivery system that enhances signal quality and, in Canada, the cable TV operators pay nothing for the programming content carried on the off-air signals received. The term pay television (or pay-TV), then, is restricted to TV services provided to subscribers who choose to pay directly for the programming on those services. It is generally the case in Canada and the U.S. that such services have been provided to households via cable TV systems. Included in the subscriber fees for pay-TV is the cost of the distribution systems required as well as the programming costs.

It is useful to begin with a review of the origins and structure of the pay-TV industry in the U.S. because it has exerted considerable influence on policy-making in Canada regarding pay-TV. During the period under study, Canadian companies, associations and individuals who were promoting the introduction of pay-TV services tended to point to the rapid growth in subscriber numbers in the U.S. and argued that pay-TV would be equally attractive in Canada. Proposals for pay-TV networks put forward to the CRTC tended to be modelled closely on existing networks in the U.S. Ideas about the probable programming content followed the examples already in place in the U.S.
Aside from consciously or subconsciously copying the U.S. pattern of pay-TV structures, the American pay-TV industry also exerted an influence when its distribution systems provided TV signals that could be received in Canada. This was most apparent when pay-TV services were being distributed via U.S. domestic satellites whose signal coverage area included most of Canadian territory, even into the Far North. There were also a few subscription TV systems (i.e., pay-TV transmitted over the air instead via cable at the local level), whose signals could be received in Canada; one in Detroit particularly worried federal policy-makers and Canadian cable operators who were still awaiting permission to begin pay-TV service on a wide scale.

When satellite dishes became more widely available to Canadian communities (and later to individual households) around 1977, it was found by the users they could receive one or more pay-TV channels from the U.S. Not only did these channels widen the range of programming available (especially in the North) but the users did not have to pay for the services. The legality of this reception became contentious, complex and very troublesome to federal policy-makers, especially the CRTC.

Whereas U.S. pay-TV services developed within minimal public policy guidelines, and the central component of the pay-TV system (the program packager) was unlicensed by anyone, the Canadian experience of pay-TV was quite different. It was taken for granted by most participants in the policy field that pay-TV service operators had to be licensed as broadcasters—although this was not required in the U.S. Only the Saskatchewan government seriously challenged the prevailing view. The Canadian cable TV industry, especially the large cable companies, was interested in providing pay-TV service from the early 1970s but the licensing authority of the CRTC was used to prevent cable TV licensees from offering such a service to households until 1982. The history of Canadian pay-TV,
then, is one of prolonged delay. The reasons for this delaying tactic are discussed in the analysis section.

The American Pay-TV Model

In the U.S. and Canada, various systems of direct payment for TV services have been devised and experimented with since the beginning of television broadcasting. However, the early systems were technically unreliable, too expensive or did not attract consumers in sufficient numbers.¹ It was in the late 1960s and early 1970s that electronic technology and the development for cable TV systems had proceeded to the point where pay-TV appeared to be economically feasible although many details of how a pay-TV service would be provided remained unclear. Numerous pay-TV systems were set up in the U.S., some as experiments and some (the initiators hoped) as commercial ventures. Most of the early pay-TV systems failed commercially or were absorbed by their more successful competitors.

From its modern beginning around 1972, the American pay-TV industry evolved rapidly into a complicated, multi-faceted and flexible collection of companies providing differentiable services to each other and eventually to the viewers. The principal elements which exist, though not all are involved in each pay-TV "chain", are: cable TV system operators; multi-system operators (MSOs); MATV system operators; UHF station owners; distribution system owners (e.g., owners of MDS² stations, satellite systems, microwave


² MDS—Multipoint Distribution Service—is a type of microwave transmission which can be picked up at any number of points within 30 miles of the transmission site with special receiving equipment. This type of microwave
systems, etc.); program packagers; film distributors, film producers; independent program producers; sports and entertainment impresarios.

The following diagram is an attempt to describe the usual flow of program material from source to viewer in the U.S.\(^3\)

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service is available in a number of American cities; each city has only one licence holder for that area, authorized by the Federal Communications Commission.

\(^3\)This diagram is adapted from one prepared for a research study on pay-TV and submitted to the Federal Department of Communications by Jean McNulty with Gail Martin and Peter Anderson on behalf of the Telecommunications Research Group, Simon Fraser University, in 1976. Some other information in this section is also drawn from that study.
The key sector of the industry is clearly that of the program packagers who act as the essential link between the sources of program material and the various outlets. The structure of the industry has strong echoes of the film industry and this becomes increasingly apparent when one realizes that many program packagers are people with long associations with the film industry. The producer-distributor-exhibitor chain exists in the pay-TV industry also, although in a more complicated form because there are more than three types of businesses involved. The program packagers are really the "distributors" of the pay-TV industry. The "product"—as the film people say—moves from producer to distributor to exhibitor and only after the customer has paid to see the product, does the revenue flow back up the chain again. The producer receives his share only after exhibition and distribution costs and profit shares have been removed.

The program packagers play a very important linking role between producer and exhibitor ends of the pay-TV industry. It is not necessary for either end to go through this middle line but it has been found to suit everyone that such a link should be provided. It is too difficult for a cable system operator, who may have only 2,000 subscribers, to deal directly with a major Hollywood studio for movies. The program packagers are able to assemble a group of cable operators who want the programs so that they are purchasing the rights of many thousands of subscribers. The program producers have relatively few program packagers to deal with; the giant among this type of company is Home Box Office (HBO), owned by Time, Inc.

HBO began in late 1972 with 350 subscribers on the cable system in Wilkes-Barre, Pa., and gradually developed agreements with other cable system operators in four northeastern states until it had 20,000 subscribers by July 1974. As more systems joined the HBO service, it became necessary to link up the system to receive the programming via microwave. Much of the
early emphasis of HBO programming was on live sports events originating in New York so live transmission of the programming was essential for its acceptance by subscribers. The satellite feed was begun in 1975, when HBO had already acquired 140,000 subscribers with terrestrial links. HBO began leasing two channels on the RCA satellite system and this channel-leasing cost was borne by HBO. However, the earth receiving station to pick up the signal had to be purchased by someone else—usually an MSO, a broadcasting company or a communications company. By December 1976, HBO was providing pay-TV programming to over 200 cable TV systems and had about 586,000 subscribers. 4

The pattern of cable TV development has been markedly different in the U.S. than in Canada and it is necessary to remember this in order to understand why pay cable had such a galvanizing effect on the CATV industry there. In the early 1970s, most highly urban areas in the U.S. were not cabled and a great many of the over 3,000 cable systems were small and spread out all over the country. The percentage of American households with cable TV was only 16% (compared to 40% in Canada). The cable industry was having difficulty in expanding due to high costs of the technical system construction in cities and due to consumer resistance in areas already well-served by off-air television. Pay-TV enabled U.S. cable operators to offer a new and otherwise unobtainable service to existing and potential subscribers and increase their gross revenues considerably in some places.

By 1976, rapid development of a pay-TV (also often called pay-cable) industry had occurred. The type of pay-TV service started by HBO proved to

be the winning combination though many others had been tried. It is worth listing its principal characteristics: (a) a monthly subscription fee rather than per-program charges; (b) quality and variation in programming; (c) satellite (previously microwave) real-time transmission with programming originating from a central location; and (d) affiliate rather than channel-leasing arrangements with system operators.

With regard to (a), cable operators found that the technical equipment necessary for per-program payments was too cumbersome and, with few exceptions, such payment methods have been abandoned in favour of the much simpler monthly payment of a flat fee, regardless of how much the service is viewed (the pay-per-channel method).

With regard to (b), most pay-TV channels rely heavily on Hollywood movies, with live sports as the other basic attraction. The rest of the programming is variable in quality; HBO offers the widest selection and also HBO is one of the few companies which produces any original programming. The amount of program production undertaken especially for pay-TV was and is very limited. It may increase as subscriber numbers continue to increase but it does raise the question of what level of revenues is necessary before sizeable pay-TV production takes place. Regarding the preponderance of movies and live sports programming on the pay-TV services, this kind of programming obviously appeals to large numbers of people and, so far, the program packagers have been able to obtain enough of it. The number of

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5It should be pointed out that "pay-TV" in the U.S. encompasses a range of TV services that are not grouped together under one heading in Canada; see the discussion of other new services at the end of this chapter. In the U.S., TV channels of religious broadcasters (so-called "pray-TV"), local stations also available via satellite nationally (usually called "super-stations") and TV services partially supported by advertising such as Cable News Network and ESPN are all treated as pay-TV or pay-cable.
sports events available to pay-TV seems to be very large but the continuing reduction in the number of movies produced by Hollywood could create a shortage of new films for pay-TV.

With regard to (c), the live transmission system is essential if sports is to be carried; HBO began by emphasizing sports events from New York and realized quicker than anyone else that real-time transmission was vital to success. With the accumulation of over 100,000 subscribers in the Northeast, HBO was willing then to gamble that satellite transmission would enable it to acquire many more customers, which it did. The satellite transmission also allowed HBO to start telecasting West Coast sports events as well, thus increasing the variations in its sports programming. With the use of the satellite distribution facilities by HBO, and others since, the viability of video-cassette packaging for pay-TV systems became less. Also, with increased connection of the systems to one transmission origination point, the variability and choice in program material decreased and pay-TV acquired the look of another mass medium system.

With regard to (d), the use of a method of affiliation rather than leasing channels meant that the technical set-up within each cable system was left to the cable operator (who presumably feels competent to deal with it) and the programming or software side was left to the program packager, an entrepreneur whose background is usually experience in the movie distribution industry or in a similar branch of the vast entertainment field in the U.S. Obviously, in the contracting for pay-TV rights for movies and for sports, considerable expertise in contract negotiations of this type is essential. The emergence of intermediaries like HBO was necessary for pay-TV services to be successfully launched. Such companies did not exist before pay-TV began in the U.S. and they have proved to be the necessary link in the system. How many of them will survive financially is still
unclear; despite the pay-TV companies' success in getting consumers to buy their services, it was still being reported in early 1984 that only HBO was making a profit.  

The Canadian Context

Aside from a pay-TV experiment in Etobicoke, Ontario, in the early 1960s, the first pay-television service in Canada was established in a Toronto hotel in 1972, by an American company Trans World Communications (TWC). Rogers Telecommunications, a major Canadian cable company, acquired TWC in 1975 and continues to operate hotel pay-TV in at least 25 hotels in the Toronto area. In Vancouver, Premier Cablevision also set up hotel pay-TV, beginning in 1976. In both cases, the CRTC gave the cable companies permission to operate the hotel-based services but at arm's length from the residential cable TV system. In neither case was the CRTC willing to permit the cable licensee to begin a pay-TV service to households. The reluctance of the Commission to authorize pay television became a major source of frustration for the cable TV industry and later involved the Minister of Communications as well as the provinces in a series of policy actions.

The CRTC began receiving applications for pay-TV licences around 1970 but did not hold its first formal hearing on pay television until 1975. As far back as 1972, the Commission took official notice of pay television and its possible linkage with cable TV but at that time it was still developing basic policies regarding cable television and seeking to integrate cable TV

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into the broadcasting system. In a public announcement in 1972, the CRTC stated that pay TV developments were still in an experimental stage and their "potential for service to the public as well as their effect on television broadcasting and cable television services have not yet been determined". In monitoring developments, the Commission indicated it would pay particular attention to "the contribution such services can make to the development of Canadian programs and the further strengthening of the Canadian broadcasting system". If pay-TV were to develop, then such development "should contribute to more diverse possibilities of Canadian expression and not only to a greater passive technical capacity to buy and receive more material from other sources". Thus, a requisite connection between increased Canadian program production and pay television was emphasized by the CRTC from the beginning.

It was not until 1975 that the Commission held a public hearing on pay television, and even then it was only part of a much larger policy hearing on cable TV. In February 1975, the CRTC issued its proposals for new cable TV regulations and with these were a series of 'position papers' on various aspects of cable television policy: the community channel, radio services on cable, the 'augmented channel' service (also known as converter service), special programming channels and pay television. The Commission received 39 briefs on its pay-TV paper and 15 representations were heard at the June hearing.

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7 The first clear policy statement from the CRTC on the development of cable TV and its relationship to over-air broadcasting in Canada can be found in Canadian Broadcasting: A Single System, July 16, 1971.

8 CRTC, Annual Report 1972-73, p. 36.

9 Ibid.

10 Ibid.
1975 Public Hearing in Ottawa. 11 The CRTC's response to the briefs and presentations was concern about the possible negative impact of pay-TV on the over-air broadcasting industry. While it accepted that pay television would probably be introduced in the future, the CRTC thought it was "premature to introduce a comprehensive Pay Television service into Canada at this time". 12 If, in the future, pay-TV were to be introduced the Commission stated that over-air broadcasters, program producers and cable TV licensees "must work together to effect an integrated use of the broadcasting system to assist Canadian production". 13 The cable TV industry was disappointed with this announcement and sought actively to obtain a policy change.

Their efforts appeared to have paid off in June 1976 when, in a speech to the Canadian Cable Television Association at its annual convention, the Minister of Communications (the Honourable Jeanne Sauvé) declared that the "establishment of pay television service on a large scale is inevitable". 14 The Minister said that pay television service was "most exciting because of its potential to improve programming and real program choice". However, pay-TV could not be permitted to develop uncontrolled because of its possible negative impacts on conventional broadcasting—impacts such as the "siphoning" of programs, audience fragmentation, increased disparities of service between urban and rural areas as well as the tendency to cater to the lowest

12 CRTC, Policies Respecting Broadcasting Receiving Undertakings (Cable Television, December 16, 1975, p. 43.
13 Ibid., p. 42.
14 Minister of Communications, Speech to the Annual Convention of the Canadian Cable Television Association, 2 June 1976, p. 2.
15 Ibid.
common denominator of the viewing audience. The Minister went on to specify those objectives that any pay-TV 'structure' would have to accomplish:

First: It must provide a range of programming which does not duplicate that now offered by broadcasters and must do so without siphoning programs from the broadcasting system. The continued federal regulation of the broadcasting system, including the regulation of pay television, is a crucial factor in the coherent and orderly provision of program services to the entire Canadian viewing public.

Second: It must ensure the production of high-quality Canadian programs that Canadians will watch.

Third: It must ensure that programs are produced in Canada for international sale.

Mme. Sauvé also made the puzzling remark: "Whatever pay television system is established, the structure must be designed to achieve these objectives. . . ." This suggests that a pay-TV system and a pay-TV structure are two different things; indeed, the CRTC seemed to interpret the latter as meaning the regulatory structure in which the pay-TV system would develop. In any case, it is clear that the Minister saw pay-TV as developing within the context of the broadcasting system and, as such, clearly a matter for federal jurisdiction and federal priorities. Her closing comments for this speech are interesting in their confirmation of the CRTC's view that pay-TV in Canada must be used to help develop Canadian program production capabilities:

16 Siphoning of programs refers to the removal of certain programs (such as major sports events or popular entertainment series) from the schedules of conventional TV networks and stations because the exhibition rights have been sold by the program copyright-holders to pay-TV operators exclusively. Audience fragmentation means the possibility of smaller audience shares for conventional local broadcasters as more and more TV signals are brought into their market.

17 Minister of Communications, Speech to the CCTA Convention, pp. 6-7.

In conclusion, pay TV is an important addition to the broadcasting system that will help to solve some of the problems that confront the Canadian broadcasting system and the production industry. It will not, by its simple existence, assure increased viewing choice for all Canadians. Nor is pay TV a dire threat to the Canadian broadcasting system. On introduction into Canada pay TV must, however, play its part to ensure the growth and development of the Canadian program production industry and the broadcasting system. That system is under great strain because of the demands placed upon it for extension of service, and underdeveloped in its capability for program production and as a creative outlet.

The introduction of pay TV into Canada must be used to develop a truly Canadian production industry. We cannot lose this opportunity by focussing on new hardware or structures in isolation. We must ensure that an integrated system is encouraged to develop. I therefore call upon you, the broadcasters and the producers, to participate actively with the government in order to ensure the best means of introducing pay television in Canada.¹⁹

The Minister indicated she had asked the CRTC to receive submissions (updated from the June 1975 Hearing or new comments in light of the speech) from interested parties on the structural development of pay-TV; she also said she would be consulting with provincial ministers with a view to cooperating on the introduction of pay-TV. This cooperation was necessary because it was not clear that the federal government had jurisdiction over all types of pay television systems.

At the same CCTA Convention in June 1976, the chairman of the CRTC (Mr. Harry Boyle), also made a speech; it had clearly been coordinated with the speech given by Mme. Sauvé. Mr. Boyle indicated that the CRTC would be receiving submissions (up to September 1, 1976) on: suggestions concerning the introduction of pay television; updated submissions of earlier proposals; new proposals concerning pay-TV distribution; and proposals on "the structure of a suitable organization to provide programming for distribution to

¹⁹Minister of Communications, Speech to the CCTA Convention, p. 11.
licensed broadcast undertakings". It was not made clear if public hearings would follow.

Mr. Boyle observed that decisions about pay-TV and effects on Canadian production would have much wider implications than simply affecting the broadcasting system; the structure of pay-TV programming services would have an effect "on the whole range of creative programme production resources of Canada". Because of this, he indicated that the Minister of Communications and her Cabinet colleagues would be considering the broader implications of pay-TV on "not only broadcasting but also on related cultural and creative organizations in Canada". Thus in Mr. Boyle's view, the Minister's statement had a "national significance well beyond pay-television. It should be considered, as the Minister has enunciated before, as the beginnings of a national policy of 'cultural security' for Canada".

While the Minister's declaration of the inevitability of pay-TV was well-received by the cable TV operators, they were not happy about the Minister's emphasis on programming production objectives nor with the implication from Mr. Boyle's speech that the date for actual issuance of licences could be far into the future. If the cable TV operators were impatient with the policy processes, other organizations and corporations were generally pleased to have additional time to prepare their positions.

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20 Chairman of the CRTC, Statement to the Annual Convention of the Canadian Cable Television Association, 2 June 1976, reprinted in Pay-TV (Special Section of the August 1976 issue of Cinema Canada magazine), p. 9.

21 Ibid., p. 8.

22 Ibid., p. 9.

23 Ibid., p. 8.

Participants at the June 1975 Hearing had included not only cable TV organizations but also two groups representing program producers—the Canadian Film and Television Association (CFTA) and the Canadian Council of Filmmakers (CCFM)—both of whom took an increasingly active part in the pay-TV processes. Over-air broadcasters were represented by the Canadian Association of Broadcasters (CAB) and the CBC, both of whom opposed the introduction of pay television. The spreading of interest in pay television to people outside the broadcasting industry might be observed in the fact that three conferences held in August 1976 focussed on pay-TV and its implications for Canadian program production. 25

The Policy Processes 1977-1979

By 1976, Canadian film and video producers, distributors and others usually associated with the film industry began to take a new or increasing interest in CRTC public hearings. Along with the broadcasters, cable TV operators, a few public interest groups and even telecommunications carriers such as Bell Canada (which was interested in pay-TV hardware), the film and video producers participated in the CRTC's call for submissions on pay television.

The CRTC's original deadline of September 1, 1976, was extended by one month at the request of several interested parties; over 100 submissions were received by the new deadline. An extensive review and analysis was

then undertaken by CRTC staff and commissioners. On February 3, 1977, a Notice of Public Hearing was issued; as part of the Notice, however, the CRTC expressed some dissatisfaction with the briefs received because they did not directly address the question of the form and structure of a pay-TV agency. More questions were posed in the Notice for further consideration of interested parties and the public hearing on pay television was held from June 13 in Ottawa.

Altogether, there were 140 submissions considered by the CRTC; 26 representative organizations and individuals appeared at the June Hearing. In its Report (issued in March 1978), the Commission categorized the submissions with regard to their support for or opposition to the introduction of pay television and found that 34% supported pay-TV, 36% opposed it while 30% expressed no clear opinion either way. There were obvious differences between the positions of industries and groups. The CRTC summarized it this way:

Industry was divided on the question of the introduction of pay-television. All (100%) of the carriers and nearly all (86%) of the cable submissions as well as a majority (69%) of producers supported the introduction of pay-television. Opposition to pay-television's introduction in industry was centered on broadcasting with 57% opposed. Commercial groups were evenly divided in favoring (30%) and opposing (30%) pay-television's introduction with a plurality (40%) not taking a specific position on this question. Public interest groups clearly opposed the introduction of pay-television (62%) although some (15%) did express conditional support. A number of public interest groups (23%) while expressing various opinions, did not comment on their support for or opposition to pay-television.

Because it was clear that the views expressed in the submissions were those of groups or organizations with a special interest in pay-TV, the

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27 Ibid., p. 13.
28 Ibid., p. 17.
Commission sought the views of the general public by another means. It sponsored a national survey to gauge public opinion on the topic of pay television; nearly 2,300 individuals were interviewed, all of whom lived in households capable of receiving cable TV. The Commission's interpretation of the survey results was that there was no "compelling demand" for pay-TV among cable TV subscribers.

In its concluding recommendations for pay-TV, the Commission indicated there was a need for experimentation on various arrangements for pay-TV service to discover which ones were appropriate to the Canadian context; in the meantime, the CRTC decided that it was "premature and impossible to endorse the introduction of a national pay-television system at this time".

The CRTC's report on pay television was greeted with mixed reviews; the cable TV operators were predictably disappointed but vowed to keep on pressing for a change in policy. A number of provinces also indicated concern about how the CRTC was handling pay-TV policy not merely because of what some saw as CRTC reluctance to proceed but also because it was asserted that the federal government did not have total jurisdiction over pay-TV (at least not if provided via closed-circuit cable and maybe not if provided by

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29 Ibid., p. 32.

30 Ibid., pp. 33-34. This survey, conducted by CROP, showed only 3% of those surveyed were "very interested" in subscribing to pay-TV while another 8% were "fairly interested". The CCTA sponsored a survey in 1979 that showed much higher rates of interest (16% and 17%) while a second CROP survey for the CRTC in 1980 showed more modest percentages for the same categories (10% and 17% respectively). This information was summarized in the CRTC's Pay-TV Digest, September 1981, p. 3.


32 See, for example, "We're going to have pay television", Cable Communications, July 1978, p. 31; "Cable Firms Still Fighting for Pay-TV", Globe and Mail, March 14, 1978, p. B1; "CRTC puts Blank Screen on Pay-TV" (Vancouver) Province, March 14, 1978, p. 28.
satellite either). At a federal-provincial conference of communications ministers held in late March 1978, it was agreed that the federal government would "proceed to develop in conjunction with the provinces that wish to do so, a model for the introduction of pay-TV in Canada". 33

The federal-provincial discussions about jurisdiction regarding pay-TV, cable television and other new transmission technologies involved the DOC much more than the CRTC. Tensions between the two bodies were high during this period largely because of the federal-provincial dimension to policy evolution. The CRTC's official stance appeared to be that it had full authority on the broadcasting field and that pay-TV, being based on cable distribution, would be treated as part of the broadcasting system when it was introduced. The position of the DOC was that it had responsibilities over the introduction of new communications technologies--of which pay-TV was one--in an orderly fashion and in response to changing circumstances of the technological environment.

During 1978, the DOC worked on studies of possible pay-TV systems in consultation with the provinces. They developed the concept of the National Electronic Theatre (NET) which would be a national monopoly to provide pay-per-program pay-television via satellite and cable. In November 1978, the Minister of Communications appointed the Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (the Clyne Committee); one of the topics the Committee was asked to examine was pay

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television. Specifically it was asked to make recommendations on "the framework and timing of the introduction of pay-television nationally". 34

Regarding pay television, the Committee provided an extremely brief discussion of the issues. As far as a national pay-TV system was concerned, the Committee said it had heard "no evidence that there is at present any substantial demand for the early introduction of pay TV". 35 However, it expected that demand for the service would grow and a "strategic policy" should be established in advance. In examining the format appropriate for pay-TV in Canada, the Committee compared the pay-per-program model with the pay-per-channel method and decided the former would be more likely to lead to the creation of high-quality Canadian productions. In summary, the Committee's recommendation on pay-TV was:

Recommendation 17:
(a) Pay-per-program television should be recognized as more appropriate for Canada than pay-per-channel. Pay-television should be introduced as soon as the technology for pay-per-program is developed.
(b) Pay-television should be provided by licensed Canadian-owned program undertakings.
(c) Attention should be given to the elaboration of Canadian-content rules appropriate for pay-TV.
(d) There should be a levy on profits from pay-TV, to be used for Canadian programming, with the amount to be determined by the CRTC. 36

Since the Clyne Committee's report was received by the Minister of Communications in March 1979, only two months before a General Election,

34 Department of Communications, Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Clyne Committee), Telecommunications and Canada (Ottawa: Supply and Services Canada, 1979), Preface.


36 Ibid., p. 49.
there was little time for the government to act upon the Committee's recommendations—even assuming these recommendations were acceptable.

The Two-Phase Hearing Process

In October 1979, the new Minister of Communications (the Honourable David MacDonald) met with his provincial counterparts to discuss pay-TV and satellite distribution of television and a consensus was reached on guidelines and objectives for pay television. In late November 1979, Mr. MacDonald sent these to the CRTC and suggested the time was appropriate to proceed with hearings on pay-TV and satellite distribution. In his letter, Mr. MacDonald indicated concern that the evident pressures for introduction of pay-TV be dealt with in a "timely fashion" so as to "take advantage of the cultural and economic opportunities opened by pay-television". In his view, pay-TV was a "new opportunity to encourage the development of Canadian programs".

On November 29, 1979, the Minister of Communications and the Acting Chairman of the CRTC announced that the Commission would hold a two-phase hearing on both satellite distribution of television and pay-TV. As already

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37 For details, see Appendix C. It should be noted this "consensus" was not unanimous; some provincial governments reserved the right to control pay-TV within their territory. In 1980 in British Columbia, the provincial legislature amended the B.C. Utilities Act to encompass communications matters; in January 1982, the provincial minister responsible for communications (Dr. Patrick McGeer) announced that the Cabinet had ordered the B.C. Utilities Commission to hold hearings for the licensing of pay-TV in the province.

38 Letter from the Honourable David MacDonald, Minister of Communications, to Mr. Charles Dalfen, Acting Chairman of the CRTC, dated November 22, 1979, p. 2.

39 Ibid.
noted in the previous chapter, it was clear from the CRTC's letter to Mr. MacDonald, prior to the announcement, that the emphasis would be on remediing problems of inadequate service in northern and remote areas ahead of the development of new services for urban areas.\footnote{Letter from Charles M. Dalfen, Acting Chairman of the CRTC, to the Honourable David MacDonald, Secretary of State and Minister of Communications, dated November 26, 1979.} Phase I of the process would be conducted by a special committee and Phase II would be licensing hearings as appropriate from the results of the recommendations of the Phase I committee. The Therrien Committee was formed and announced in January 1980. The Commission's announcement made it clear that pay-TV was not to be the committee's main preoccupation; the committee's purpose was to "issue a report on how the number and variety of television services to northern and remote communities in Canada might best and most expeditiously be increased".\footnote{CRTC, Public Announcement, 8 January 1980, Extension of Service to Northern and Remote Communities: Establishment of a Committee and Notice of Public Meetings, p. 1.} In the process of examining this question, it was expected that issues related to satellite distribution and pay-TV would also arise.

Prominent among those making submissions to the Therrien Committee on pay-TV were the cable TV industry (principally the CCTA and PTN, Pay Television Network Ltd., an association of about 125 of the larger cable TV operators), the broadcasting industry (CBC, CTV, Global and others as well as the CAB), the Independent Producers Committee for Pay Television, the Joint Action Committee on Pay-Television and Satellite Policy (encompassing several public interest groups and craft unions such as ACTRA and NABET) and various cultural organizations.\footnote{CRTC, Committee on Extension of Service to Northern and Remote Communities (Therrien Committee), The 1980s: A Decade of Diversity--Broadcasting.
Some changes in position could be discerned between what had been said at the 1977 hearing and what was said at the Ottawa/Hull hearing in 1980. Most noticeable was the shift of the major broadcasters. The CBC now showed an ambivalent attitude and suggested that an appropriate structure would be a national, non-profit pay-TV system giving broadcasters a monopoly over distribution of programming while the cable TV operators could fulfill the exhibition function and deal directly with subscribers. This system would ensure that revenues would be used to encourage more Canadian program production. Private broadcasters generally supported this idea (while also still resisting the introduction of pay-TV at all) but the cable TV operators were understandably not enthusiastic about it.

Represented mainly by the CCTA, PTN and Cable Satellite Network Inc. (CSN)—the inter-relationships between these three bodies were complex and significantly overlapping in membership—the cable TV industry favoured a single pay-TV agency acting as program packager and distributor, with cable as the preferred exhibition method. This agency could be owned and operated by cable TV operators, private broadcasters and independent producers on a mutually agreed basis. However the cable industry was never able to persuade the other two parties to show interest in this cooperative arrangement and the Therrien Committee Report expressed scepticism about how the three with such conflicting interests could be expected to work together harmoniously.

Other participants at the hearing had yet other proposals to make. The Joint Action Committee (JAC) favoured a "universal" pay-TV system for which all cable subscribers would be obliged to pay. The independent producers

_Satellites and Pay-TV_ (Ottawa: Supply and Services Canada, 1980).
wanted at least 50% of pay-TV content to be Canadian-produced and they wanted competing pay-TV services. The provinces also opposed monopoly pay-TV.

In its July 1980 report, the Therrien Committee recommended that the CRTC defer consideration of pay-TV until it had held hearings on extension of service; it also recommended that extension of service must be achieved without subsidies from pay-TV. A key recommendation (#28) of the Committee was that pay-TV and other optional services should be introduced on condition that they "make a significant and positive contribution to broadcasting in Canada, made effective use of Canadian resources, and that a significant amount of the revenues flow to the Canadian program-production industry".43

The CRTC responded to the Therrien Committee Report on October 21, 1980, when it announced that it had adopted Recommendation #28 and that it would proceed with pay-TV hearings after it had dealt with the extension of service to remote and underserved areas.44 On the same day, the Minister of Communications (the Honourable Francis Fox) indicated he also accepted the recommendations of the Therrien Committee.45 It was not until April 21, 1981, that the CRTC was ready to proceed on pay-TV. A call for applications for pay-TV service was issued in which the CRTC emphasized its approach to pay-television and its place in the broadcasting system by stating as the objectives that pay television:

43 Ibid., p. 59.
44 CRTC Public Announcement, 21 October 1980, Extension of Service to Remote and Underserved Communities.
45 Minister of Communications, Speech to the Broadcast Executives Society, October 21, 1980, p. 7.
(a) contribute to the realisation of the objectives set out in the Broadcasting Act and strengthen the Canadian broadcasting system;
(b) increase the diversity of programming available to Canadians; and
(c) make available high quality Canadian programming from new programming sources by providing new opportunities and revenue sources for Canadian producers currently unable to gain access to the broadcasting system. Indeed the ability to open that system to currently neglected or under-utilized sources of Canadian programming will be a major criterion in the consideration of pay television proposals.

In describing the criteria it would be using to assess applications, the Commission indicated it would be relying on many of the recommendations of the Therrien Committee Report although these would not be binding and some more complex criteria were also elaborated, especially on ways of measuring the contribution to Canadian content and Canadian production. Applicants were urged to be imaginative and innovative in their proposals, a strong hint not to copy too closely any models from the U.S. pay-TV industry. Applications were to be submitted by July 10 and public hearings were held between September 24 and October 15, 1981. In all, 27 applications were considered at the hearing; in addition, the Commissions had received 350 written representations (i.e., briefs of a general nature, not commenting on specific applications) of which 45 were elaborated on in oral submissions at the hearing. In light of the complex hearings conducted on pay-TV, it was not surprising that the Commission's decision should also be complex. It was also highly controversial and, following the actual introduction of pay-TV services, strongly criticized for making the wrong choices.

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47 See, for example, Robert Fulford, "Pay in the Sky" Saturday Night, December 1983, pp. 7-10.
The CRTC's decision was issued on March 18, 1982. Because of its length (94 pages) and complex structure, the Commission also issued a simplified 3-page summary of the programming requirements placed on the new licensees. In summary, the CRTC decided to license three classes of pay-TV licensee: general interest, specialty and multilingual. Each class of licensee had differing requirements to meet regarding the percentage of exhibition time and the percentage of expenditures to be devoted to Canadian produced programming. The Commission issued six licences and at the same time called for applications for two more regional pay-TV systems. The number of licences issued was unexpected because so much of earlier discussion on pay-TV had revolved around the model of a monopoly national service. Nevertheless, the Commission assessed the applications in light of its own objectives for pay-TV and decided it was realistic to start with six systems: one national general interest service (First Choice); three regional general interest services (Star Channel, Alberta Independent Pay Television and Ontario Independent Pay Television); one specialty (performing arts) service (Lively Arts Market Builders—LAMB); and one multilingual service (World View). All licensees except World View (which was to serve the Vancouver area only) planned to use satellite distribution to cable TV systems as the means of national or regional coverage.

In an effort to encourage the maximum access for independent producers to the pay-TV system, the CRTC proposed as a general regulation that pay-TV licensees be precluded from engaging in production or acquiring productions from related companies (the multilingual licensee was exempted from this requirement). The decision was also notable for having appended to it a strongly-worded dissenting opinion from two commissioners.

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48 CRTC Decision 82-240, 18 March 1982, Pay Television. The decision was also notable for having appended to it a strongly-worded dissenting opinion from two commissioners.
requirement). The CRTC also prohibited any corporate linkage between pay-TV licensees and the exhibitors (who would be mostly cable TV operators).
Subsequent to the major decisions in March 1982, the CRTC held hearings in October and December for regional pay-TV services (in French and English) and three more licences were issued, one in Eastern Canada and two in Western Canada.

**Introduction of Services**

It had been almost six years from the time of Madame Sauvé's declaration that pay-TV was inevitable to the CRTC's issuance of pay-TV licences; while it did turn out that pay television in Canada was inevitable, that did not mean it was introduced speedily. Once the licences were issued, however, events moved rapidly towards the introduction of service and towards the crucial test: consumer response. Services began official operation on February 1, 1983, less than a year after the licences were granted. Before that, though, complex negotiations had to take place between the licensees and the cable TV operators to gain access to the consumer market. In effect, competing pay-TV licensees had to deal with a local monopoly-exhibitor and this appears to have worked to the disadvantage of the former, as might be expected. Prices for pay-TV channels were announced as $15.95 per channel for most services and that was more than three dollars higher than

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49 The options of using either UHF TV transmitters or MDS systems at the exhibitor level were not available in Canada, at least in the short term.
had been planned in the licence applications.\textsuperscript{50} (It was also considerably higher than was being charged in the U.S. for HBO service: $8 U.S.)

Within the first month of operation, it was reported that about 385,000 subscribers had been signed up and this had grown to 486,000 by May 15th.\textsuperscript{51} This represented about 9\% of all cable homes in Canada and seemed to be an encouraging start. However, there were several problems. One was the so-called 'churn' problem in which there were many people who subscribed for a few months and then stopped for various reasons; to keep up the subscriber numbers, let alone to increase them, the pay-TV services had to acquire at least that many new subscribers each month. The 'churn' problem affected the cable operators also because they had to cope with the disconnects and new subscribers and must respond rapidly if they were not to incur consumer dissatisfaction. The cable operators also had another problem, which was illegal reception of pay-TV signals by their cable subscribers. Depending on the type of signal scrambler techniques used on the cable system, it could be relatively easy for a technically-minded cable subscriber to un-scramble the pay-TV signals and receive them 'free'. The cable operators tried to stop this by taking people to court.\textsuperscript{52}

A third problem had to do with public perception of pay-TV content, specifically the carriage of the 'Playboy Channel' programs on the First Choice pay-TV service. Before any Canadian pay-TV service had actually begun, a major public debate arose about the contractual arrangements

\textsuperscript{50} Bryan Johnson, "Pay-TV fights to stay afloat in a sea of red ink" \textit{Globe and Mail}, January 7, 1984, p. 10.


negotiated by First Choice with Playboy Enterprises Inc. in the U.S. for the showing in Canada of a package of programs during weekends. Strong criticism was expressed by women's organizations and public protests were held on Parliament Hill and elsewhere. The CRTC received nearly 10,000 letters on the subject within two months.\(^{53}\) On January 26, 1983, the Commission issued a statement on the matter and indicated it was "not empowered to act as a censor or to make pre-emptive judgments on programs that have not been aired".\(^{54}\) This response disappointed the protesters but gradually the public controversy died down. While First Choice and others claimed at the time that the controversy was good because it gave them publicity, in the longer term it was thought that the publicity was more harmful than beneficial because it created an image of pay-TV content that was unattractive to many householders.\(^{55}\)

In May 1983, the first signs of financial trouble appeared. The performing arts channel, known as C-Channel, held a "survivalthon" on its channel to drum up new subscribers; it needed 50,000 subscribers to keep going and managed to raise it only to 30,000 after its telethon.\(^{56}\) The


\(^{56}\) Udo Salewsky, \textit{op. cit.}, p. 10.
prospects did not look good and at the end of June the channel had to cease operation. Despite this, in July the CRTC issued two additional regional licences for service in Manitoba and Saskatchewan to Allarcom (a company with major investments in the Alberta and Ontario regional licensees). By the end of August, total subscriber numbers had fallen to 440,000 (from 486,000 in mid-May); this was not unexpected over the summer season but high hopes then were pinned on the early fall.

In mid-September, Astral Bellevue Pathé Inc. (a Canadian film producer and distributor company owned by the Bronfman and Greenberg families in Montreal) expressed an interest in investing in First Choice. In mid-October, First Choice indicated it was probably going to raise additional capital through a private placement of shares; it was forecasting a loss of $21.5 million for its first year of operation and the stock market responded poorly to this information. On October 28, First Choice filed an application of change of ownership to give Astral the controlling interest for a investment of $8.4 million. The CRTC rapidly held a hearing on November 10 and issued its decision on November 16, approving the transfer which it considered to be "in the public interest".

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While First Choice had been wrestling with its financial problems, other pay-TV licensees had their problems too. Star Channel, the regional pay-TV operators for the Atlantic region, had been struggling to develop a viable service but by October it was in some difficulty. To save costs, Star Channel decided to seek approval for the use of another pay-TV company's signal until its own subscriber numbers had grown to justify the satellite channel rental fees; at this time, Star Channel had about 14,500 subscribers and needed about three times that many. The other pay-TV company involved in this plan was Ontario Independent Pay Television, which used the trade name Superchannel. Superchannel had already been working with Star Channel in buying program rights, the former acting as the latter's agent. Superchannel applied to the CRTC to have its pay-TV signal received via satellite in the Atlantic region on a temporary basis. The application was slated for a hearing in Vancouver beginning on November 29. Unfortunately, Star Channel went off the air on November 27 and was placed in receivership the following day by Superchannel to whom Star Channel owed over $1 million.

Although this was embarrassing enough for the CRTC, it still had three other items to deal with at the Vancouver hearing. The first was a reconsideration of its earlier decision to award regional pay-TV licences to Allarcom for Saskatchewan and Manitoba and a portion of the Northwest Territories. The CRTC was ordered by Cabinet to reconsider these decisions after an appeal to Cabinet by First Choice (claiming that the issuance of

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64 Ibid.
more regional licences to Allarcom was creating a second national network and undermining First Choice's position as the national licensee). The second item was an application for transfer of control of Aim Satellite Broadcasting Corporation to Allarcom; Aim had been licensed as the regional pay-TV operator for B.C. and the Yukon but had never managed to get a service on-air due to financial difficulties. The purchase by Allarcom would ensure that residents in the region would have a second general interest pay-TV service available to them (they already had First Choice). The third item at the hearing was an application by Allarcom to provide Superchannel service until Aim could develop its own regional service.

Altogether these items at the Vancouver hearing, the previous special hearing on First Choice and possible further hearings on the French language service of First Choice, added up to a dismal picture for pay-TV in Canada. Despite the CRTC's declaration in March 1982 that there should be room for failures and successes in a new industry, it became clear that participants expected to be protected from this if action from the Commission could help. The CRTC did attempt to ensure that the industry survived by its decisions in favour of the Aim takeover by Allarcom, the confirmation of Allarcom's new regional licences, the permission to Astral to take over First Choice (and early in 1984 to sell off the French language service to TVEC in Quebec) and finally in mid-1984 to permit Superchannel (Allarcom) and First Choice (Astral) to split the country between them into two regional

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65 CRTC Decision 84-32, 24 January 1984, First Choice Canadian Communications Corporation and Télévision de l'Est du Canada (TVEC) Inc., on behalf of a company to be incorporated under the name of "Premier Choix: TVEC".
monopolies for English language general interest pay-TV service. All of this was highly embarrassing to the CRTC but it may have been able to get through it somewhat easier due to the fact that a new chairman took office in mid-November 1983 (before the Vancouver hearing). Dr. John Meisel resigned to return to academic life and his successor was Mr. André Bureau, formerly chairman and chief executive officer of Cancom.

Analysis

In analyzing the pay-TV issue within the policy field, it is useful to start with the environmental factors that prompted the policy actions. Initially, developments in the U.S. had much to do with Canadians' interest in the possibility of introducing such pay-TV services in Canada. The first proposals had to do with extending the reach of U.S. pay-TV services into Canadian cities but these proposals were not acceptable to the CRTC. Later proposals were more oriented to developing Canadian-owned services but using largely American feature films as content. As outlined in the previous chapter, U.S. pay-TV signals distributed via satellite were receivable in most of Canada by 1976 and illegal dishes were increasingly used to receive these signals. There was also the possibility (never developed much) that over-air pay-TV signals transmitted in U.S. border cities could be received in Canadian cities. These technical spillovers, as in extension of service discussions, were used as reasons for requesting policy action in Canada. Cable TV operators in particular argued that the viability of a Canadian pay-TV industry would be seriously undermined by delays in permitting pay-TV

services to be started in Canada. However, the cable TV operators and their trade association, the Canadian Cable Television Association (CCTA), were not the only organizations actively interested in the topic of pay-TV. The economic interests of industry groups obviously were at stake in the development of pay-TV; these groups were licensees and non-licensees in the broadcasting system. Their interests were clearly in conflict with each other. All these organizations became increasingly involved in pay-TV hearings and other processes to establish pay-TV policy.

The evolution of pay-TV policy is characterized by substantial delays. Although pay-TV was eventually approved, why did it take so long and why did the policy decisions take the form they did? The most obvious explanation is that there were numerous pressure groups at work and, because of this, the policy-makers had difficulty in choosing which interests to favour. The decisions made were intended to favour finally the interests of independent program producers and secondly the interests of existing licensees as far as that was possible. This is certainly part of the explanation but it is incomplete. The rest of it can be seen in the nature of the whole policy field and the inter-relationships of the core elements.

Looking at the events in the policy field on pay television, it is clear that the structure most directly concerned is the CRTC. Through its powers of issuing licences and regulating licensees, the CRTC was in a position to enhance or retard the introduction of pay-TV services. Given the successful development of pay-cable in the U.S. and the high percentage of Canadian households with cable TV service, it seemed reasonable to assume that pay-TV service would be offered to Canadian households via the cable TV systems. If that were so, then the CRTC had a strong role in the decisions taken because it issued licences and established conditions of licence for
all Canadian cable TV operators. If, as occurred, the CRTC opposed the early introduction of pay-TV, it could prevent that by refusing to issue the appropriate licences and licence amendments.

From the viewpoint of the CRTC, its obligation was to implement the broadcasting policy enunciated in the Broadcasting Act. That policy required the Commission to guide the development of the broadcasting system in ways that would be beneficial to Canadian society. From this perspective, pay-TV looked like a potentially destructive intruder into the broadcasting system, a threat to existing interests in the system—especially to over-air broadcasters. A review of the CRTC's decisions from the various hearings on pay-TV suggests that the CRTC never substantially changed its mind about what pay-TV would be like in terms of its effects on the broadcasting system.

The CRTC's resistance to pay-TV was a source of friction between the Commission and the DOC. The Minister had declared in 1976 that pay-TV was "inevitable" yet the CRTC kept making decisions that postponed the inevitability. The Minister did not have the necessary authority to order the Commission to issue pay-TV licences; this, among other factors, was one of the reasons why the Minister sought Parliamentary amendments to the existing legislation on communications. The Cabinet's power to direct the CRTC was limited by the current legislation and legislative change was required to widen its (or the Minister's) power to direct the Commission. Without such power, the Minister and the Department were restricted to prompting the Commission towards action that the Minister could not compel. The Department funded or conducted research studies on various aspects of pay-TV and published proposals for a National Electronic Theatre in 1978. The Minister set up the Clyne Committee to investigate various technology-related policy questions, including pay-TV, but this Committee had a very short time-span.
and its recommendations were largely lost in the subsequent change of government.

The Minister, representing the federal government, was able to discuss policy issues with the provincial ministers responsible for communications. Federal-provincial disagreements on these issues were numerous during the 1970s; one of the strongest disagreements was on cable TV and related services. Some provinces disputed the federal claim to exclusive jurisdiction over cable TV because it was tied to broadcasting. The courts agreed with the federal interpretation but this took years to resolve. Pay-TV then became a focus for attention. By logical extension of court decisions, pay television delivered via cable TV would be federally controlled but not all pay-TV services needed to be delivered that way. What about pay-TV received via satellite by the household? Court cases outlined in the previous chapter suggested that the federal government did not have clear control of this type of delivering system. The Minister had two courses of actions to pursue; one was to seek legislative amendments to redefine key terms and provide for regulatory control over satellite-fed pay-TV services, if that was possible. The other course of action was to consult more fully with provincial counterparts and to achieve common ground between federal and provincial positions on pay-TV, if that was possible. As already observed in the previous chapter, the legislative process has proved to be extremely slow in dealing with communications legislation. On the other hand, negotiations with the provinces were fairly useful and it was possible to reach a 'consensus' (if not unanimous agreement) on objectives and guidelines for Canadian pay-TV. These were conveyed publicly to the CRTC and, it is assumed, required the CRTC to respond by holding new public hearings.

The processes used in dealing with pay-TV have already been alluded to but they need more discussion. In particular, the issue of how to introduce
pay-TV services was extensively discussed through the processes of public hearings held by the CRTC. Since it had been determined early on that cable TV-based pay-TV must be licensed by the CRTC, it could then influence the speed (or rather lack of speed) at which pay-TV could be started. From the early 1970s on, the CRTC received applications for pay-TV licences from individuals and companies, some already licensees in cable TV or over-air broadcasting. Although it permitted some hotel pay-TV, the Commission consistently refused to allow household pay-TV. In 1975, and again in 1977, it did schedule discussions of pay-TV at policy hearings but these discussions merely led to decisions to postpone action for an unspecified period of time.

The Minister of Communications announcement at the CCTA Convention in 1976 of the inevitability of pay-TV gave tremendous encouragement to the cable TV industry and put the CRTC on the defensive. It was obliged to receive new proposals for pay-TV but did not call quickly for a hearing. In 1979, the Minister exerted further pressure by issuing the federal-provincial consensus on guidelines and objectives for pay-TV and the CRTC had to respond. Its response was the announcement of a two-phase hearing process which gave precedence to extension of service and would eventually deal with pay-TV. Through the processes of the Therrien Committee and the CRTC's response to the report, further time went by and it was clear that pay-TV had low priority. The hearing processes on extension of service applications would have to be completed and licences issued before the CRTC would begin on the licence hearing processes for pay-TV.

The Therrien Committee report did make recommendations on pay-TV structure principally that services should be competitively offered, not through a national monopoly, but it was not until 1981 that the CRTC was ready to call for pay-TV licence applications. A group of licences were
issued in 1982 and services began in 1983. Aside from the larger number of licences issued, there was a complex categorization of licence types, and of conditions of licence especially on requirements for Canadian production and expenditures on Canadian programming.

The public hearings held by the CRTC from 1975 to 1981 relating to pay-TV showed some persistent characteristics besides the CRTC's evident reluctance to authorize service introduction. One characteristic was the widening range of participants in the hearings; while the earliest proceedings involved mainly cable TV operators and over-air broadcasters, the later proceedings increasingly involved a wide variety of groups, organizations and individuals involved in programming production and distribution—as well as the broadcasting licensees customarily present. Each hearing showed strong evidence of basic and irreconcilable differences of interest in the structuring of pay-TV service; the three main viewpoints were those represented by the larger cable companies, the over-air private broadcasters and the program producers.

The cable MSOs were anxious to get permission to carry additional services so as to boost their revenue base; basic service had been extended almost as far as possible and revenue increases would have to come from additional services, not additional subscribers. The source of the new services was not of particular concern to the cable operators although they were quite prepared at public hearings to support whatever level of Canadian content was deemed necessary to get CRTC sanction. On the other hand, the Canadian producers (and distributors) were extremely concerned about the extent to which they would be able to sell content to the new services; they wanted assurances that they would not be excluded from the pay-TV market for programming as they had been largely from TV and movie theatres because of market structure.
The interests of the over-air broadcasters were directing primarily to protecting their existing audience for conventional TV service; but, at the same time, if this could not be guaranteed realistically then the private broadcasters wanted to be the providers of pay-TV and were strongly opposed to the cable TV operators being in control of service provision. The public broadcasters, especially CBC, were also ambivalent about pay-TV and did not remain consistent about how the new services should be structured or controlled. This lack of consensus provided one reason to the CRTC as to why it could not proceed with licensing.

Even though the list of participants in the hearing process grew with each re-examination of the pay-TV issue, and the range and contradictions among the opinions continued to grow also, the CRTC was not content to use these briefs, applications and oral submissions as its entire basis for reaching decisions. It also commissioned the conduct of opinion polls—as did the CCTA and others—as a means of discovering what the public’s views were on pay-TV service. The interpretation of opinion polls is always debatable but the CRTC chose to interpret the available information as showing little public support for the introduction of pay-TV. The conduct and use of such polls is not customary for CRTC public hearings and suggests that the Commission felt the need for information not prepared by the various interested participants in the formal hearing process. In any event, in the CRTC’s view, lack of strong public demand for pay-TV provided another reason for postponing immediate action on licensing pay-TV service.

After the licensing decisions of 1982, the processes used for pay-TV did not cease. It became apparent in early 1983 that there were significant problems with the economic viability of the licensed services. Consumer response was not as strong or as positive as the cable TV operators had believed it would be. The CRTC soon found it had to deal speedily with
applications for reorganizing licensee companies or find that several of the companies would fold. The Cabinet became involved when the national licensee First Choice found its monopoly was being challenged by a new grouping of regional licensees under Allarcom; the Commission was ordered to reconsider certain decisions. This confusing picture did not create a reassuring view of the survival of the fledgling industry and it cannot have helped to encourage households to subscribe to the dwindling number of services available to them. Why did the CRTC license so many pay-TV services and impose such a complex set of requirements upon the licensees? One explanation could be that the Commission remained opposed to pay-TV and these decisions were intended to lead to failure of the pay-TV industry. In light of the public criticism and embarrassment heaped upon the CRTC for its decisions and the poor performance of the pay-TV companies, this seems an unlikely explanation. If we turn to the policy ideas guiding policy-making, we can find another explanation.

The policy ideas at work in this policy area are tied very closely to the regulatory processes, especially those of the CRTC. Due to the licensing 'veto' it could exercise, the CRTC was much more in control of the evolution of pay-TV policy than it was for extension of service. Those most interested in offering pay-TV service were already licensees accountable to the Commission and, thus, not in a position to act in ways that would annoy the CRTC. The CRTC was interested in regulating the broadcasting system in the direction of the statutory policy goals; in the Commission's view, the introduction of pay-TV would harm the existing broadcasting system. Until it could be shown that pay-TV would help the system, then the CRTC was opposed to its introduction. Both the Minister and the Commission agreed on the importance of favouring the development of independent program production; the future of pay-TV became tied firmly to this goal. The justification was two-fold:
(a) it would strengthen economically the Canadian cultural industries (those which depend on the creation of content as well as distribution); (b) it would improve the quantity, quality and range of Canadian programming available to Canadians and, thus, strengthen Canadian cultural development.

The policy ideas at the basis of policy-making on pay-TV are clearly delineated in the policy documents produced by the CRTC and the DOC. The strongest idea starts from the primacy of content over hardware. The 'content' is most heavily related to the priority given to production in Canada but is also related to the provision of more choice to the Canadian audience. The emphasis from 1975 onwards was always that pay-TV must contribute to programming content increasing the quantity of Canadian productions as well as improving the quality and diversity of what is to be produced. Only if pay-TV could be structured to enhance Canadian program production should it be introduced. The Minister and the CRTC agreed on this even if they disagreed about the date at which the pay-TV system should be introduced.

The idea of using pay-TV as a means to developing the Canadian program production industry became firmly entrenched in the policy processes. The justification of this view was that earlier market systems, for television and feature films in particular, did not operate to the benefit of Canadian producers, especially independent producers. The assumption was that, since pay-TV was a new service and therefore a new market, there was an opportunity for policy-makers to form the new market in the way they chose. This seemed to ignore the U.S. development of pay-TV which showed clearly that pay-TV was simply an outgrowth of existing market structures for feature films, sports events and other video programming.

While the goal of enhancing the Canadian production industry could be seen as part of an industrial strategy of developing Canada's 'cultural
industries', the idea of favouring Canadian programming in pay-TV is most strongly linked to the need to strengthen Canadian broadcasting because it is a bulwark in defence of Canadian cultural sovereignty. Without a strong broadcasting system, the argument goes, the sense of Canadian identity will be weakened and then national sovereignty is at risk. Improving the content produced and distributed in Canada could only help to improve the diversity of Canadian programming available to the national audience and strengthen the broadcasting system in the long term.

However, it is evident from CRTC and DOC statements that neither had confidence in the autonomous strengthening of the content production industry through pay-TV. Such strengthening could only come about if pay-TV licensees were compelled to purchase and transmit Canadian programming. Whether this compulsion took the form of a time-based quota like that already used for television or a modified version such as that developed by the CRTC in its 1982 decisions, the assumption was that a minimal requirement for Canadian content would have to be enforced through regulatory processes; it would not happen through commercial decision-making.

A second idea that carried weight in the making of pay-TV policy is that of equity. Both the Minister and the CRTC took it as given that it would be unfair to allow pay-TV in a piecemeal way, probably first in the larger cities and then in other centres if entrepreneurs chose to provide the service. While the piecemeal approach to market development might well make sense to business, it was clearly not acceptable to the principal policy-makers. They both favoured nation-wide provision of pay-TV service from its inception with little or no difference in services between urban and rural households. Somehow, it was thought to be unfair to make rural residents wait for a service available to urban-dwellers. Another aspect of this idea was that there should be at least one pay-TV service available all
across the country so that a national audience could be developed, not just a collection of local audiences for different programming services. Another requirement placed on pay-TV was that services would have to be provided in English and French across the country, just as conventional services were provided. A third was that there should be regional services to allow for regionalized participation in production and distribution. The purpose of this requirement was not only to encourage equity for businesses to gain access to markets and households to gain access to equivalent services; also linked to this regionalization requirement is the idea of regional diversity.

In summary, ideas about national identity, equity and regional diversity were at work in the development of pay-TV policy. These ideas were built into structures and were manifested through the processes of policy-making as well as in the policy actions taken. The delays in policy-making were possible because the key structure, the CRTC, had essentially a veto power through its licensing authority. The CRTC opposed the introduction of pay-TV because it saw such a service as more harmful than beneficial to the broadcasting system—which the CRTC was obligated to protect. Although considerable pressures were exerted on the CRTC, it resisted them for almost ten years.

Although the Minister of Communications was more ready to favour the introduction of pay-TV than was the CRTC, it turns out that the provision attached to that approval were very similar between the two. Requirements of nation-wide, dual language, regionalized services were favoured by both and, most strongly, the necessity for pay-TV to provide the resources to develop the Canadian program production industry. These requirements stemmed from ideas of what broadcasting services of any kind should be and should do for Canadian society. The key idea was that of enhancing 'national identity, unity and integration' by strengthening Canadian production and
improving the programming available to all Canadians. Other ideas significant to pay-TV policy were equity and regional diversity. All these policy ideas, in my view, inhibited the development of pay-TV services in Canada and contributed to the licensing decisions taken by the CRTC in 1982 and subsequently.
IX. CANADIAN PROGRAM PRODUCTION

During the period under study, discussion of Canadian program production revolved around how to make and distribute 'popular' programming for English-language TV services. While there has always been a policy focus on Canadian programming generally (radio and TV, English and French—and, on occasion, in other languages), the recent concern was concentrated on English-language TV. The problem was perceived as lack of public demand (and, therefore, support) for Canadian TV programs. The lack of public demand was reflected in the national audience data. If Canadians did not choose to watch all available programs in large enough numbers, this was not perceived simply as a market response about which nothing could or should be done. Great efforts were made by the policy-makers to change the sources and financing for Canadian TV programming. Most of these efforts were aimed at increasing production and/or distribution of Canadian entertainment programming—mainly feature films and drama series.

The Crisis in Canadian Television

Around 1977, acute anxieties were being expressed about the dire straits in which Canadian television—especially English language television—was finding itself. The crisis revolved particularly around the need to improve the performance of the CBC; it also was concerned with the low popular acceptance of all Canadian TV programming other than news and sports.

The CBC was coming under increasing attack from various quarters. In particular, the French-language networks of the CBC (Radio Canada) came under heavy criticism from Liberal MPs in Quebec for showing a pro-separatist
bias in its news and information and public affairs programming. This criticism culminated in correspondence from Prime Minister Trudeau in early March 1977 to the chairman of the CRTC inviting the Commission to establish an inquiry into the national broadcasting service (English and French networks). The CRTC responded by establishing a committee of inquiry to be chaired by Mr. Harry Boyle.

On the basis of its inquiry, the Committee found that the CBC had "satisfactorily fulfilled certain of its mandatory obligations as the National Broadcasting Service" but there were deficiencies in other aspects: due to excessive centralization in Montreal and Toronto, the CBC had failed to serve "the special needs of geographic regions"; due to separation of French and English network operations, the CBC was not "actively contributing to the flow and exchange of cultural and regional information and entertainment"; and due to its excessive reliance on American TV programming and an in-house production, the CBC had failed to "provide for a continuing expression of Canadian identity". These aspects of the CBC's mandate all refer to portions of section 3(g) of the Broadcasting Act. Such failure to fulfill its total mandate could be described as a form of bias, the Committee said, and the CBC must correct it in order to retain the support of the public and of Parliament.

The Committee did not comment on the fact that the support by MPs was eroding not only with regard to the French services of CBC but also on the

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1 CRTC, Committee of Inquiry into the National Broadcasting Service (Boyle Committee), Report (Ottawa: CRTC, 1977), pp. v-vi.

2 CRTC Public Announcement, 14 March 1977, Committee of Inquiry into the National Broadcasting Service.

3 Letter from Harry J. Boyle, Chairman of the CRTC, to the Right Honourable P. E. Trudeau, Prime Minister of Canada, dated July 20, 1977 (printed in the Committee Report, pp. ix-xi).
English side. Here the problem was not a political one of perceived pro-separatist bias but a much broader one of losing audience appeal in the major cities as the CBC Television struggled to compete in areas where more and more channels were being made available.  

The question of how the CBC should respond to a broadcasting environment changing due to the spread of cable TV service had already been raised at a CRTC Public Hearing in 1974. Then, the CRTC was reviewing the CBC's applications for renewal of its television and radio licences. In its decision, the CRTC criticized the CBC for its decreasing emphasis on the diversity and high standards of programming appropriate to a public service and claimed the CBC had become "overly entangled in the North American mass merchandising environment". The resolution of these problems would, of course, require much more money than the CBC then received and the Commission concluded with a plea that it be provided:

The CBC needs significant, enthusiastic and tangible public support to increase production, to improve the quality of programs and to extend and improve the facilities required to provide a better service to all Canadians.

In 1977, during the Boyle Committee investigations, the President of the CBC, Mr. A. W. Johnson, issued a paper called Touchstone for the CBC which acknowledged many of the CRTC's criticisms of three years before and tried to show how the Corporation was or would be changing to deal with the

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4 See, for example, Douglas Fisher, "Why Keep the CBC?", Vancouver Sun, June 8, 1977, p. 6, and "Angry Liberals Gang Up On CBC", Vancouver Sun, May 19, 1977, p. 17. Attacks on the CBC by individual MPs were certainly not new in 1977, of course, but they became more widespread at that time.


6 Ibid., p. 75.
problems at issue. By 1976, there had been a recognition at the CBC that on English language television it was losing the battle for Canadian audiences and thereby losing legitimacy as the national broadcaster. The long-term consequences were clear: loss of audience support meant loss of Parliamentary support which meant inadequate Parliamentary appropriations to fulfill its mandate properly and an increasing inability to satisfy the demands placed on the Corporation for extension of service and programming. The CBC's Touchstone for the CBC was an attempt to show that the Corporation was aware of the problem and seeking to remedy it. It is clear that many of the proposals depended on increased funding for the CBC. The CRTC's Boyle Committee indicated that the CBC's reforms would be examined at the next public hearing for renewal of the CBC's licences (due to expire in 1979).

In 1978 when the CBC appeared before the Commission regarding renewal of its network licences, the Corporation again put forward proposals in line with the "Touchstone" paper. Specifically on the idea of developing a second TV network (called at various times CBC-2, CBC II or TV2/Télé 2), the CBC argued this was needed to allow it to schedule programming to meet differing needs and these could not all be responded to on one channel (for each language). In its 1979 decision, the CRTC indicated it did not like the CBC II idea and the Corporation should consider other ways of reorganizing schedules on its existing networks. The Commission suggested the

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7 CBC, Statement by A. W. Johnson, President of the Canadian Broadcasting Corporation, Touchstone for the CBC, June 1977.

8 CRTC Decision 79-320, 30 April 1979, Renewal of the Canadian Broadcasting Corporation's Television and Radio Network Licences. In 1981, the CBC formally applied for licences to deliver two new, non-commercial TV services (one each in French and English.). The CRTC rejected the proposal even though, in its decision, the Commission said it liked the objectives of the CBC-2/Télé-2 concept.
CBC drop its local programming and do more regional production instead, get out of local advertising and raise its rates on national advertising, and reduce its dependence on in-house production of light entertainment programs by purchasing more of them from independent producers. The CRTC also suggested the CBC should provide access to its own facilities to independent producers on a competitive basis. As in the 1974 hearing on CBC, the CRTC criticized the Corporation's English language television network for its excessive commercialism and reliance of U.S. programming in prime-time hours.

Just a few weeks before the CRTC issued the CBC licence decision, the Commission issued a detailed study of the broadcasting system over the period of 1968-1978. This Special Report contained evidence that the overall audience share for Canadian programming on English-language TV stations (Canadian or U.S.) was only 29% in 1976. For the CBC English-language TV network, its audience share for Canadian programs had gone from 18% in 1967 to below 13% in 1976. In looking at the program categories, it was discovered in the study that, of the 29% audience share, 17% was given to news, current affairs and information, another 5% to Canadian sports events and the other 7% to entertainment. The study also showed that about 70% of all English-language programming viewed in Canada was of foreign origin and of that almost all was U.S. entertainment.

From the data, it is clear that the predominance of U.S. entertainment programming in English Canadian viewing patterns was not a new phenomenon;

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11 Ibid.
although there had been a slight improvement in the popularity of Canadian entertainment programs in the early 1970s, it had faded. From its analysis of audience shares before and after cable TV developed in specific markets, the study concluded that private stations had withstood the competition of the imported U.S. stations better than the CBC English-language stations had (CBC French-language services had been able to retain a 40% share of its audience). This was so even for news programming, supposedly a strength of the public network. Clearly, the CBC was under increasing pressure, especially on the English-language side, to justify its existence.

In 1975, the CBC had presented plans to the Cabinet for the increased 'Canadianisation' of CBC programming and there had been approval along with a promise of a 5% real growth in the CBC budget to begin in 1976-77. However, this money was forthcoming only for 1977-78 and in 1979-80 the CBC suffered a shortfall of $71 million. Consequently, the CBC still could not plan on having additional funds to undertake additional programming and savings had been made elsewhere in its budget. Throughout this period, CBC President A. W. Johnson continued to argue that Canadianization of Canadian broadcasting was essential and the CBC was trying to do its part in this effort. As Mr. Johnson saw it, the technological innovations of satellites and pay-TV could be turned to Canadian advantage but the primary objective of all Canadian broadcasters should be to increase the viewing of Canadian programming:

The prescription for broadcasting in the 1980s is obvious: we must increase the amount, the range, the distinctiveness and the quality of Canadian programming made available by Canada's broadcasters.

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This 'solution' to the problem of Canadian television was to become quite fashionable in policy-making circles as part of the cultural industries development strategy. It is unclear when exactly the term 'cultural industries' crept into the language of Canadian public policy but it seems to have been about 1978 at the time when the Secretary of State, the Honourable John Roberts, established an Interdepartmental Committee on Cultural Industries. Until then it would be fair to say that the cultural policy field was more oriented to the establishment of cultural agencies and the support of individual artists and cultural groups. In line with the increasing discussion of the need for an industrial strategy and the impending information revolution, the cultural agencies and their clients began to see themselves as being involved in industrial development.

In May 1979, Mr. David MacDonald was appointed as Minister of Communications and Secretary of State. This joint appointment suggested there would be an effort to bring the department oriented towards communications technology (DOC) closer to the department concerned with culture (SOS). In one of his first interviews after taking office, Mr. MacDonald indicated an interest in giving a new direction to broadcasting policy.\(^\text{13}\) He also said on another occasion that the "central issue" of broadcasting was at the heart of both his departments but there had not been a successful integration of their work.\(^\text{14}\) In an early speech, Mr. MacDonald announced he was working towards a comprehensive policy for Canadian television in the 1980s to take advantage of the new technologies and to assist the development of the program production industry. The central goal of this policy would be

\(^{13}\) Barbara Keddy, "MacDonald Keeps TV Viewers in Sight", *Globe and Mail*, October 9, 1979, p. 5.

\(^{14}\) Department of Communications, Information Services, Transcript of the Minister's News Conference, held October 4, 1979, p. 5.
"to make more and better Canadian television productions available to more Canadians". Two objectives would stem from this goal: to extend service as far as possible and to strengthen production.

Regarding production, Mr. MacDonald stated that the interdepartmental committee on cultural industries was examining specific incentives for the investment in and marketing of Canadian programming. He intended to call upon the NFB, CFDC and CBC to enhance the opportunities for independent production. The CRTC would also be involved through its review of Canadian content regulations for television because this would affect the level of production required overall.

With reference to production opportunities, Secretaries of State prior to Mr. MacDonald had been quite heavily involved in policy actions to provide support. One policy instrument used was amendment to the Income Tax Act. Two instances are relevant here; one is the amendment on tax deductions for TV advertising expenditures (Bill C-58) and the other is the amendment to allow tax write-offs for certain investments in film and video production.

The first section of the Income Tax Act that actively engaged the interest of the Secretary of State was section 19(1), which disallowed advertising expenditures as tax-deductible if the advertising was placed in foreign magazines or foreign television stations. This amendment was

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15 Minister of Communications, Towards a New Television Decade, Notes from an address by the Honourable David MacDonald, Minister of Communications and Secretary of State to the Canadian Film and Television Association, Ottawa, October 4, 1979, p. 7.

16 Ibid., p. 10.
proposed in a government bill (C-58) which took almost two years to be passed by Parliament in extremely acrimonious debate.17

While most of the public debate on Bill C-58 was focussed on magazines, specifically the Canadian editions of *Time* and *Reader's Digest*,18 the bill when passed in 1976 had beneficial effects on Canadian television broadcasting revenues by discouraging Canadian advertisers from placing commercial messages on U.S. border stations. Of course, this tax amendment enraged the affected U.S. TV stations, especially those in Buffalo and one in Bellingham, Washington, which had enjoyed substantial revenues from advertising aimed at the Toronto and Vancouver markets respectively. What became known as the Border Broadcasting issue rumbled on for years in diplomatic exchanges and in the political arena; it remains unresolved as far as the American broadcasters are concerned.19 The benefits of Bill C-58 to Canadian broadcasters since 1977 have been estimated to be about $17 million to $20 million additional revenues annually although Canadian broadcasters themselves remain rather silent on the subject.20

17 Bill C-58, An Amendment to the Income Tax Act, was passed by Parliament in March 1976 and proclaimed September 22, 1976. The amendment came into full effect in September 1977.

18 For a detailed account of this aspect of Bill C-58, see Isaiah Litvak and Christopher Maule, *Cultural Sovereignty: The Time and Reader's Digest Case in Canada* (New York: Praeger Publishers, 1975).


The second instance of Secretary of State interest in income tax legislation has to do with the tax shelter arrangement known as the Capital Cost Allowance (CCA). In response to concern about the decreasing numbers of films being produced by the feature film production industry in Canada in the early 1970s, the federal government introduced amendments to the Income Tax Regulations in 1974 to allow 100% tax write-offs on investments in Canadian feature films.21 A unit of the Department of the Secretary of State (SOS) was made responsible for the certification of feature films as "Canadian" so as to qualify for the tax rules.

In 1976, the tax regulation was amended significantly to cover short films (less than 75 minutes) and any video-tape productions including TV commercials.22 This extension of the CCA to video productions, it was thought, would encourage investment in TV programming but relatively little actually occurred, for various reasons. The CCA rule was further amended in 1978, mainly as a result of concerns about tax avoidance perceived by the Department of National Revenue (DNR).23 Whereas the Secretary of State tended to see the CCA as an incentive to potential investors in Canadian program production, DNR perceived the CCA as a potential loophole for tax avoidance with little long-term benefit for the tax revenue base.

While the CCA was of some help in encouraging increased investment in Canadian production, the financial success of Canadian feature films was

21 Income Tax Regulations, Sections 1104 and 1100.


generally not assured and part of the reason for this was lack of access to exhibition outlets—specifically to Canadian and American movie theatres. The integration of production-distribution-exhibition levels in the film industry in North America has worked to the disadvantage of Canadian independent producers while benefitting established film producers based in Hollywood. Although the SOS and CFDC had been working towards the encouragement of production, this had done little to enable Canadian films to gain access to established distribution and exhibition arrangements. The frustration of Canadian producers encountering this bottleneck became more acute as expectations were raised by production incentives. The CFDC was criticized for not doing more to assure distribution access for the films they helped to fund.

If movie theatre access was a problem so also were Canadian television networks and stations. They have looked to movie theatre popularity as a criterion for the possible purchase of TV rights to a feature film; they have also tended to prefer in-house production of video programming rather than to purchase independent productions. As far as private broadcasters are concerned, the production companies affiliated with TV stations have been assured of almost all programming work (other than news, public affairs and sports) needed to meet the Canadian content requirements. In the CBC, it had been a long-standing practice to produce in its own facilities all the Canadian programming required, apart from some NFB films. The consequence of these practices by Canadian broadcasters was that there was virtually no domestic TV market for independently-produced Canadian film and video productions.
Canadian content regulations stem from the CRTC's obligation under the Broadcasting Act to ensure that the programming provided by each licensee uses "predominantly Canadian creative and other resources" (section 3(d)). The CBC is under the additional obligation that its national broadcasting service should be "predominantly Canadian in content and character" (section 3(f)). The idea of requiring a minimum percentage of broadcast time to be used for transmitting Canadian productions did not originate with the CRTC but had been in place since 1959 under the Board of Broadcast Governors regulations. The Canadian content quota was never well received by the private broadcasters who protested each rule and rule change vigorously and sought to minimize their carriage of Canadian material as far as possible; this was the case for both radio and television.

By 1978 (after more than 25 years of television in Canada), it was being acknowledged by the CRTC that the content regulations were not having the desired effect. The CRTC's Special Report on broadcasting as well as other studies had shown clear evidence that, while the majority of programming aired by Canadian television broadcasters was "Canadian" in the regulatory definition, the Canadian audience showed strong preference for foreign programming especially American entertainment series and movies. This foreign content was not being viewed only on U.S. stations (receivable over-air from border stations or via cable TV further away from the U.S.

24 Two useful reviews of the history of Canadian content regulations for television can be found in: Peter Stewart Grant, "The Regulation of Program Content in Canadian Television: An Introduction", Canadian Public Administration, vol. 11 (1968), pp. 322-391; and Robert E. Babe, Canadian Television Broadcasting Structure, Performance and Regulation (Ottawa Economic Council of Canada, 1979), pp. 141-156.
Most of the U.S. content viewed by Canadian audiences was being viewed on Canadian TV stations; indeed, the economics of program production and acquisition were such that the private TV stations derived the bulk of their net revenues from the carriage of U.S. programs and the advertising messages placed in those programming units. The CBC too, as we have seen, had succumbed to a critical degree to the economic logic of broadcasting U.S. programming in prime-time hours on English language TV in order to gain maximum revenues from the advertising market.

Whatever the economic reasons given for the weaknesses in Canadian TV production, the consensus seemed to be emerging in 1978 that it was time to re-examine the Canadian content rules. It appeared that the results of the quota had been the production of low-quality Canadian programs in the cheaper categories such as game shows and light entertainment, almost no production of drama series and the scheduling of these programs as far outside the prime-time hours as was compatible with content regulations. There was a strong audience demand for drama programming yet very little of this was produced in Canada (and most of it was CBC production). Therefore, Canadian audiences could not be expected to watch Canadian entertainment programs that were not produced.

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25 Some licensees broadcast a programming schedule so far out of line with the content regulations that the CRTC has been obliged to prosecute them but the Commission seems to prefer the use of persuasion with private broadcasters—however ineffective this may have been. See Babe, op. cit., especially pp. 75-86 and 141-148.

26 In a 1979 licence hearing, the CRTC found that CTV had scheduled no Canadian drama in prime-time other than some co-productions. The CRTC placed a requirement of 39 hours of drama per year within two years on the CTV network as a condition of licence. The CTV network appealed the CRTC's decision to Cabinet and then to the courts; in 1982, the Supreme Court of Canada upheld the CRTC's original decision by confirming it had the authority to attach such a condition of licence.
The answer came to be formulated as the need to develop policies to stimulate the production of 'high-quality' (never defined) entertainment programming. Not only would this attract Canadian audiences but the programs could be sold internationally, thus generating funds for additional productions. There were obvious problems with this scenario. The source of this programming could be the CBC but it was tacitly admitted that the Corporation would be unlikely to receive the necessary funds. In any case, the CBC was increasingly being urged to purchase independent productions rather than making programming in-house. The trend towards vertical integration in the private broadcasting sector had virtually barred the sale of independent productions to the private stations and networks such as CTV.

Without adequate access to Canadian broadcasting, the domestic market for independent productions was almost non-existent and the development of a Canadian program production industry was stymied. Pay-TV was earlier thought to be the impetus needed to get the industry going but this hope was to prove illusory. While private producers increasingly looked outside Canada for sales, the private broadcasters also (and their associated production companies) began to say they would like to get into the "international marketplace" for television. To do this, they said they needed the encouragement of co-production treaty agreements, negotiated by the Canadian government with other nations, and other incentive schemes to assist in covering the high production costs involved. They now argued that the Canadian content rules were preventing them from producing high quality products. All in all, it was time to examine the quota in light of these changing environmental circumstances.

27 See, for example, Susan Gabori, "International co-productions compete: they are one answer to high costs and low quality", Broadcaster, August 1979, pp. 14-17, 39.
On April 17, 1978, the CRTC announced it was conducting a review of Canadian content regulations for television (it had already conducted a review of radio that included a reconsideration of its content rules). In the fall of 1979, during Mr. MacDonald's brief term as Minister of Communications, he indicated some concerns about the effectiveness of the content quota and suggested there might be better ways to encourage Canadian production of popular programming. Among others, Mr. MacDonald thought that a points system similar to that used in Australia might achieve better results (the Clyne Committee had also put this idea forward). On December 31, 1979, the CRTC's internal review had progressed to the point where public comments were being requested in the form of proposals for changing the regulations:

The Commission wishes to receive any proposals for possible revision of the existing regulations that broadcasters or the public wish to bring to its attention. What is important is that any such proposals be directed at providing for the production of a wide range of high quality Canadian-produced programs to be enjoyed by significant numbers of Canadian viewers in all broadcasting time periods and that they be responsive to the changing technological environment.

There followed a lengthy process of internal reviews, informal public meetings and public hearings. Finally, in January 1983, the Commission issued a policy statement on Canadian content on television (issued, incidentally, one day before the official start of Canadian pay-TV services). In its statement, the CRTC observed that, whereas French-language television

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28 Jack Miller, "50% Canadian rule may be on way out", Toronto Star, October 20, 1979, p. B4.
29 CRTC Public Announcement, 31 December 1979, Canadian Content Review, p. 3.
30 CRTC Public Notice 1983-18, 31 January 1983, Policy Statement on Canadian Content in Television. This policy statement was not supported by all commissioners; two of them had appended to the statement their strong disagreement with the policy. While dissenting opinions are possible, they are unusual for the CRTC.
was generally performing well in Canadian programming and its ability to attract substantial audiences:

Overall, English-language Canadian television programming has not attracted a significant audience. The latest available figures show that foreign programs account for 77 per cent of the total viewing of English-language television programs over the entire day and 85 per cent between 7:30 p.m. and 10:30 p.m. While news and public affairs account for about half of the viewing of Canadian programs, Canadian-produced entertainment programs only attract 4 per cent over the audience over the total broadcast day.

The significance of drama programming in what the Commission called the "mid-evening hours" can be seen in these facts: 49% of all viewing on English-language television and 66% of viewing time between 7:30 and 10:30 p.m. was devoted to drama. Only 5% of the drama scheduled was Canadian-produced and that programming received only 2% of total viewing on all drama productions.

The Commission expressed the view that content regulations should be designed to stimulate increased expenditures by broadcasters on Canadian programming. However, other measures would also be needed and these had been examined by the government in the development of a new broadcast policy strategy. The Commission emphasized it was "essential to develop a broader long-term policy to ensure that the necessary improvements in Canadian television programming are undertaken". This approach would be needed because of the rapidly changing environment for conventional television broadcasting, an environment characterized by uncertainty related to

32 Ibid.
33 Both these policy initiatives are discussed later in this chapter.
technological evolution, competition, the current economic situation and government policy. 34

Various changes to the existing regulations on Canadian content were proposed: a new definition of "Canadian" to be based on a points system still to be worked out; acceptance of certification as Canadian by the Canadian Film and Videotape Certification Office now at the DOC (formerly at Secretary of State); the reporting period for the quota to be changed from one year to two six-month periods starting October 1 and April 1; greater use of conditions of licence to require increased Canadian programming on specific stations depending on their "financial and human resources".

Part of the difficulty involved in Canadian definition arose from the fact that the criteria then used by the Commission were based on guidelines related to co-productions first published in May 1972:

These guidelines required that in a co-production, 50 per cent or more of the cost of production (30 per cent if the non-Canadian production company is Commonwealth or French) should be spent on Canadian elements, and that there should be significant involvement by Canadians in the artistic control of the production. These guidelines also formed the basis of the criteria applied to Canadian productions. Programs produced by licensees were generally considered to be Canadian without necessitating certification by the Commission. 35

In January 1983, the CRTC had proposed to accept also as Canadian programming any film or video certified for purposes of the Capital Cost Allowance by the Minister of Communications; in March the CRTC announced it would accept this. However, the criteria used by the Canadian Film and Videotape Certification Office (CFVCO) were quite different from those used by the Commission. To assist those seeking financial support from private investors as well as public agencies such as the CFDC, it was apparent that

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34 CRTC Public Notice 1983-18, p. 10.
there had to be a common basic definition of Canadian. After a workshop in April 1983, and further consultations, it was determined in August that the CFVCO criteria would form the basis of a new CRTC definition of a Canadian program. The criteria would apply to co-productions, co-ventures (non-treaty co-productions), dubbing, feature films, video productions and productions by broadcasters. In addition, in the August 1983 notice, the CRTC proposed to assign extra "programming credit" to drama productions that qualified as Canadian; for each hour produced (to meet specific broadcasting and points requirements) the licensee broadcasting it would be credited with 150% Canadian content. All of these proposed changes in definition were to come into effect on January 3, 1984, but this was postponed until April 15, 1984, to allow for further consultations with industry representations, and to permit further amendments to cover music videos, program series, production packages and sports actuality productions.

The Use of Policy Inquiries

Amending regulations and changing definitions for Canadian content were no doubt useful actions but they did not get to the basic structural problems facing Canadian communications systems at this time. A more basic examination of the policies regarding culture, broadcasting and telecommunications needed to be made.

36 Ibid., pp. 4-7.

In 1977, the Boyle Committee of the CRTC had considered the need for a full inquiry into broadcasting policy. The Committee's concern stemmed from the realization that new communications technologies were leading to policy overlaps and confusion. As the Boyle Committee saw the situation:

The central place of broadcasting in cultural affairs is obvious, and the developing technologies in telecommunications and computers are becoming increasingly central to education, the arts, the (sic) public participation. . . . The relationship among the elements of the present administrative structure is awkward and unproductive, and what seems to be needed is an executive department of government, embracing all aspects and functions of cultural communication, to be a focal point for an integrated cultural policy. 38

If the need for different administrative structures to deal with burgeoning communications technologies was discussed in Cabinet, it did not result in major reorganization or in a Royal Commission in 1977. However, new legislation was proposed in January 1978 to consolidate (and replace) four existing statutes: the Broadcasting Act, Radio Act, Telegraphs Act and CRTC Act. The new bill (C-43) also contained a lengthy section on "telecommunications policy for Canada" intended to encompass broadcasting as well as more traditional telecommunications systems such as telegraph, telephone, computer-communications and satellites. The new legislation was described as being phase II of the federal legislative changes following up on the Green Paper and Grey Paper of 1973 and 1975 respectively. (Phase I had been the approval of the CRTC Act to amalgamate the regulation of federally-regulated telecommunications carriers and of broadcasting under one authority.)

The federal government received general support from the provinces for this legislative change when it was discussed at a federal-provincial conference in March 1978. However, hopes for speedy passage of Bill C-43

38 CRTC, Boyle Committee, Report, pp. 67-68.
were dashed and a similar bill was re-introduced in later Parliamentary sessions without success.\(^{39}\)

While the plan to reorganize the communications policy field by legislative change was bogged down in the Parliamentary agenda, the Minister of Communications went ahead with an inquiry into the policy field but on a modest scale. Instead of a Royal Commission and instead of an attempt to integrate cultural policy with communications policy, the Minister chose to have an inquiry focus on 'telecommunications'—now being broadly interpreted to include broadcasting, pay-TV, traditional telecommunications (telegraph, telephone and so on), satellite communications and computer-communications (sometimes called informatics). The Committee appointed—the Clyne Committee—had a broad mandate of inquiry and a short time-frame in which to work.\(^{40}\) Regarding broadcasting, the Committee recognized the key role of the CBC and recommended it "should be afforded whatever means may be required" for its services to act as "the main national instruments for the preservation of Canadian social and cultural sovereignty".\(^{41}\) In light of criticism of the CBC's operations, the Clyne Committee recommended the

\(^{39}\) As Minister of Communications, Madame Sauvé introduced three versions of the telecommunications bill in successive sessions (Bills C-43, C-24 and C-16) but none was approved through third reading in the House of Commons. Madame Sauvé's successor, Mr. MacDonald, planned to re-introduce a similar bill but the Conservative government was short-lived. In his turn, Mr. Fox introduced an omnibus bill (C-20) in 1984 which would amend the CRTC Act, the Broadcasting Act and the CFDC Act as well as deal with organizational changes in Bell Canada. This bill too failed to receive approval before the end of the parliamentary session. Mr. Fox's successor, the Honourable Marcel Masse, introduced his version of similar legislation in two bills (C-19 and C-20) in December 1984.

\(^{40}\) The Committee's mandate was discussed more fully in chapter VII.

\(^{41}\) Department of Communications, Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Clyne Committee), Telecommunications and Canada (Ottawa; Supply and Services Canada, 1979), p. 31.
appointment of a task force to advise the CBC on how to respond to the changing technological environment.⁴²

Although the Clyne Committee's mandate did cover broadcasting and pay-TV, its emphasis was on technology, not on cultural concerns. The amalgamation of Cabinet-level responsibility for the Department of the Secretary of State and the Department of Communications by having the same minister, Mr. David MacDonald in 1979, led some people to hope that federal policy would start to reflect a blending of technological and cultural priorities in communications policy. However, this seemed to be difficult to achieve within the administrative structures already established.

In October 1979, Mr. MacDonald (as Secretary of State) appointed an advisory committee on cultural policy to provide independent advice to him on matters related to an arts and culture policy review then going on in his department.⁴³ The Minister emphasized the need for coordination between his two departments and their policy-making functions by stressing "the importance of considering the implications to our cultural future of the technological changes now taking place" and the need to coordinate the advisory committee's work with that of the DOC, "particularly in the development of broadcast policy".⁴⁴

Following the February 1980 election, the new Secretary of State appointed (the Honourable Francis Fox) was also given the Communications portfolio so the idea of amalgamating or in some way rationalizing the two policy fields was still being followed. In July 1980, an Order-in-Council

⁴²Ibid., pp. 32-33.

⁴³Department of Communications, Statement by Minister of Communications and Secretary of State David MacDonald to the Standing Committee on Broadcasting, Film and Assistance to the Arts, November 29, 1979, p. 4.

⁴⁴Ibid.
transferred the Arts and Culture Branch of the Department of Secretary of State to the Department of Communications; in the same order, ministerial responsibility for all cultural agencies including the CBC was transferred to the Minister of Communications. In August 1980, Mr. Fox (as Minister of Communications) established a new advisory committee with a broader mandate and a different membership. The Committee became known as the Applebaum-Hébert Committee. As reconstituted, the Applebaum-Hébert Committee was to conduct public hearings and its report would be considered by the Standing Committee on Culture and Communications. After this, the Minister would consult with his provincial colleagues and then prepare a White Paper on Arts and Culture. The White Paper was expected by late Spring of 1982.

This was the first major public inquiry into cultural policy in Canada since the Massey-Lévesque Commission of 1949-51. The comparison made to Massey-Lévesque may not have been fair to the Committee because the situation of arts and culture in Canada had changed greatly in the intervening years and the Committee was asked to review a range of existing institutions and policies, not necessarily create new ones. In any case, hopes that a blueprint for the 1980s would emerge were disappointed and the report of the Committee was not well-received, being criticized for everything from turgid writing-style to the lack of original research to support the specific recommendations. On the whole, the sharpest criticism was that the Committee failed to grasp the complexities of the problems facing cultural agencies and, therefore, proposed useless or dangerous remedies. The Committee's

47 See, for example, Al Johnson, "Cultural Report: 'Missed Opportunity'", Financial Post, January 8, 1983, p. 9; Robert Fulford, "Plenty of Nothing", 262
report was criticized generally for adopting a private-sector solution to many intractable problems, for recommending far too readily changes that would be costly without suggesting where the funds could come from, and for reacting unthinkingly to complaints from those who appeared before the Committee, but the most controversial sections of the report dealt with film and broadcasting—specifically with the NFB and the CBC.

In its analysis of broadcasting, the Committee proposed that CBC Television have a drastically reduced level of participation in production. Among other things, the Committee recommended that, with the exception of news, CBC should "relinquish all television production activities and facilities in favour of acquiring its television program materials from independent producers". Many of its other recommendations were similar to those that had been made before by the CRTC: the dropping of advertising on television, the reduction of reliance on affiliated stations, increased production in the regions, carriage of 'excellent' programming from outside Canada, the dropping of local programming in favour of more regional productions, greater collaboration between French and English networks and more efforts to sell Canadian programs abroad.

As with the CRTC's recommendations of earlier years, these all seemed to be very sensible ideas but most of them cost more money and the federal government did not show any eagerness to supply the substantially larger budgets required. Indeed, towards the end of its chapter on broadcasting,


49Ibid., pp. 289-297.

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the Committee admitted it did not know how all its recommendations for changes in CBC operations would affect its financial position.  

The Committee's recommendations were driven not only by a desire to see reductions in the public sector while increasing opportunities for private entrepreneurs (although some critics of the Report did see it in those terms). As far as broadcasting and film were concerned, the Committee saw that new technologies of distribution were changing the environment of both industries. The emerging broadcasting environment, in particular, would provide increased program choice for consumers and lead to 'narrowcasting' (the provision of programming for specialized interests) rather than the conventional broadcasting. If this is so, the argument then goes like this: as consumer choice increases, then it becomes more difficult for the Canadian state (via the CRTC) to regulate Canadian content on Canadian channels, let alone to maintain a Canadian quota for the whole range of distribution channels available via satellite, cable and so on. If Canadian content cannot be regulated, then the Canadian presence in the broadcasting system must be maintained there on the basis of high-quality, popular programming that Canadians want to watch.

This is the sequence of argument that had already become accepted as conventional wisdom among the policy-makers at the DOC and the CRTC so the Applebaum-Hébert Committee was not providing any new ideas there. Where the Committee went a bit farther was in stating flatly that the Canadian content regulations were not working and that other ways must be found to encourage the production of high-quality productions.  

The Committee pinned its hopes on the freeing of independent producers to create new programming by


preventing the NFB and the CBC from engaging in production of feature films or entertaining programming. Private broadcasters would also be expected to do their part (although it was not clear if they too would have to acquire independent productions) and the CRTC was given a whole series of recommendations on how to regulate the broadcasting system to better effect in terms of program production.

The New Broadcasting Strategy

In Spring 1982, the Minister of Communications had already announced his intention to develop a comprehensive broadcasting strategy to respond to the changing technological environment of the Canadian broadcasting system. It was anticipated this strategy would be announced a few months after the receipt of the Applebaum-Hébert Report. In March 1983, Mr. Fox revealed the strategy document but it proved to be a good deal less than was promised. The paper was sub-titled: "New policies and initiatives to provide Canadians with greater program choice and make the Canadian broadcasting industry more competitive: A response to new technologies and a changing environment". The 'Broadcasting Strategy for Canada' contained in the document proved to have been given these fundamental goals:

ONE To maintain the Canadian broadcasting system as an effective vehicle of social and cultural policy in light of a renewed commitment to the spirit of the broadcasting objectives set out in the 1968 Broadcasting Act.

TWO To make available to all Canadians a solid core of attractive Canadian programming in all program categories, through the development of strong Canadian broadcast and program production industries.

THREE To provide a significantly increased choice of programming

52 Minister of Communications, Towards a New National Broadcasting Policy, March 1983.
of all kinds in both official languages in all parts of Canada. 53

Essentially, the strategy consisted of four decisions on policy matters, two actions implemented almost immediately and two anticipated but dependent on other actions. The decisions made and soon to be implemented were: (a) changing the Radio Act regulations to permit individuals and certain business establishments to own and operate television-receiver-only (TVRO) satellite dishes but leaving the question of MATV systems open for the CRTC to examine further; 54 (b) increasing production opportunities for private production companies and independent producers through the creation of a Canadian Broadcast Program Development Fund to be administered by the CFDC. The justification for the latter initiative was the need for greater resources available to Canadian program producers so that they could produce "attractive high-quality Canadian programming in both official languages and of international calibre--Canadian programming that people will choose to watch". 55 The creation of more Canadian programming would then allow all Canadian broadcasters to increase the amount of Canadian programs in all categories, especially drama, children's programming and variety.

The Program Development Fund would be $35 million in its first full year of operation and would rise to $60 million in its fifth year; the memorandum of understanding signed by the Minister of Communications and the CFDC specified the Fund would begin operation on July 1, 1983, and also laid out the criteria to be met by producers in order to qualify for funding

53 Ibid., p. 5.
54 This issue was discussed in chapter VII.
55 Minister of Communications, Towards a New National Broadcasting Policy, p. 7.
One of the important limitations on CFDC was that it could provide funds only for programs that had already been accepted for exhibition by a Canadian broadcaster. CFDC could provide only one-third of the program budget so two-thirds had to be raised from private investors or from broadcasters on a co-production basis. At least one-half of the funds were to be made available to productions accepted by private broadcasters, the rest by CBC. About one-third of the funds would be for French-language productions, the remainder for English-language. The types of programming to be encouraged were in the three categories considered to be weakest in Canadian broadcasting: drama, children's programs and variety. (The relationship between eligibility for these funds and eligibility for the Capital Cost Allowance under the Income Tax Act was not spelled out and later in 1983 Mr. Fox promised to seek such appropriate amendments to allow film producers to qualify for both.)

Two other initiatives listed in the broadcasting strategy document were less defined than those concerning satellite dishes and program production. One concerned direction to the CRTC from the Cabinet on policy matters. According to the strategy document, there was a consensus on the need for such direction powers—the consensus included nearly all provincial governments, the broadcasting industry and the Applebaum-Hébert Committee as well as the Chairman of the CRTC. The power to issue directions to the CRTC is limited under the current Broadcasting Act and changes to this had been

56 Minister of Communications and Canadian Film Development Corporation, Memorandum of Understanding Concerning the Establishment of the Canadian Broadcast Program Production Fund, February 21, 1983.


58 Minister of Communications, Towards a New National Broadcasting Policy, p. 10.
sought since 1978 (under Bill C-43 and its successors) through an omnibus bill to amend and amalgamate all federal statutes related to telecommunications. Efforts to obtain Parliamentary approval had been made but were unsuccessful; nevertheless, Mr. Fox would seek the required approval although the strategy document did not say if this would be a single amendment or as part of the omnibus bill so long delayed.

The fourth initiative announced in the strategy document was more in the nature of a declaration rather than an immediate policy action. The document declared, as its very first policy initiative, the need to expand programming choice for Canadians and that:

Cable, drawing on satellites and over-the-air broadcasting, represents the most cost-effective means of significantly expanding the viewing choice of most Canadians, while at the same time ensuring that the broadcasting system remains identifiably Canadian. This strategy calls for the entire range of new Canadian programming services and many foreign services to be made available over cable on a "tiered" basis in addition to cable's continuing carriage of conventional services.

The document also indicated that cable operations would be encouraged to provide non-programming services and that cable would become, by this means, "a major vehicle for delivering the 'information revolution' to Canadian homes". Although the Minister of Communications might declare this should come about, the CRTC retained the authority to license such services and, at this time, it was dealing with the introduction of pay-TV services, Canadian content on television, changes to Cancom's licence and numerous other matters. The consideration of new services via cable was already being fitted into this busy schedule. While it is assumed that the CRTC recognized the priority being given by the federal government to cable delivery of broadcasting services, the Commission's own regulatory processes

\[59\] Ibid., p. 6.
\[60\] Ibid., p. 7.
had to be employed in the usual manner. Rapid change could not be expected, even though Mr. Fox's strategy document stressed the urgency of the need for change.

Along with seven other policy areas unresolved in the strategy document, the CBC was included in the discussion. It was stated that the CBC would continue to play a central role in the Canadian broadcasting system and, because it was a "profoundly important national institution", a public debate on its role was to be encouraged. The CBC's Board of Directors was requested to prepare a set of proposals for the Minister of Communications on how the CBC would be adapting to the new broadcasting environment. In developing these proposals, the board was asked to consider: "this broadcasting strategy, the recommendations of the Federal Cultural Policy Review Committee, the government's general economic and social objectives for the 1980s, the findings of the Auditor General's economic and efficiency audit of the corporation, and a number of strategic objectives for the CBC put forward by the Minister of Communications."61 It was anticipated that the government's policy initiatives for CBC would be announced later in 1983.

In spring 1983, the CBC Board presented its "Strategy for the CBC" to the Minister, who considered it as part of the DOC review of policy on the CBC; other factors taken into account were the recommendations of the Applebaum-Hébert Committee and those of the House of Commons Standing Committee on Communications and Culture (on the Applebaum-Hébert Report and on the Minister's strategy document).62 The House Committee had reviewed the Applebaum-Hébert Committee's recommendations on the CBC and had supported

61 Ibid., p. 20.
62 Minister of Communications, Building for the Future: Towards a Distinctive CBC, October 1983, p. 2.
many of them except the requirements for the CBC to withdraw from advertising, to reduce dependence on affiliates or to remove itself from all program production other than news. These were the most contentious recommendations and it is significant they did not receive the support of the Parliamentary Committee.

In October 1983, Mr. Fox issued the policy paper Building for the Future: Towards a Distinctive CBC, in which he emphasized the importance of the CBC as "an essential instrument of Canadian cultural development". In light of the new technological environment outlined in the strategy document, the CBC would be given a redefined role to provide "distinctive" programming that would be complementary to services already provided by private broadcasters or by foreign stations and channels. In all, nine policy "initiatives" were proposed, some requiring legislative amendments to the CBC's mandate (currently included in Part III of the Broadcasting Act and in section 3) whereas others were more in the form of recommendations than definite actions.

In the CBC policy paper, no mention was made of additional funds to be provided; indeed the implication was that the CBC would have to do more with what it received. Although legislative changes were required for full implementation of the policy initiatives—and of parts of the strategy document issued in March 1983—these changes were not achieved in 1983 or 1984. This may have been partly due to the fact that a General Election was held in May 1984 but the earlier history of attempts to get legislation through Parliament suggests the election was not the only hindrance.

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63 Department of Communications, Fact Sheet, "Recommendations of the Standing Committee on Communications and Culture", undated.

64 Minister of Communications, Building for the Future: Towards a Distinctive CBC, p. 5.
On the whole, the broadcasting strategy document was received fairly well by those interested but it still, inevitably, left a lot of loose ends on various aspects of broadcasting policy. Two of them were tackled in 1984 although that is outside the scope of this inquiry. One was the question of films and video policy and especially the proper role of the NFB, which had been examined by the Applebaum-Hébert Committee. The other was the question of copyright reform; while this affected a wide range of people and industries, it was also highly relevant to broadcasting. The Minister of Communications was to be directly involved in both these questions of policy direction for the future.

Analysis

It could be argued that Canadian content is the policy problem in broadcasting. It has always been a focus of attention since the beginning of broadcasting policy development in the early 1930s. The sequence of ideas has been that, without Canadian ownership and control of broadcasting facilities, there would be little or no Canadian programming produced and

65 Broadcasters reacted more or less favourably with cable operators urging quicker decision-making by the CRTC and the independent producers expressing wariness of the program fund's likely effects. See, for example, Robert L. Perry, "New Optimism Abroad in the Air Waves", Financial Post, April 16, 1983, p. 5; George Galt, "Unscrambling the Future", Saturday Night, October 1983, pp. 15-26.

66 Minister of Communications, The National Film and Video Policy, May 1984.

67 Minister of Consumer and Corporate Affairs and Minister of Communications, From Gutenberg to Telidon: A White Paper on Copyright—Proposals for the Revision of the Canadian Copyright Act. (Ottawa: Supply and Services Canada, 1984). See also: Minister of Consumer and Corporate Affairs and Minister of Communications, From Gutenberg to Telidon: A Guide to Canada's Copyright Revision Proposals (Ottawa: Supply and Services Canada, 1984); and Minister of Communications, Copyright and the Cultural Community, May 1984.
distributed. When there is Canadian ownership, it is argued, Canadian content will be available and then a Canadian audience can be developed. When there is a national Canadian audience, then broadcasting can be used to enhance a national identity and encourage cultural cohesion. This viewpoint of Canadian broadcasting policy can perhaps be epitomized by the Fowler Committee's aphorism: "The only thing that really matters in broadcasting is program content; all the rest is housekeeping". Although the 'housekeeping' takes up a great deal of time, attention and money, nevertheless the policy field is primarily concerned with program content. If we look at the converse of the policy focus, without Canadian program content and a Canadian audience for it, there is no 'Canadian' system and, therefore, no justification for an elaborate policy field that has built up around the distribution system and its licensees. Thus, audience and content go hand in hand.

Numerous reasons can be given for the parlous state of Canadian English television programming. First and foremost, the availability of one or more U.S. TV signals off-air in many border cities has made the U.S. mass television programming known to over half the English-Canadian population. By the development and extension of cable TV systems in most urban centres by 1978, the reach of the major U.S. networks had been extended to about 70% of English Canadian households (over 80% had access to at least one U.S. signal). The reach of U.S. signals into Quebec was not nearly so high but it did increase over the same 10-year period.


The popularity and accessibility of U.S. programs on U.S. TV stations receivable in Canada would not by itself be sufficient to undermine the Canadian television system. Two other factors exert strong influence. One is the difference in costs between buying a U.S. TV program and producing an equivalent in Canada. It is much cheaper—usually about one-fifth the cost—to buy the Canadian rights to air a U.S. program (or program series) than to produce an equivalent unit in Canada. If the American programming (especially movies and TV series) is already popular and well-known to Canadian audiences, why go against this trend especially if it is going to cost you more money? This, in a nutshell, is the attitude of Canadian private broadcasters. In their view, Canadian content quotas are an imposition that goes against economic logic and it is quite reasonable from their viewpoint that they seek to minimize their obligations to produce or broadcast Canadian entertainment programming. Their attitude towards news, public affairs and sports programs is different since it is quite clear there is a Canadian audience for these types of programming.

The second additional factor that influences the economics of Canadian broadcasting is the size of the advertising revenue base for television (and other media). In the U.S. in 1978, television advertising revenues were approximately $9 billion whereas in Canada they were about $426 million—that is, approximately half the figure per capita than for the U.S.

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70 See, for example, Robert E. Babe, op. cit, p. 92, where he states: "The Canadian programming that private stations are licensed to provide is generally placed in time periods when the potential audience is low; the Canadian schedule is comprised largely of low-budget information, interview, and game-type programs. The complex dramas and comedies, on the other hand, are imported and placed in the best time periods".

71 TV Bureau of Canada, TV Facts, quoted by the Joint Action Committee in its brief submitted to the CRTC on Pay-TV and Satellite Policy, Programming for
During the period under study, with attention given to the extended reach of U.S. services via satellite in Canada and to the development of new TV services, the key link between audience and content became more important than ever. Given the increased availability of new TV services to members of the Canadian audience, the simple equation of Canadian content and audience could no longer be justified. It became increasingly apparent to policy-makers that making Canadian programming available to Canadian households was not enough; that content had to attract audiences from other kinds of programming and program services. Around 1978, the idea became established in policy discussions that Canadian TV audiences could be attracted to entertainment programming of high quality (usually meaning of high cost), the type of U.S. content that dominates the prime-time hours on Canadian and U.S. stations and networks. Since Canadian productions of this program type were small in number and often low in budget, the emphasis was placed on strengthening program production in this category.

The problem was how this strengthening could be achieved. The CBC (the primary producer of Canadian programming) could not increase its productions because entertainment programming is expensive and CBC budgets were not being increased by Parliament; in some years, there was an actual decline of resources available to the CBC when the Cabinet imposed budget cuts. Even if the CBC were able to increase program productions, this would not be enough to increase audiences for Canadian programming because it was only one of a number of Canadian stations available to most Canadians—aside from the increasing numbers of U.S. services available via cable and satellite.

Performance: Restructuring Canadian Television for the 80s, March 1980, p. III-5.
Audience data showed that the CBC English TV network was losing audience share to private stations and networks in Canada.

Reliance on private broadcasters to increase Canadian content production was recognized to be a fairly forlorn hope, given the well-known economic logic that encouraged private broadcasters to maximize purchases of U.S. programs and minimize production or purchases of Canadian programming—especially the expensive entertainment program types. Improving greater requirements of Canadian content on private broadcasters was not seen as a viable option.

If neither private broadcasters nor the CBC could be expected to increase appreciably the quantity of entertainment programs, how then could it be done? The answer was thought—at least by the DOC—to lie in the private production companies, collectively known as the independent program production industry. To speak of the program production industry sounded more purposeful than to discuss the scattered individuals and small companies trying to make a living in Canada as film and video production houses. These companies were eager to grow and the climate of technological change appeared to favour private sector initiatives over the more traditional public sector interventions.

Independent producers had been trying for years to gain access to broadcast air-time via the CBC or private broadcasters but had had to settle for freelance work, almost entirely with CBC. The policy field in the late 1970s seemed to encourage greater efforts be made to gain more access to resources. The pay-TV policy process was a case in point when policy statements from the Minister of Communications, the Therrien Committee and the CRTC all favoured more Canadian independent production. Even if the realities of pay-TV marketing did not fulfill this promised opportunity, the participation of independent producers in the policy process increased their visibility in the policy arena.
The emphasis on this fledgling industry may have been a reflection of the disillusionment with the existing broadcasting licensees. It may also have been because it fitted in with the fad of the moment: the concept of the 'cultural industries' and their dual function of providing cultural strength while at the same time contributing to economic growth through technological development. This dual-function industry concept seemed to fit well with the economizing mood of the federal government in the late 1970s. The stronger development of the program production industry in Canada was encouraged by specific government action, primarily the establishment of the Capital Cost Allowance provisions of the Income Tax Act and the establishment of the Canadian Broadcast Program Development Fund. While the first action encouraged production (of varying quality), it did not assure access for producers to the broadcast distribution system; the second action was designed to assure access for new sources of production. A related action, discussed in the previous chapter, was the attempt to structure the pay-TV industry so as to enhance Canadian program production; this policy initiative had mixed success, mainly due to the slow development of the pay-TV market in Canada.

The policy structures involved in questions about how to encourage Canadian content production and distribution ranged more widely than for the other two policy issues discussed in previous chapters. Due to the increasingly close inter-linking of film and video production, structures usually concerned with film were pulled more into broadcasting than was usually the case. The Department of the Secretary of State and its Minister, as well as the Canadian Film Development Corporation and the National Film Board became active to varying degrees in the debate about the Canadian television crisis. When the Secretary of State's authority over some aspects of cultural policy and over many cultural agencies, including the CBC, was moved to the portfolio of the Minister of Communications in 1980, then the
SOS faded from the picture. The CFDC became more crucial to the policy area especially as the support for film productions became more available to video productions also. Most of all, in 1983, the CFDC was given the responsibility to manage the Canadian Broadcast Program Development Fund, a key element in the government's strategy for strengthening program content. The role of the NFB in an evolving film policy remained unclear and the question of how the Board could be reformed remained unresolved at the end of the period under study.

Similarly, the role of the CBC in the broadcasting system was increasingly unclear. Historically, the CBC had been the principal broadcaster but, as cable TV distribution systems proliferated, the primacy of the CBC's services came more and more into question. During 1976-83, the Corporation came under renewed criticism for not responding to the changing technological environment. Efforts made by the CBC to adapt or expand its services (though CBC-II, for example) were strongly rejected by the CRTC, whose licensing approval was necessary for introduction of the new services. These proposals were also rejected by the Cabinet when the CBC sought additional appropriations through the budgetary process. Furthermore, proposals from the CBC to increase its production and distribution of programming were rejected (even if indirectly) through the refusal of the government to increase the CBC's budget. Through the CRTC's network licence hearings, the Cabinet's decisions on budgets and the recommendations of the Applebaum-Hébert Committee, the CBC was told on many sides and in many ways to reform itself—but at no extra cost to the public purse. The Minister's strategy document and the subsequent CBC paper conveyed essentially the same message.

The CBC's mandate remained as it was in the 1967-68 Broadcasting Act. Proposals to give the CBC greater freedom to operate in developing new services and new ways of raising revenue were thwarted by the lack of
progress in amending the statute. As with Cabinet directions to the CRTC, changes in CBC structure were held up by legislative inaction.

While structural change for the CBC and NFB remained elusive, other structural changes were possible because they did not require legislative action. The Minister of Communications and the CFDC simply signed an agreement to set up the Canadian Broadcast Program Development Fund as one of the funds administered by the CFDC. In another budgetary action, the Minister of Communications obtained Cabinet approval for the imposition (by the Minister of Finance) of a 6% tax on cable TV and pay-TV fees; it was assumed this revenue, although not designated as such, would largely cover the cost of the Development Fund.

As we have seen in earlier chapters, the CRTC was involved in all questions about broadcasting policy but, as before, its actions were circumscribed by its interpretation of the Broadcasting Act. Regarding Canadian content, the CRTC had no power to establish funds for increased production, as the Minister could do. Instead, the CRTC's role was largely limited to consideration of license amendments to be placed on the CBC and to a review of the Canadian content regulations developed by the Commission. In the first instance, the CBC's acceptance of the license amendments could be refused through appeal to Cabinet and the ultimate question of money usually seemed to mean that the CBC was unable to fulfill either the CRTC's requests or its own management's aspirations to make the CBC more popular and more diversified in light of the changing technological environment.

In the second instance of CRTC action, on Canadian content regulations, a great deal of time was spent on the review but with no substantial changes at the end. The CRTC balked at changing the time basis of the regulations or establishing new rules that would give clear emphasis to the production of specific types of programming by all broadcasters. However, there were changes in the points system for Canadian content qualification to bring the
CRTC's regulations more in line with the rules for CCA eligibility. But, as far as the audience is concerned, the rule changes were negligible in producing more and better Canadian programming in the broadcasting system.

The processes through which the policy discussions and actions were pursued were quite varied. The legislative process was employed in four different Parliamentary sessions but no statutory amendments were approved. This processual roadblock becomes more and more serious the longer it goes on. Why was Parliament unable to complete the procedures necessary to make statutory change? It is hard to answer this in terms of the obduracy of the Opposition parties or in terms of indifference on the part of the Minister of Communications, who often indicated the urgency of the changes being put forward. While the communications policy field, and broadcasting in particular, can be seen as in a state of crisis yet this crisis never achieved nation-threatening proportions and more urgent legislation was always there to be taken care of first. Broadcasting reform, apparently, is not the highest priority of the Cabinet or the Opposition.

Given the uncertainty of securing passage of an amending bill in the House of Commons, the Minister has pursued other actions that did not require prior Parliamentary action, such as the Program Development Fund, and made recommendations to the CRTC of action to be pursued in the regulatory sphere (such as changes to the Canadian content regulations and licensing changes to permit new cable TV services). As in other areas, the CRTC has remained loyal (with rare exceptions) to its historical view of the Broadcasting Act and the meaning of the broadcasting policy section. Mainly, this means the CRTC sees itself as maintaining the broadcasting system and allowing changes only where it does not harm the system as a whole.

Other processes that went on during the period 1976-83 were inquiries instigated by the Minister of Communications—the Clyne Committee and the
Applebaum-Hébert Committee both investigated broadcasting but their recommendations were largely ignored. Only the latter Committee held public hearing so there was limited opportunity for public views to be expressed, from the cultural community anyway. The Minister's reviews of broadcasting policy before and after the issuance of the broadcasting strategy paper in 1983 were not made public; in the case of the CBC's status, no definite decision was made on how to transform the Corporation to current circumstances.

When we look at the policy ideas embedded in the structures and processes on Canadian program production, it is clear that the most entrenched idea is rarely discussed by policy-makers; it is just assumed to be so. This idea is that broadcasting in Canada is firstly a cultural conduit necessary to the development of a national identity. Secondly, broadcasting is a business. If these two characteristics can be combined that is even better but the first must take precedence if a choice has to be made.

Broadcasting in Canada must be organized as a Canadian system, owned and controlled by Canadians; the system must carry Canadian content and the reach of the system must be as wide a Canadian audience as possible. These requirements are linked; if the system is not owned or controlled by Canadians then it is assumed there will be little or no Canadian content carried on it; if there is not sufficient reach of the Canadian signals, then there cannot be a national audience; if there is not a national audience for Canadian programming carried on the system, then broadcasting cannot serve the purpose of national cultural development. The cultural importance of broadcasting as a distribution system for Canadian content is especially high since other distribution systems (for example, for feature films) are organized by private companies to facilitate the distribution of foreign content. The weakness of Canadian production and distribution of
feature films has made broadcasting the object of more determined policy-making, as we have seen with pay-TV and here with Canadian content regulations for television.

Having established a broadcasting system mainly owned and operated by a public corporation (CBC), the policy-makers assumed that the cultural development goal could be met. But newer distribution systems in Canada and the U.S., almost all privately owned, have undermined the pre-eminent position of the CBC and its leadership role for Canadian broadcasting. Not only that, the national audience for Canadian TV programming has dwindled to a minority of the nation and this defeats the purpose of the established policy structures. If there is lack of public support through inadequate audience response to available programming, then the massive expenditures on the CBC become more difficult to justify as does the maintenance of regulations such as Canadian content as well as regulatory processes and structures such as those constructed painstakingly by the CRTC. The entire policy field survives or falls ultimately on the public's support; audience response is an important factor in that support both indirectly and directly.

Around 1977 and 1978, serious questions arose about the extent of popular support for Canadian television services generally and for CBC in particular. The questions were raised by Members of Parliament (who were presumably reflecting their constituents) and also by audience data produced by the CRTC. These questions became more urgent as it was becoming clearer that more TV services would soon be available to Canadians through pay-TV development and via satellite distribution. If Canadian TV services could not compete successfully for the attention of Canadian audiences before, they would be less able to in the expanding broadcasting environment. It was clear at least to the successive Ministers of Communications that relying on old remedies would not work. A new approach was needed and they
opted for encouragement and subsidy support for independent program producers. This tactic served several different purposes: a) it responded to the current emphasis on an industrial strategy; b) it built on the concept of 'cultural industries' as a means to be both economically practical and culturally supportive; c) it could act as a spur to existing broadcasting licensees to do more in Canadian production; d) it could be a supplement to what the CBC would be producing anyway; e) it could diversify the sources of programming in Canada by opening up the broadcasting system to more than the licensees.

In 1976 the Minister had already stipulated that pay-TV service would have to develop in ways to allow independent producers access to the new distribution system required for the service. The CRTC had accepted this pre-requisite also. When looking at ways of Canadianizing English-language TV, the independent producers were again favoured as the means towards reaching the policy goal. There seems to be two reasons for this: a) the government had indicated it was not prepared to raise the CBC's funds sufficiently to allow the Corporation to diversify its production and distribution activities; b) the Minister did not anticipate getting substantially more or better programming produced and distributed by private broadcasters. If those already in the broadcasting system could not be counted on to develop new and better entertainment programs, it would be desirable to look outside the system to a new source of programming.

Aside from being a new source of programming, independent producers were also perceived to have the advantage of being more efficient because they had to compete for sales. The argument went that, since independent producers depend directly on sales for economic survival, they would be much more keenly interested than broadcasting licensees in achieving high audience response for each program produced. Therefore, they would be likely to
emphasize production of popular, entertaining programs that would compete effectively for audience share against the U.S. entertainment in prime-time.

Because of being a largely new source of programming, independent producers who previously had great difficulty in gaining sales to Canadian broadcasters would increase the diversity of programming for Canadians, a desirable outcome in itself. More than that, though, because the independent production industry is scattered across the country, this diversity would have a regional base and should reflect a range of perspectives wider than that represented by network TV productions.

Thus the policy direction to strengthen and support the independent program production industry is linked partly to the idea of 'regional diversity' and partly to ideas about 'efficiency'. Most important by far, though, remains the idea that having a national audience for Canadian programming is essential for cultural development in Canada and for national cohesion. The recent emphasis on entertainment programming was due to this being perceived as a major weakness in Canadian programming. The importance and national value of news and other informational programming was unchanged but its production was not considered to be a problem needing policy action.

After the activities of the period 1976-83, the 'crisis' of English television remained unresolved in the short term although it is possible that more popular entertainment programming will be produced and distributed through the support of the CCA and the Broadcast Program Development Fund. A number of the policy issues were not dealt with decisively. The Canadian content regulations remained largely as they had been. The CBC still received vast sums of public money (about $1 billion a year, the bulk of federal cultural funding) yet it still did not have enough to do all that was demanded of it. The structure of the CBC was unchanged, the Minister's power over the CRTC and the CBC were unchanged as was the formal broadcasting policy in the Broadcasting Act; all these changes awaited legislative
action. The primary action taken regarding Canadian program production was to devise additional ways of subsidizing productions in Canada and to tie this support to increased distribution access. The central idea of broadcasting as being necessary to national cohesion and cultural identity was never seriously challenged in the policy discussions that occurred. What was different about the policy action was the new emphasis on independent producers, in addition to licensees, as a source of Canadian content.
X. CONCLUSIONS

This thesis began as an effort to understand the nature of the Canadian broadcasting policy field by studying the current policy crisis. The crisis appeared to be attributable, at least in part, to technological change--specifically the pressures for introduction of new communications systems and services based on innovations such as communications satellites, computers and electronic recording techniques. Collectively, these and other innovations are often referred to as the "information revolution", a phenomenon of which the Canadian governments (federal and provincial) are trying to take account.

The technological innovation that is significantly affecting broadcasting is the communications satellite--more particularly, the domestic satellite systems in Canada and the U.S. They are affecting broadcasting service coverage and therefore the audience viewing and listening patterns and this obviously affects the economic viability of private broadcasters as well as the public support for public broadcasters, especially the CBC. Communications satellite systems are also affecting the mixture of programming content available to audiences because they allow for the development of new services such as pay-TV; this affects audience choice, which affects the economies of program production; this in turn affects the whole broadcasting system in Canada and the established methods of generating Canadian content in programming.

Satellite technology is affecting the whole broadcasting system through its effects on the two main elements of the system: distribution (service coverage) and production (content mix). In pointing to the strong direct effects on the broadcasting system that satellites are having, this is not to imply that the system was previously in equilibrium. The broadcasting
system as a technical structure has been through several periods of rapid change and an unending sequence of development and adaptation due to technical change in production and distribution methods. If this is the fourth "crisis" in Canadian broadcasting, as Graham Spry stated, it is because the introduction of satellite distribution of broadcasting signals is the fourth major distribution innovation—from AM network radio, to television, then cable TV and now satellites. Many other innovations could also be considered very significant in the evolution of broadcasting, such as FM transmission, the switch from black-and-white to colour TV, and the development of video and audio tape-recording systems. Having opted to focus on the introduction of satellite technology, the appropriate starting-point for this thesis seemed to be 1976, when the satellite systems began to have an effect on Canadian broadcasting policy decisions. The end-date of 1983 was chosen mainly because this was when the federal government issued a major strategy paper on broadcasting policy that was, in large part, a response to the satellite environment.

So the crisis in broadcasting policy can be seen as created by strong pressures for change in the broadcasting system, pressures exerted by individuals, corporations and governmental structures for various reasons. At the same time, there are other pressures of resistance to change from those participants whose situation (they believe) would be harmed by change. The policy field, which encompasses all the broadcasting system and the policy-makers involved with it, has to respond to these pressures.

However, saying that a policy crisis is due to pressures for and against technological change, does not really help in understanding the character of this particular policy field. Obviously what is needed is some model of the field and an attempt to apply that model to the empirical situation. Following Doern and Phidd, the approach used in this thesis
views all policy fields as having the same three central and inter-related elements at work in the process of policy-making: structures, processes and ideas. Such a model has several advantages. First, it gets away from an exclusive or excessive focus on policy-structures—a criticism often made of institutional models. Second, it allows for attention to the dynamic processes of policy-making while recognizing the longevity and significance of institutional structures. Third, it allows for some attention to the persistence of 'ideas' or beliefs that influence the policy processes and structures. A review of the literature on the history of Canadian broadcasting suggests that political ideas about the value of broadcasting to Canadian society have been a significant element in the evolution of the policy field.

While the basic model proposed by Doern and Phidd is simple, the challenge is in applying it to a specific policy field. It has been pointed out that Doern and Phidd's interplay approach is not a theoretical one but rather provides a kind of typology for viewing public policy. By downplaying simple causality as the basis for explanation, Doern and Phidd gain the benefit of focussing attention on the complex interactional nature of policy-making but run the risk of having no clear theoretical foundation of their analysis. One change in the Doern and Phidd approach that would make it stronger, in my view, would be to give closer attention to the significance of technology as a major present-day source of pressure for policy change and as an arena for power-struggles between the various political and economic interests.

While there is also a need for clarification of the line between 'structure' and 'process' in Doern and Phidd's model, it has been relatively straightforward to describe and analyze policy structures and processes in broadcasting. Regarding ideas, Doern and Phidd put forward a list of seven "dominant ideas" they state are at the core of all federal policy fields but this is not necessarily a complete list nor does it suggest which of the ideas are dominant in any specific policy field.

In turning to the analysis of the broadcasting field itself, it was hypothesized that an analysis of the crisis in broadcasting policy and its evolution in the field would show that the rate of change is different between the three elements outlined by Doern and Phidd. It was suggested that the element most readily able to change is that of the processes by which policy is made; less adaptable is the element of policy structures while the least changeable are the core ideas on the goals of policy-making about broadcasting matters—i.e., the central principles on which the field of broadcasting policy is based.

On the basis of the study of policy structures and processes, a number of observations can be made about the broadcasting policy field. Regarding structures, it can be observed that there are many structures already established, the key ones being the Department of Communications, the CRTC and the Department of the Secretary of State. While there have been only a few changes in the structures, in terms of legislation or expenditures, it is clear that the power relationships between the structures can and do change over a period of time. In examining the policy processes, it became clear that the policy crisis could not be dealt with as one item but could be covered well through an examination of three major policy issues: extension of service; pay television; and Canadian program production. These issues are inter-related; actions taken in one area have effects on
the others. Also, they are all connected (in varying degrees) to the
development of domestic satellite systems and all were ongoing during the
period under study. In analyzing the policy processes associated with each
issue, it is apparent that different policy structures and power-
relationships were involved although a good deal of overlap also existed.

In extension of service, it was found that the Minister of Commu-
nications and his department played a much stronger role than they had in
the past. One reason seemed to be that satellite systems and the technical
licensing related to them were a priority matter, and part of the depart-
ment's mandate, for DOC but not for the CRTC—the agency formerly most
concerned with problems and issues associated with extension of service. In
looking at pay television, it was found that, while the CRTC persisted in
acting as if this matter were wholly within its regulatory authority, other
structures were increasingly involved. There was a clash of authority
between the CRTC and the Minister of Communications over the timing of the
introduction of pay-TV; the latter saw an urgent need to adapt the broad-
casting system to newer technologies whereas the former did not appear to do
so. The Secretary of State and his department became involved more directly
in policy processes because independent producers looked for support in
their efforts to gain access to a potential pay-TV market for programming.
Also, several provincial governments were actively involved in pay-TV policy
because they did not agree that pay television was solely a federal respon-
sibility. The public policy processes came to reflect this wider range of
structures, particularly during the two-phase public hearing process.

In the issue of Canadian program production, this became more acute as
a consequence of policy actions related to extension of service and pay-TV
development. The key structures involved in the processes were the Minister
of Communications and his department and the CRTC. The CRTC was and is
responsible for regulations about Canadian content placed on broadcasting licensees and the Commission had to come to grips with the evidence that Canadian programming on English language television services was performing poorly in terms of audience preferences, as shown in audience viewing patterns. Various actions were taken through CRTC licensing decisions on CTV, CBC and others to try to improve the production and distribution of Canadian programming but the effects of these decisions were hard to observe. The CRTC also tried to amend the regulations themselves to make them more palatable to private broadcasters while improving the opportunities for independent production. Quite apart from the CRTC licensing process, the DOC was also involved in production questions through the Minister's newly-acquired responsibility for cultural agencies (formerly under the wing of the Secretary of State). The Minister, through the Cabinet committee process, could gain access to public funds for the stimulation of Canadian production. Thus, the Broadcast Program Development Fund was established and the Minister of Finance imposed a 6% tax on cable and pay-TV subscriber fees.

The policy discussions on program production formed part of a much wider process of policy-making on cultural matters which included the processes of the Clyne Committee, the Applebaum-Hébert Committee, the House of Commons Standing Committee on Communications and Culture, as well as internal departmental reviews of specific policy areas in the Department of Communications and the Secretary of State. The production of the Cabinet-endorsed Broadcasting Strategy by the Minister of Communications in the spring of 1983 could be regarded as the culmination of these efforts to strengthen Canadian program production and as a stage on the way to adapting the CBC and the NFB to their changing environments.
On the basis of the analysis of structures and processes actively involved in the policy crisis, it can be observed these two elements of the field are closely inter-related. It can also be observed that they can illustrate the underlying ideas that are at the centre of the field. What are the dominant ideas at work in the evolution of Canadian broadcasting policy? First, the amount of time and energy devoted to extension of service via satellite suggests that the need for the widest possible opportunity for Canadians to receive Canadian services remains an important idea. This is an idea that has been important from the beginnings of Canadian public policy on broadcasting in the late 1920s. The idea has two aspects to it; one is that it is necessary for national cohesion that all people in the nation can receive the same information (particularly about public affairs) about what is happening across Canada. The other is a concern with equity; it is thought to be unfair that Canadians living away from the major cities should receive inferior broadcasting services—inferior in quality of signal, selection or program quality. While full equality of services is not necessarily possible, it is believed that efforts should be made to overcome the differences between services across the country. So, two underlying ideas contribute to this idea about the desirability of service extension; in the terms used by Doern and Phidd, the underlying ideas are concerned with 'national identity, unity and integration' and 'equity'.

A second aspect of broadcasting policy is concerned with the need to strengthen the production and distribution of Canadian programming content. In recent years, this has largely focussed on the problems of production and distribution of TV content. The need for more and better (however defined) Canadian content is based on the idea that Canadian sovereignty depends ultimately on a sense of national identity different than that of the American identity. Not only in terms of cultural sovereignty—although
primarily focussed on it—the idea that sovereignty can be defended by a heightened awareness of cultural identity is an idea that has been influential throughout the history of Canadian broadcasting policy. Related to this idea is the view that repeated exposure to Canadian programming will inevitably reinforce Canadian values and ensure the integration of all Canadians into a unified whole. (What these values are and how they can lead to greater integration is never very clear.) In the terms used by Doern and Phidd, the underlying idea again is that of 'national identity, unity and integration'.

A third dominant idea in broadcasting policy is concerned with the need to encourage diversity of content in the broadcasting system. This is based on the idea that, as a democratic society, Canada needs a diversity of sources of information and entertainment. How to achieve this diversity in a broadcasting system dependent on a relatively small population and with high distribution costs remains the basic problem, especially in light of the economics of program purchases from the U.S. While it is usually more efficient to acquire programming rather than produce it in Canada, the idea persists that diversity of programming sources in Canada should be encouraged. The CBC is required to undertake regional production across the country and, more recently, has been urged to provide more access to independent production on the CBC networks. Also, in pay television policy, there was considerable emphasis on the need to separate production companies from the licensee companies (not fully achieved) and the need to support an independent production industry. To summarize this idea in Doern and Phidd's terms, the emphasis here is on 'regional diversity and sensitivity'.

A fourth dominant idea in broadcasting policy in the period under study is concerned with the need to rationalize the broadcasting system so as to take advantage of new technologies of distribution and to use more
effectively the public funds spent on broadcasting services. Observing that both cable TV and satellite networks can and probably will supersede the conventional over-air broadcasting stations and networks of the recent past, the federal policy-makers are interested in avoiding duplication of costly distribution systems. A more efficient use of resources on distribution could (although will not necessarily do so) free up more funds for programming production. Secondly, if networks and stations are to be reorganized, amalgamated or even abandoned, then funds spent on transmission equipment need to be scrutinized carefully. Thirdly, in view of the manifest inadequacies of Canadian programming, especially on television, public funds that have previously been allocated to public agencies such as the CBC might be better spent in providing incentives to private sector broadcasters and independent producers. The idea underlying this need for rationalization is the view that private corporations and individuals tend to make more efficient use of resources than do the public corporations especially created in broadcasting or broadcast-related areas such as film. In Doern and Phidd's terms, the dominant idea here is 'efficiency'.

In terms of the ideas that appear to dominate in the broadcasting policy field during the period 1976-83, the above are the most significant. They have been expressed in terms of needs first of all and an attempt has been made to show how these needs are linked to underlying ideas. By far the most pervasive idea is the need to strengthen cultural sovereignty through the broadcasting system and its operation. The idea persists strongly in the policy field that broadcasting can be directed towards the strengthening of national unity, the growth of a national identity and the increasing integration of Canadian society. The idea moves on quickly then to take the form that broadcasting should be used towards these goals. Policy objectives that flow from this view are two-fold: that as many
Canadians as possible should receive Canadian broadcasting services; that as much as possible of the content received should be produced in Canada by Canadians. These objectives seem to carry as much weight with policy-makers in 1983 as they did with the Aird Commission in 1929 and the legislators who followed.

However, this is not the only theme observable in broadcasting policy. A secondary theme is the idea that the broadcasting system should provide diversity of content both in category types and in sources (inside and outside Canada). The economic efficiency of purchasing foreign, especially U.S., programs instead of providing content in Canada runs counter to the idea of encouraging diversity from Canadian sources. Historically, the policy emphasis has been on the CBC to provide diversity but more recently at least some of that emphasis has shifted to the independent program production industry and to regional production centres of the CBC.

The third significant theme is that of efficiency; the need to make the broadcasting system more efficient so as to husband the resources available for Canadian production ties this theme closely to the previous two. More efficient operation of distribution could free resources for more production; greater emphasis on independent producers could encourage a more efficient use of resources in public and private sectors in the broadcasting system. (It may be noted that such an interpretation of 'efficiency' is not in tune with what economists mean by the term.) While the need to make the broadcasting system more efficient is not a new idea, what appears to be fairly new among federal policy-makers is the acceptance of the idea that private sector production is likely to be more efficient than the public sector equivalent.

In summarizing these ideas and attempting to pinpoint what is at the core of the broadcasting field, it is useful to refer back to the central
principle suggested on page 72 of this thesis. The central principle was given as:

Broadcasting services available to Canadians should strengthen national identity, unity and integration.

It seems that, despite the rapid changes in the policy environment and the consequent necessary evolution of the policy field, this central principle is not seriously questioned or examined by policy-makers. The ideas that are represented in policy processes and actions on the three policy issues studied are most strongly connected to the policy idea called national identity, unity and integration. For pay-TV and for Canadian production generally, the rationale for policy action is to strengthen programming and, thus, to provide Canadians with content from their own country. For extension of service, this is justified on the grounds that all Canadians need to receive Canadian services, containing Canadian content. Favouring this idea so strongly means that other ideas and other priorities are inevitably put aside. For example, ideas of economic efficiency are not given priority even though such a choice would presumably reduce the cost of the broadcasting system, especially the direct public costs. Ideas of regional diversity are of some significance yet they too fade into the background when it is necessary to choose between diversity of source and the Canadianization of TV services available to Canadians.

A corollary to this central principle was also put forward on page 72; it was based on the observation that public ownership of the broadcasting system was becoming a smaller and smaller part of the whole system. A review of the policy processes in the period under study suggests that two factors have been at work. One is that, as new transmission systems such as cable TV are introduced, they tend to be privately owned; satellite transmission in Canada is operated by Telesat Canada, a public-private hybrid corporation that is operated on a profit-making basis. The other factor is
the successful efforts of production companies not affiliated to private broadcasting companies to persuade federal policy-makers that the time has come to develop an independent program production industry. The consequence of both factors seems to have been a reduction of emphasis on public sector initiatives to deal with shortcomings in Canadian broadcasting services. However, this is only a reduction, not an elimination, of emphasis on CBC and other broadcasting-related agencies. The CBC still continues to consume the vast majority of public funds available for broadcasting purposes.

An assessment of the changes that have occurred in the broadcasting system and its related policy field suggests that the corollary to the central principle could be better stated as:

In light of proliferating distribution technologies and growing private ownership of the broadcasting system, the government must use incentives and other direction for private broadcasters, program producers and others to work towards the central principle; when that is ineffective, the public sector should be used.

This corollary is not nearly so simple as the 1920s version, which focussed on the need for public ownership as the means by which the policy field could be oriented to work towards the central principle. The gradual erosion of the dominant presence of the CBC in the broadcasting system has led to a much more complex policy field and a more complex array of policy instruments.

It was hypothesized that, of the three central elements in a field, the processes could be most easily changed, structures would change more slowly and ideas would be most resistant to change. This review of the policy processes in broadcasting shows they can change in light of new pressures and environmental changes; the establishment of the Therrien Committee, the Canadian Broadcast Program Development Fund (CBPDF) and the tax on cable fees all are innovations of recent years. It can be observed that formal structures change very slowly, primarily because of difficulties in getting
legislative amendments or new legislation approved in recent years. Funding programs remain substantially unchanged from year to year during the period of study.

However, although the structures remain relatively unchanged in formal authority or funding, the power-relationships between them have changed. It is clear that the central position in the policy field has moved from the CRTC to the Minister of Communications and his department. This seems to have occurred for several reasons. First, the Minister can gain access to public funds (for fostering program production and so on) through Cabinet; the CRTC has very limited powers in this and has to go through the Minister to reach Cabinet. Second, the Minister and his department is responsible for spectrum management decisions that relate directly to new communications distribution technologies such as satellite systems. Third, the CRTC is bound by the provisions of, and powers granted by, the Broadcasting Act whereas the Minister has authority from a number of different statutes. Fourth, the Minister can respond to pressures from provincial governments for changes in policy direction and federal-provincial cooperation in communications policy matters; the CRTC does not have the authority to make such changes when federal jurisdiction is concerned.

While the CBC has not been at the centre of broadcasting policy for many years (prior to 1958), this period under study showed that the position of CBC in the broadcasting system was not clarified. The CBC itself struggled to develop new directions and adapt its services to the satellite era but the public funds it thought necessary for this transformation were not forthcoming from the government. Every policy report, from the CRTC's licence decisions to the various inquiries, had strong suggestions on how to reform the CBC but no-one could determine how to pay for this from existing
funds. The CBC retained some autonomy under the Broadcasting Act and this was not changed through legislative action.

Meanwhile the CFDC came more and more into the broadcasting policy field first as a policy instrument rather than an independent actor. The CCA provisions as well as Canadian content regulation amendments and the CBPDF most of all were important to making the support for an independent production industry dependent on the actions of the CFDC and its management. Due to its statutory mandate, the CFDC operated independently of the CRTC but, because of its funding source, much more closely with the Minister of Communications.

In looking at structures and processes together, it is clear that they were somewhat different from one policy issue to another. The central structures are those holding the relevant statutory authority to act and the processes vary in relation to that; processes used by the CRTC are different from those by the DOC, for example in their use of the public hearing process.

The broadcasting field has broadened since 1976 to encompass independent program producers, not only broadcast licensees, as the direct target of policy initiatives. There has also been an effort to recognize, if not fully accommodate yet, the interests of provincial governments in broadcasting and related areas of policy-making. The principal policy-makers have accepted the existence of technological pressures for changes in the policy field although those changes have not led the policy-makers to question the prevailing policy ideas or the central principle to any discernible extent. The technology "challenge" has increased pressure on policy-makers to discover ways to improve Canadian production and distribution; if they cannot do so, they will have increasing difficulty in justifying the maintenance of the elaborate policy edifice that has grown over the past fifty
years. The old problem of Canadian content remains but has been given a new label: the production of high-quality, popular programming.

Despite the obvious economic difficulties in producing this kind of programming for Canadian television, a basic belief in the benefits of broadcasting for Canadian society remains. If, as I have argued, this belief is firmly entrenched in the broadcasting policy field as the central principle, how will the field change in the near future? The technological environment of the field is likely to continue to change rapidly with all that implies in terms of pressures for change in the field. If the core elements of the field continue to resist change through mutual reinforcement, it is likely that the "crisis" in broadcasting policy will continue.

The problem with structural change has been the legislative roadblock of the Parliamentary process. In principle, there is no reason why a legislative amendment or entirely new bills on communications (or broadcasting) cannot get through the House of Commons. However, the fact is that such legislation has not been successfully conducted through the House since 1974-75. If the current Minister of Communications is sufficiently determined and able to persuade his party to support passage of such a bill, it is possible that legislative changes can be achieved within the short term. Statutory re-structuring of the CBC and CRTC is needed to give these two institutions new directions and different approaches to policy then they have had. How likely is it they will change their ideas about policy priority? If they are more under the policy direction of the Minister, there is a strong possibility for structural change and changes in priorities. The Minister, as a political figure, is much more aware of the wider political environment than the CBC or CRTC are. Also, since 1980 the Minister has had to encompass both technological change and cultural affairs within his portfolio and this requires that he pay attention to the clash
between the environment of the field and the cultural sovereignty priorities of federal broadcasting policy. However, this wider viewpoint did not quickly lead to the Minister's statements on broadcasting principles being much different from those of the CRTC or CBC. The question then is how will the dominant ideas on broadcasting policy change?

Since 1980 it has become clearer that the Canadian broadcasting system is part of a transnational technological network and that Canadian sovereignty over the system is decreasing as time goes by. Loss of sovereignty over the system also involves loss of capability to control the programming choices of Canadian households, and thus a lessening of the opportunity to develop a 'national audience' for programming content of any kind. When the realization of this environment for policy-making becomes unavoidable, then the time for explicit re-assessment of the dominant ideas and central principles will have arrived. One of the noticeable features of the prevailing policy ideas is how heavily one of the ideas--national identity, unity and integration--has been relied on. A possible consequence of the re-assessment could be that the balance between the dominant ideas in the federal policy system as a whole could be adjusted. Perhaps more emphasis will be added to the idea of efficiency in ways which would please public choice theorists. Or perhaps the idea of regional diversity will receive greater attention. It is extremely unlikely that the cultural sovereignty idea will disappear but it may become more balanced with other ideas equally held. Only through changes in the balance of policy ideas will the central principle be modified. If it is not modified, then the crisis in Canadian broadcasting policy will go on indefinitely.
APPENDIX A

BROADCASTING POLICY FOR CANADA


3. It is hereby declared that

(a) broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements;

(b) the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;

(c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;

(d) the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;

(e) all Canadians are entitled to broadcasting service in English and French as public funds become available;

(f) there should be provided, through a corporation established by Parliament for the purpose, a national broadcasting service that is predominantly Canadian in content and character;

(g) the national broadcasting service should
   (i) be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion,
   (ii) be extended to all parts of Canada, as public funds become available,
   (iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment, and
   (iv) contribute to the development of national unity and provide for a continuing expression of Canadian identity;

(h) where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public
interest but paramount consideration shall be given to the objectives of the national broadcasting service;

(i) facilities should be provided within the Canadian broadcasting system for educational broadcasting; and

(j) the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances;

and that the objectives of the broadcasting policy for Canada enunciated in this section can best be achieved by providing for the regulation and supervision of the Canadian broadcasting system by a single independent public authority.
EXTENSION OF SERVICE: OBJECTIVES AND GUIDELINES

The Federal-Provincial Consensus of November, 1979*

I. OBJECTIVES

1. To extend services to inadequately served areas of the country, in both official languages, in order to upgrade the level of service throughout Canada.

2. To provide a broad range of satellite television services in a manner that will respond to viewer preferences and demands, and will enhance Canadian broadcasting and program production, their future development, and the cultural sovereignty of the country.

3. To make more efficient use of satellite technology as one of several alternative transmission and distribution technologies.

4. To provide an attractive alternative to the reception of foreign satellite signals, and ensure the orderly development of satellite television reception in Canada.

5. To encourage equalization mechanisms between urban and rural/remote areas.

6. To develop satellite television services in a manner which takes into account the efforts of individual provincial governments to extend services within their boundaries.

II. GUIDELINES

1. The total satellite-delivered service made available to the Canadian viewer (including the possible reception of U.S. satellite signals) should be predominantly Canadian.

2. Pursuant to the above, any foreign signal importation and distribution should be subject to established regulatory and licensing procedures.

3. The introduction of satellite television services in Canada should be in harmony with policy initiatives designed to increase audiences for Canadian television programs, and the development of a more contemporary national broadcasting service.

*Attachment to letter from the Honourable David MacDonald, Minister of Communications, to Mr. Charles Dalfen, Acting Chairman of the CRTC, dated November 22, 1979.
4. Satellite television services should not impede the further development of local and regional programming. This is particularly important in regard to the cultural needs of the native peoples in northern areas.
APPENDIX C

PAY TELEVISION: OBJECTIVES AND GUIDELINES

The Federal-Provincial Consensus of November, 1979*

I. OBJECTIVES

1. Pay-television should satisfy the demands of the public for high quality and complementary programming, and should ensure benefits to Canadian program production and distribution.

2. Canadian program producers should have significant access to pay-television distribution systems.

3. Pay-television should provide new markets for Canadian programs, new sources of revenue for Canadian program producers, and new pools of investment funds for Canadian program production.

4. Canadian programs should be produced for pay-television which will appeal to Canadian audiences and some of which can be sold in international markets.

5. Pay-television programming should be available in Canada's two official languages and should ensure fair regional balance in the production and distribution of programming.

6. Pay-television should be distributed to all parts of Canada at equitable rates.

7. The development of pay-television in Canada should take place within a framework that fosters the orderly development of the industry and that accommodates the interests and priorities of provincial and federal governments in pay-television.

II. GUIDELINES

1. The introduction of pay-television should initially be through the vehicle of one national distributor but should also permit regional and local pay-television distributors to acquire programs and market them to local exhibitors.

2. The delivery of pay-television to the viewer would be undertaken by a licensed local exhibitor.

*Attachment to letter from the Honourable David MacDonald, Minister of Communications to Mr. Charles Dalfen, Acting Chairman of the CRTC, dated November 22, 1979.
3. The distributors should arrange for the most appropriate method of delivering programs to local exhibitors. However, in order to ensure the availability of the service at equitable rates throughout Canada, satellite should be the preferred method for national delivery.

4. Distributors should be the primary mechanism for the acquisition of Canadian programs by means of investments, purchases, or other funding arrangements, and should market these programs to local exhibitors.

5. Program producers, distributors, and exhibitors should determine the most beneficial method of payment for viewing, and consideration should be given to both pay-per-channel and pay-per-program methods. In practice, a combination of pay-per-channel and pay-per-program might gradually evolve over time.

6. A realistic balance must be established between the audience viewing levels for Canadian and foreign product material.

7. Programs available via the present Canadian broadcasting system and in Canadian cinemas should not be siphoned onto a pay-television service.

8. Pay-television distributors could include mixed consortia, which may operate on a non-profit basis— involving both public, Federal (e.g., CBC, CFDC) and Provincial, as well as private participation—and could also include independent profit-making entities such as broadcasters, cable operators, symphony orchestras, professional sports organizations, entertainment industries, etc.

9. Cable licensees and other local delivery system operators must provide other potential exhibitors access to their systems on reasonable terms and conditions.
### APPENDIX D

#### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACTRA</td>
<td>Alliance of Canadian Cinema, Television and Radio Artists</td>
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<td>CAB</td>
<td>Canadian Association of Broadcasters</td>
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<td>Cancom</td>
<td>Canadian Satellite Communication Inc.</td>
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<td>CATV</td>
<td>Community Antenna Television</td>
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<td>CBC</td>
<td>Canadian Broadcasting Corporation</td>
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<td>CCA</td>
<td>Capital Cost Allowance</td>
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<td>CCFM</td>
<td>Canadian Council of Film Makers</td>
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<td>CCTA</td>
<td>Canadian Cable Television Association</td>
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<tr>
<td>CFDC</td>
<td>Canadian Film Development Corporation (renamed Telefilm Canada)</td>
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<tr>
<td>CFTA</td>
<td>Canadian Film and Television Association</td>
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<tr>
<td>CRTC</td>
<td>Canadian Radio-television and Telecommunications Commission</td>
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<tr>
<td>DOC</td>
<td>Department of Communications (federal)</td>
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<tr>
<td>FCC</td>
<td>Federal Communications Commission (U.S.)</td>
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<tr>
<td>HBO</td>
<td>Home Box Office</td>
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<tr>
<td>MATV</td>
<td>Master Antenna Television</td>
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<tr>
<td>MDS</td>
<td>Multipoint Distribution Service</td>
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<tr>
<td>MSO</td>
<td>Multi-System Operator</td>
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<tr>
<td>NABET</td>
<td>National Association of Broadcast Employees and Technicians</td>
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<td>NET</td>
<td>National Electronic Theatre (pay-TV concept)</td>
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<tr>
<td>NFB</td>
<td>National Film Board</td>
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<tr>
<td>SMATV</td>
<td>Satellite-Master Antenna Television</td>
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<tr>
<td>SOS</td>
<td>(Department of the) Secretary of State</td>
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<tr>
<td>TCOC</td>
<td>Technical Certificate and Operating Certificate</td>
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<tr>
<td>TCTS</td>
<td>Trans Canada Telephone System (renamed Telecom Canada)</td>
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<tr>
<td>TVRO</td>
<td>Television-Receive-Only (satellite dish)</td>
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