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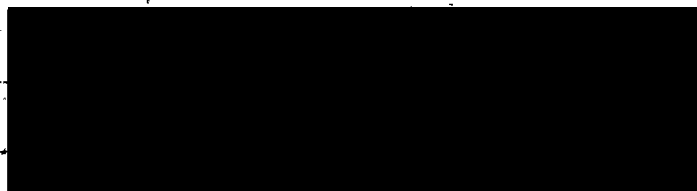
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CBC AND ITS MANDATE

by

PETER STEPHEN ANDERSON

B.G.S., Simon Fraser University, 1973

A THESIS SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS (COMMUNICATIONS)

in the Department of
Communications Studies

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ABSTRACT

Under the Broadcasting Act the Canadian Broadcasting Corporation is required to provide a national broadcasting service in such a way as to fulfill certain prescribed conditions or standards set out in the Act. Such conditions or standards are commonly referred to as the CBC's "mandate".

By means of detailed historical analysis the thesis examines the Canadian Broadcasting Corporation's ability to ensure that all areas within Canada are provided with the minimum standard of service as prescribed by its mandate. The thesis focuses specific attention to that portion of the mandate that relates to the national English-language television service and its implementation in British Columbia. The thesis examines the effects of different political and economic arrangements upon the institutional structure of Canadian Broadcasting and the organization of CBC, the means of financing CBC, and the technical distribution of CBC English-language television program service.

The study concludes that the CBC, under present arrangements, is not able to complete its mandate in providing the English-language television portion of its national broadcasting service. Without major reorganization of CBC, methods of Parliamentary financing, Canadian communications policy and changes in attitudes toward CBC, CBC will continue to fail to implement its mandate.

Recommendations to alleviate some of the less complex problems of the service are presented. These are (a) that CBC renegotiates existing contracts with its affiliates to carry more programming originated within regions; (b) that CBC more clearly articulate publically its financial problems to correct misconceptions concerning the actual costs of its operations; (c) that CBC publically distinguish more clearly the difference between its capital requirements and operating costs, so as to provide better forecasting of its financial needs; (d) that CBC provide more direct engineering assistance to improve community owned broadcasting facilities which relay CBC programming and that (e) new and improved financing methods be devised to assist in the operation of those community owned broadcasting facilities where CBC or private affiliates are unable to contribute to their upkeep.

Analysis of the structure of the television industry in North America suggests however, that whatever the domestic changes, public television broadcasting in Canada may be able to occupy no more of a commanding role than the Public Broadcasting System in the United States.

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INTRODUCTIONA. General Introduction

The responsibility of the Canadian Broadcasting Corporation to provide a national broadcasting service stems from the time of its original inception under the 1936 Canadian Broadcasting Act. No definition existed, however, for either the national broadcasting service or for the CBC's actual role in providing such a service until the addition of the Broadcasting Policy for Canada under the revised Broadcasting Act of 1968.

Section 3 of the 1968 Act in relation to the above, states:

It is hereby declared that . . .

(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;

Although they are somewhat nebulous, these duties, as prescribed under the Act, are commonly referred to as the CBC's "mandate". These requirements or standards are also the basis upon which the Government, the Public, the private

Canadian broadcaster and the CBC itself, judge the overall performance of the national broadcasting service.

As was indicated in the opening sentence, the current mandate of the CBC is not solely the product of contemporary legislation, but rather has its roots firmly entrenched in the history of Canadian broadcasting itself. Certain present-day characteristics of the Corporation's national broadcasting service have, in fact, been shaped and/or reinforced historically by various political and economic arrangements, some of which may now prevent the Corporation from reaching the successful completion of this mandate. These types of arrangements affect the ownership and control of the national broadcasting service, the methods employed by Parliament to ensure adequate financing of the CBC operations, the methods employed by the CBC to ensure distribution of its service, the organizational pattern of decision-making within the Canadian Broadcasting Corporation and the methods and criteria employed by the CBC to determine programming needs.

B. Statement of Problem

This thesis assesses, through a detailed historical analysis, the effects of these arrangements upon the Corporation's structure and its ability to provide an English-language television service as part of the national broadcasting service.

The basic argument is that these political and economic arrangements militate against the CBC's mandate to provide

English-language television so as to ensure that all areas within Canada in general and within British Columbia in particular, are provided with the minimum standard of service as prescribed by regulation. The extent to which the CBC has been unable to meet its commitments is examined, the reasons are analyzed and recommendations are made to the apparent structural alterations required if the mandate is to be fulfilled.

C. Limitations

Due to the limited number of public and confidential sources of information which the writer was able to use, this study does not provide an empirical analysis of programming or financing of CBC television.

D. Purposes

The findings of the study should be significant for several reasons:

Personal Purpose: This study is essentially an outgrowth of earlier research conducted by the writer into problems associated with television reception in British Columbia and the development of cable television in Canada. While researching into these areas, I often encountered certain misgivings concerning CBC Television's present role in the overall Canadian broadcasting system, expressed by newspaper and magazine writers, government and industry officials, as well as

by members of the public. Stemming from these misgivings were apparent discrepancies resulting from confusion over the Canadian Broadcasting Corporation's perceived role and its actual role as specified by regulation.

Furthermore, I, as a former resident of Northern British Columbia, had often felt bewildered about the Corporation's seeming inability to improve its English-language television service in remote and isolated areas of Canada. Consequently, I became interested in the origins of the national broadcasting service, and how its pattern of development affected the implementation and development of CBC's English-language television service throughout Canada in general and British Columbia in particular.

Academic Purpose: Although several theses, dissertations, books, and essays have focussed upon the origins of Canadian broadcasting and its subsequent development, no evidence appeared that a major study had been undertaken to examine the repercussions of this national pattern of development upon a specific province or region of Canada. The only major study of which I am aware, and which has dealt specifically with television broadcasting issues within a particular region, is a study in which I, myself, was a participant. In 1973, the Pacific Regional Office of the Canadian Department of Communications conducted an inquiry into the availability and quality of television reception in British Columbia. It did not, however, emphasize the historical development of broadcasting. Further to this purpose, no evidence was found to

show that any historical study of the Canadian Broadcasting Corporation's development of its English-language television service in British Columbia had ever been undertaken.

Social Purposes: The Canadian Broadcasting Corporation has often been accused of being wasteful, extravagant, and incompetent in its handling of public funds. Its English-language television programming has also been criticized as being mediocre and "as relevant to our concerns and as representative of our interests as the BBC or the Australian Broadcasting Corporation might be expected to be."¹ This study should provide the means of evaluating the reasons for these and similar allegations.

Secondly, after examining the issues which brought about the formation of the Canadian Broadcasting Corporation and its national service, it appeared that similar issues now threaten its very survival. This study should therefore provide some insight for those seeking probable reasons for any further threats against CBC's continuance.

Thirdly, for those concerned with the nationalization of industry in Canada, the findings of this study should be useful in helping to provide a better understanding of the political economy of Canada, in particular, of the role of the State in competition with private enterprise in Canada.

¹Remarks by the Honourable Robert M. Strachan, Minister of Transport and Communications for the Province of British Columbia, Federal-Provincial Conference on Communications, Ottawa, November 29, 1973.

E. Methodology

Although various methods for research were available, the historical method proved to be the most appropriate for the study. What was required was a research method which would provide both enough flexibility to include a broad and general outline of the national development of the CBC English-language television service, and at the same time, one which would be specific enough to indicate what possible repercussions this national pattern would have on a particular region such as British Columbia.

The historical method is the most suited to the study because it involves: a) a complete review from a wide variety of sources of specific aspects of the development of the Canadian Broadcasting Corporation's English-language television service, b) the critical interpretation of the evidence gathered in order to yield an evaluation of the Corporation's potential to provide the minimum standard of service specified by regulation.

F. Organization and Interpretation of the Data

Chapter I - examines briefly the effects of different political and economic arrangements upon the development and control of the national broadcasting service and specifically, their effects upon the national development of a major portion of that service, the CBC English-language television service. Additionally this chapter analyzes the repercussions of this national

pattern, combined with more localized political and economic arrangements, upon the development of the CBC's English-language television service in British Columbia.

Chapter II - provides an historical analysis of various arrangements between Parliament and the CBC for financing the national broadcasting service from its inception in 1936 to 1960. Included in this analysis is a discussion of how different financial arrangements and government broadcasting policies impeded the growth of the public television service while accelerating the growth of private television.

Chapter III - for the period 1960 to 1967, examines the means of financing CBC, the further growth of Canadian broadcasting policy and their effects upon the programming, extension and improvement of CBC English-language television service.

Chapter IV - concludes this basic financial analysis by illustrating how various arrangements, for the financing of CBC services have, through an historical process, eventually led to the inability of the Corporation to complete its current statutory mandate.

Chapter V - describes how the restraints, outlined in preceding chapters, have combined with technical limitations to restrict the development of

national and regional distribution facilities and thus, to further limit the CBC's fulfillment of its mandate. Further to this, the chapter discusses and analyzes how the repercussions of the national situation have effected the development of distribution facilities specifically within a region such as British Columbia.

Chapter VI - in addition to presenting the final conclusions of the thesis, provides an analysis of how the commercial rationale as a prime motivating factor behind various existing arrangements used by CBC to provide its English-language television service, ultimately prevents the Corporation from fulfilling its statutory mandate both nationally and specifically within British Columbia. Included is a discussion of the various steps which might be undertaken to alter the situation to enable the Corporation to achieve the fulfillment of its mandate, combined with an analysis of the actual prospects for their implementation. Recommendations are also suggested to alleviate some of the less complex problems of the service.

Chapter I. THE STRUCTURE AND ORGANIZATION OF CBC: PUBLIC
VERSUS PRIVATE CONTROL OF THE NATIONAL BROADCASTING
SERVICE

A. Development and Control of the National Broadcasting Service

First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national concern and for diffusion of national thought and ideals, and without such control it can never be the agency by which national consciousness may be fostered and sustained and national unity still further strengthened. Other and alternative systems may meet the requirements of other countries, and in any case it is not my purpose to comment unfavourably upon those systems. But it seems to me clear that in Canada the system we can most profitably employ is one in which, in operation and control, responds most directly to the public will and the national need. In this stage of our national development we have problems peculiar to ourselves and we must reach a solution to them through the employment of all available means. The radio has a place in the solution of all these problems. It becomes, then, the duty of parliament to safeguard it in such a way that its fullest benefits may be assured to the people as a whole. . . . No other scheme than by public ownership can ensure the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting.¹

The origins of the national broadcasting service can be traced back historically to a post World War I period of

¹ Prime Minister R.B. Bennett, Canada. Parliament. House of Commons. Debates, May 18, 1932, p. 3035. (hereafter cited as Debates).

economic and social transformation within Canada. Before the first World War, the assertion of Canadian economic independence was at its greatest height. The National Policy hammered out by Canada's first Prime Minister, Sir John A. MacDonalD, had provided the impetus for private Canadian capital to strengthen its grip over the Canadian economy. The growing demand for food to satisfy the needs of Britain's growing industrial cities combined with the potential for agricultural expansion in the Canadian West, had given rise to Parliament, (controlled by a Conservative Government) financing a private railway to take advantage of a major market for Canadian wheat. The railway would provide a method to haul grain from the West to Montreal for transport to Britain. In the reverse direction the railway was also to become an effective means for hauling the manufactured goods of industrialized Central Canada to the newer and less industrially developed western regions.

Foreign investment in Canada was encouraged by the Conservatives only to the extent that it would promote better east-west links within Canada and would strengthen Canadian private capital's economic ties with Britain, its major trading partner. Tariffs were even imposed to prevent any new north-south trading ties between Canada and the U.S. from interfering with this process.

Out of this National Policy there appeared to emerge a sense of national identity and purpose:

The overall objective of the policy was to make possible the maintenance of Canadian political sovereignty over the territory north of the American boundary; that is to say, to prevent absorption by the United States and to build a national state that could guide its own destiny, and assert its independence, both from the mother country and the United States, within limits no more restrictive than those necessarily applicable to an economy dependent on staple exports for its overseas earnings. Sustaining the policy was an emerging sense of national identity and purpose, analogous to the sense of manifest destiny which had coloured the expansion of the United States.²

This sense of nationalism, built on east-west links, however, as Kari Levitt in Silent Surrender shows, began to fade as trading activity increased between Canadian and American entrepreneurs:

The older staples, principally wheat, continued to move east to Europe but the newer staples were moving to the United States and the pull of the American market was reinforced by the corporate linkages of direct investment. Canada was drifting away from the satellitic orbit of Britain, into the stronger gravitational field of the rising American superstar.³

World War I marked a major turning point for Canadian economic dependency. With Britain losing much of its international political and economic influence during this time and the United States rising as a major industrial world

² H.G.J. Aitken, "Defensive Expansionism", In Kari Levitt, Silent Surrender: the Multinational Corporation in Canada, Toronto: Macmillan of Canada, 1970, p. 53.

³ Kari Levitt, *Ibid.*, pp. 53-54.

power, private Canadian enterprise was at the cross-roads of having to determine which of the two economic systems should become its best major source for trade and commerce.

Concurrent with these developments was the emergence of another form of nationalism within Canada. This one was primarily based upon the social contact of individual Canadians from across the country resulting from Canada's military involvement in the War. It was during this period (1920's and 1930's) that national organizations, both state-initiated and voluntary, flourished to promote a growing sense of "nationhood". Organizations such as the Canadian Geographic Society, the League of Nations Society, the Canadian League, the Association of Canadian Clubs and the Canadian Radio League helped to create nation-wide networks of personal friendships, centred around the theme of national unity. Coinciding with this movement was the occurrence of two successive national economic depressions which placed new pressures on the Government, which was to maintain a climate of national stability and to instill public and private confidence in its party programs and policies which still aimed at maintaining strong east-west links between the lesser industrialized regions and the heartland of Canadian industry located centrally within the country.

The emergence of radio during this time was seen by some as an instrument for fulfilling both these social and economic endeavours.

"They were thinking of it very deliberately and consciously as an instrument of communication which could contribute to the easing of the problem of Canadian nationhood; the strengthening of the east-west axis; "bi-culturalism and bi-lingualism" in the delicate relationships between the French and English Canadians. - the concept of a "mosaic" rather than a "melting" pot of new Canadians, of an effective federal power in the structure of the central and provincial governments; resistance to the pulls of the continent and American business; and a part for state enterprise built from Canadian experience and needs, though perhaps inspired by British or European analogies in distinction to the exclusive acceptance of American theory of private enterprise in a free market."⁴

To create such an instrument, however, meant having to deal with the growing concern that private commercial interests, both Canadian and American, were monopolizing the limited number of airwaves available for broadcasting in Canada. In 1928, a three-man Royal Commission, headed by Sir John Aird, was appointed by the Liberal government of Mackenzie King to "examine into the broadcasting situation in the Dominion of Canada and to make recommendations to the government as to the future administration, management, control and financing thereof."⁵

In its report in 1929, the Commission concluded that the interests of the Canadian listening public and of the nation

⁴ Spry, Graham, "The Origins of Public Broadcasting in Canada: A Comment", Canadian Historical Review, March 1965, p. 138.

⁵ Canada, Royal Commission on Radio Broadcasting, Report, King's Printer, 1929, p. 5, (hereafter cited as Aird Commission, Report).

could adequately be served only by "some form of public ownership, operation and control behind which is the national and prestige of the whole public of the Dominion of Canada."⁶

To achieve this the Commission recommended that a national company be formed and called the Canadian Radio Broadcasting Company. This company would own and operate all Canadian radio broadcasting stations and all remaining private stations not required for the service would be closed down. Provincial interests would, by appointment of their own directors, have full control of programs broadcast within their respective provinces. The core of the network would be seven 50,000 watt stations spaced across the country to form a national network.

The prospects for provincial jurisdiction over broadcasting diminished, however, when in 1932, a Privy Council decision gave the federal government exclusive control over radio broadcasting. In that same year, under the Conservative government of R.B. Bennett, a new act was passed which implemented only part of the Aird Commission's recommendations. Under the new Canadian Radio Broadcasting Act, a three-man commission, rather than a public company, was set up to act as a broadcasting authority. The Canadian Radio Broadcasting Commission (CRBC) had full control of all broadcasting stations, regulating for both program and technical performance,

⁶ Ibid., p. 6.

in addition to making recommendations to the government on licensing. The most significant difference, however, was that although privately-owned networks would be prohibited, individual private stations not required for the national network would be allowed to continue. With this mixture of private and public radio, Canadian broadcasting was unique.

Based on the recommendations of a Parliamentary committee on broadcasting that a public corporation, modelled along the lines of a private enterprise, be set up to replace the CRBC, a new act came into effect. In 1936 the Canadian Broadcasting Act created the Canadian Broadcasting Corporation (CBC).

From 1936 until 1958, the Board of Governors of the CBC, under the Act, was responsible for the management of a major publicly owned organization providing national broadcasting services in both English and French. The Board was also responsible for the regulation of all broadcasting in Canada, public and private alike.

During this time the CBC faced growing concerns over television which were similar in nature to those posed by radio broadcasting in the 1920's. In the late 1940's U.S. television began to flourish, particularly in border areas where many Canadians were among the new audiences. It became clear that both public and private Canadian interest in television was growing rapidly. In response to this the CBC prepared a tentative 15-year development plan for a Canadian service. In 1949 the government announced an interim

television policy which indicated that a national Canadian service would have to have a large degree of public ownership.

The Royal Commission on National Development in the Arts, Letters and Sciences (The Massey Commission), in its 1951 report endorsed the principles of the interim policy. The 1952 final government policies provided for a general system similar to the existing one in radio. There was to be a CBC-owned and operated station with production facilities installed in each of the main regions, with private stations licensed as CBC affiliates, elsewhere. To avoid some of the problems of duplication of service created by radio in the 1920's, no more than one station would be licensed in any given area until there was coverage over most of the country.

This early reliance upon private stations, however, meant that CBC's ability to control the future development of its new national television service was rapidly being undermined. Although the use of private commercial stations eliminated immense capital costs of CBC establishing its own facilities, CBC, in return for ensuring the continuity of its service, was now obligated to protect the economic viability of private broadcasters. In partial fulfillment of this through contractual arrangements, CBC programs were supplied and brought by microwave free of cost to these private stations. Thus, the costly obligations already imposed upon the CBC budget for the provision of the national radio service were now amplified to accommodate its own television service and, in addition, to indirectly subsidize private enterprise.

The licensing of a major portion of the national television system was also now moving into the hands of private broadcasters, not the CBC. In addition since private broadcasters received much of their operating revenues through the sale of advertising, their willingness to extend CBC service to areas outside their coverage was almost exclusively dependent upon how much these areas would contribute to their advertising "markets". Many areas unable to "qualify" for this service, formed associations and put up their own community-owned facilities.

By 1957, although the CBC, its private affiliates and community-owned facilities had provided national television service to a substantial portion of Canada, large areas still remained unserved. At the same time there was intense pressure exerted on the federal government by private commercial radio and television broadcasters to separate regulatory functions of the CBC from its management of the national service. In an endeavour to resolve this, the Royal Commission on Broadcasting (the Fowler Commission) recommended in 1957, that a new public board should be created (Board of Broadcast Governors) as a regulatory authority over all Canadian broadcasting, including CBC and private. Although this new board was to replace the CBC Board of Governors, the direction and management of the national service and its distribution through private and public outlets was to remain with the senior CBC officials.

In 1958, a new Conservative government enacted a revised Broadcasting Act establishing a Board of Broadcast Governors (BBG). The Board, however, differed from that recommended by the Fowler Commission in that it was not the sole authority. The act also provided for a CBC Board of Directors and for separate CBC reporting to Parliament. This separate reporting to Parliament meant that CBC in the future would experience difficulty in co-ordinating the development of its national television service since regulatory and financial policies affecting the service now fell under two separate ministers.

CBC control over the development of the national television service was further diluted when in 1960 the BBG recommended the licensing of "second" television stations in major centres across the country. In 1961 the CTV Network was approved linking the new stations. The result was that CBC was now forced to share with these new private stations those advertising revenues it used to supplement the costs of providing the national broadcasting service. In addition, it now lacked the authority to ensure that the only new private stations established would be CBC affiliates providing the national service to those areas still unserved.

In 1968 a new Broadcasting Act set out a general broadcasting policy for Canada (section 3 of the Act enunciated earlier). It described Canadian broadcasting as a single system comprised of both public and private elements, and authorized CBC as the agency for providing the national broadcasting service. The policy specified certain broad objectives

for the CBC concerning programming, extension of service, language, regional factors and Canadian expression. This policy also confirmed, for the first time in legislation, some of the traditional principles of the CBC.

In order for the CBC to presently fulfill some of these objectives it must first resolve a problem which it inherited under the new act. For example, although the Act clearly places the onus on the CBC to extend the national broadcasting service to all parts of Canada, as public funds become available, to successfully meet this responsibility it must have effective control over the service. In reality, however, it cannot effectively control a major portion of its national service; that is, its English-language television service.

CBC currently owns and operates 17 television stations and 163 rebroadcasting stations which provide its English language service.⁷ Conversely, private broadcasters own and operate 28 CBC affiliated stations and along with community organizations provide the remainder of the CBC service through the operation of 187 rebroadcasting stations.⁸ CBC therefore, actually controls less than 45.6 per cent of its own service.

⁷As of March 31, 1976. Canadian Broadcasting Corporation, 1975-76 Annual Report, Ottawa, p. 37.

⁸Ibid.

B. Development and Control of CBC English-language Television Service in British Columbia

The repercussions of this national pattern become apparent when focussing on a specific region, such as British Columbia.

As early as 1937, Vancouver newspapers were telling their readers about the television experiments of Senator Guglielmo Marconi's company and the Scottish inventor John Logie Baird at the Alexandra Palace in London, England.

It may well be a few years yet before people will want to discard their present radio receivers and buy types that will bring them not only the sounds out of the air, but the pictures of actual events. For at least a decade scientists have said that television, much like prosperity, was just around the corner.

But the promise of actually sitting in your living room and seeing the reproduction of a scene just as you would in the flesh is no mere political harangue. Select audiences, even now, are marvelling at the wonders of television, just as others did years ago when talkies first came in and when sound first came through the air.¹

Canadian television, for these same readers, however, was not just "around the corner". Little were they aware that the struggle for the initiation of a local Canadian service would become a long and bitter sixteen-year campaign waged primarily by private broadcasting, the press and other commercial interests. Also were they unaware that the results of this campaign would, at a future date, place the control of much of the new national service in B.C. firmly in the hands

¹"The British Are Coming - with Television," The Vancouver Sun, January 9, 1937, Magazine Section, p. 4.

of private enterprise.

During the next decade (1937-47), the prospects for Canadian television arriving in British Columbia were slim. Although service had already commenced in many of the larger U.S. population centres, no such development had taken place in Canada. The CBC, faced with developing a new and enormously expensive national broadcasting service, was determined to postpone the initiation of such until an appropriate policy could be formulated. The result was that no applications for TV stations, including one sought by William Rea of radio station CKNW, New Westminster, were approved during this time.

In November, 1948, the CBC appeared to have made its first move towards initiating a television service when its chairman A. Davidson Dunton, at a Vancouver press conference, foretold the possibility of a national system within two and five years. For B.C. residents, however, this news provided little encouragement as Mr. Dunton further explained that there would be a problem getting B.C. into a television system tied to the rest of Canada, similar to the difficulties experienced on the Pacific Coast in connection with national railway problems.² Because of the high cost of laying a coaxial cable through the Rocky Mountains, coupled with a lack of financing, it was anticipated that a delay in national service for B.C. would be unavoidable.

² "B.C. May Be Last To Get Television," The Vancouver Sun, November 3, 1948, p. 5.

Although Canadian television would be late in arriving to British Columbia, within two weeks of this news, residents in southwestern B.C. were already receiving television. On November 11, 1948, New Westminster ham radio operator E.A. Mullins received the first private commercial television broadcasts in B.C. from station KRCS, Seattle.³ Using a home-made television receiver, Mullins discovered that reception of the Seattle signal was possible in many areas of the Vancouver region. Subsequent experiments by Victoria-area residents produced similar results.

The apparent delay in Canadian television service, combined with the fact that B.C. residents' first glances were at American rather than Canadian private television brought about renewed lobbying by the private broadcasting interests against the centralized control of CBC. In March of 1949 the Canadian Association of Radio and Television Broadcasters (CARTB) anticipating the future licensing of private television broadcasting, issued a policy statement which listed certain conditions under which its members would be willing to cooperate with the CBC in the development of Canadian television.

In brief, the statement gave the following conditions under which the CARTB would co-operate if its members were granted licences to enter the television field:

- 1) powers of regulation must be placed in the hands of an independent body;
- 2) the term for which television licences

³ Now KING-TV.

are granted must be sufficiently long to allow the operator time to recoup his initial capital investment;

3) private investors must be free from unfair or subsidized competition.⁴

In addition, eager to tap U.S. television markets where the cost of acquiring programs would be substantially less than through Canadian markets, the statement further noted that no system in television could render adequate service to the Canadian public unless it was permitted free access to program material from every possible source. For southwestern B.C. broadcasters, the closest source of this programming, within relatively easy reach, was a television cable hook-up already laid to Los Angeles from the east and soon to be extended to Seattle.⁵ The cost of linking Vancouver to the Seattle connection was estimated at \$500,000, far below the cost of running a similar cable across the mountains from Calgary for CBC programming.⁶

The CBC, seemingly unimpressed by these latest requests from private broadcasters, proceeded to ignore them, and instead implemented its own course of action. On March 28, 1949 the CBC announced that \$4 million dollars had been allocated

⁴"Broadcasters Ask Freedom for Television," The Daily Colonist (Victoria), March 10, 1949, p. 5.

⁵"Television Coming to Vancouver," The Vancouver Sun, October 31, 1948, p. 3.

⁶"Private Enterprise Only Way For TV," The Vancouver Daily Province, April 20, 1950, p. 19.

for the first phase of its new television plan. The initial service, however, was to commence in Toronto and Montreal, thus confirming earlier statements by CBC Chairman Dunton concerning a possible delay of national television service for B.C.

Condemnation of this announcement was widespread throughout British Columbia. The sharpest criticism came from the editorial staffs of all three major Vancouver newspapers, whose vested interests would appear only later in subsequent applications for private TV licences.⁷ Editorials such as

⁷ The three Vancouver newspapers were The Vancouver Sun, owned by the Sun Publishing Company Limited, the Vancouver Daily Province - owned by the Southam Company Ltd., and the Vancouver News-Herald - owned by the News-Herald Ltd.

The Sun Publishing Company Limited, in addition to publishing newspapers, was also into private broadcasting. In 1936, Standard Broadcasting System Ltd. was incorporated to operate radio station CFJC. The station, partially owned by Sun Publishing, was subsequently closed and the equipment sold. In 1952, Standard became a wholly-owned subsidiary of the Sun operating radio station CHUB in Nanaimo.

The News-Herald's editorial opinions on broadcasting did not differ substantially from those of the Vancouver Sun, probably because the Sun Publishing Company acquired all of its outstanding shares in 1951.

The Southam Company Limited similarly had strong financial interests in private broadcasting. On January 1, 1948 it acquired a 60% interest in radio stations CFAC Calgary and CJCA Edmonton from the Taylor, Pearson and Carson Broadcasting Co. Limited. In 1953 it acquired a one-third interest in Niagara Television Ltd., owner of television station CHCH-TV, Hamilton. Southam further extended its financial interest in CHCT-TV, Calgary.

"The Southam Company Limited," The Financial Post Corporation Service, September 11, 1974 and January 9, 1975.

the following appeared in the newspapers monthly from 1949 to 1953:

Citizens with no direct interest in broadcasting can well see the injustice in CBC's policy of confining television to its own activities in Toronto and Montreal. The money involved, of which the \$3,500,000 now being spent, is only a small down payment, is being put up by the taxpayers for the exclusive benefit of those in the two cities.⁸

If Ottawa wouldn't insist on keeping television a private preserve for CBC there wouldn't be all this delay and favoritism. Private industry is willing to try television all over Canada at its own expense, under government regulations, if the government will let it.

Instead this government excludes private enterprise and gives CBC millions of our tax dollars to experiment with TV on a limited and highly exclusive basis.

This is no way to handle a great medium of public information in a free country.⁹

Any attempt to collect \$15 a year licence fee from television set owners in western Canada would be an outrage.

Yet it might be excellent for TV progress in Canada if Ottawa authorized the Canadian Broadcasting Corporation to try. It might start a public outcry that would force the government to revise Canada's backward TV policy and let private broadcasters give all Canadians the TV which the CBC isn't providing.¹⁰

Other groups with vested interests in the development of a private Canadian television service also made their views

⁸"CBC Centralizes Television," The News-Herald (Vancouver), April 3, 1950, p. 4.

⁹"Where Did Pressure Come From?," The Vancouver Daily Province, May 22, 1952, p. 4.

¹⁰"Soaking TV Might Free It," The Vancouver Sun, August 19, 1952, p. 4.

known. The B.C. Association of Radio and Appliance Dealers, in an attempt to bolster sales in television receivers, requested that CBC either build a television transmitter in Vancouver when the Corporation started its proposed TV program in Eastern Canada or help private stations to do so. The two eastern CBC stations, alone, were expected to create a market for 50,000 TV sets.¹¹ To add strength to this request, the association received the support of B.C. Members of Parliament.¹²

Radio artists, however, especially those who were interested in transferring their talents to television, had probably the most specific grievance. For those living in Vancouver, they saw the same pattern of centralization, which had robbed them of their chances in national radio, emerging in the medium which seemed destined to replace radio in the future. For the majority of them wishing to remain in Vancouver, the delay in a western television service meant an almost indefinite postponement of their hopes and ambitions.¹³

The Royal Commission on National Development in the Arts, Letters and Sciences' investigation into broadcasting in Canada, in 1950, provided an open forum for further lobbying

¹¹ "Television Transmitter Asked Here," The Vancouver Daily Province, March 30, 1950, p. 17.

¹² "Grouse Mountain Television Urged," The Vancouver Sun, April 28, 1950, p. 4.

¹³ "CBC Centralizes Television," The News-Herald, April 3, 1950, p. 4.

by private Vancouver broadcasters such as George C. Chandler, manager and owner of radio station CJOR. Urging that television be permitted to start on a small scale and develop naturally, Mr. Chandler argued before the Commission that with "encouragement and with realistic policy, private enterprise can develop television service for more Canadians more rapidly and at less cost than can any crown corporation."¹⁴

Although the Royal Commission's final report in 1951 (the Massey Report) basically endorsed the government's existing television plans, it also revealed one of the main reasons why private broadcasters were so anxious to obtain television licences.

A recent study completed in the United States, by the Association of National Advertisers, estimates that in large centres, "each radio home that installs TV has lost 83% of its evening potential for the radio advertiser." The report contends "that TV practically wipes out AM night-time listening in radio homes." This reveals why the private stations are so anxious to obtain television licences immediately. They fear that if the Canadian Broadcasting Corporation begins telecasting before they are allowed to televise, it will take away from their stations most of the night radio audience, thus causing them to lose some of their most valuable advertisers. The situation is the same in Toronto as in Montreal, and in any other city where the Canadian Broadcasting Corporation might get the jump on its competitors by beginning to telecast months before the granting of TV licences to the private stations.¹⁵

¹⁴"Realistic TV Policy Suggested," The Vancouver Daily Province, April 14, 1950, p. 3.

¹⁵Canada, Royal Commission on National Development in the Arts, Letters and Sciences, Report, Ottawa, King's Printer, 1951, p. 405, (hereafter cited as Massey Commission, Report).

After studying the recommendations of the Royal Commission, the CBC finally proceeded to extend its national television service to other parts of Canada. On January 25, 1952, Davidson Dunton announced that a request would shortly be made to the cabinet for authorization to allow CBC to build a television station in Vancouver.¹⁶ In following the recommendations of the Massey Report, Mr. Dunton also stated that requests for privately-owned TV stations would not be granted until the CBC national programming service was completed. These requests included those from radio stations CKNW, New Westminster and CJVI, Victoria.

The private sector, reacting in disfavour to this latest move by CBC and seeking to take advantage of an opportunity which seemed certain to arise, began to mount their most intense, campaign the results of which would eventually cause CBC to lift its ban on private television broadcasting. In September, the CBC was scheduled to begin regular telecasts from Toronto and Montreal. Taking the position that the Massey Commission had recommended barring private broadcasting only until the CBC had available national television programs, the private broadcasters contended that such programs would now be available on film from the Toronto and Montreal CBC operations.

In addition, judging by CBC's practice in radio, most major CBC-TV programming would continue to originate in

¹⁶ "Cabinet To Receive Vancouver TV Bid," The Vancouver Sun, January 25, 1952, p. 2.

Toronto. With little indication that a nationwide coaxial cable or series of microwave repeater stations would soon allow CBC's TV stations to be linked across the country, private broadcasters argued that the burden of distributing these programs would inevitably fall on private stations, just as 88 out of the 102 stations currently distributing CBC sound programs were privately-owned.¹⁷ Also, since CBC in the two years ahead would have only a possible total of six stations operating - probably in Vancouver, Winnipeg, Ottawa and Halifax as well as Toronto and Montreal, they insisted that tremendous areas of Canada, in particular, B.C., would not receive any Canadian TV for many years unless private broadcasters were permitted to bring it to them.

With a federal election soon to take place, private broadcasting, this time, received the political support it was hoping for. Initial support to B.C. private broadcasters came from Arthur Laing, Liberal MP for Vancouver South, when he told a meeting of Rotary Club members in Vancouver, "There is little chance that Canadians, even in the considerable population areas, will have television when they want it without a partnership in both finance and technology between the government-owned CBC and private investment."¹⁸ Additional

¹⁷ "TV Alibis Run Out," The Vancouver Sun, September 17, 1952, p. 4.

¹⁸ "Laing Levels Blast at CBC - Video Policy," The Vancouver Sun, August 18, 1952, p. 25.

support came from other B.C. Liberal Members of Parliament such as Fisheries Minister James Sinclair, Tom Goode and William Mott. Similarly at a national level, despite the attempts by Revenue Minister McCann to postpone the vote, approximately 85 per cent of the 235-member advisory council of the National Liberal Federation endorsed a resolution asking for "the development of television in Canada by private enterprise along with the CBC."¹⁹

The first indication that possible changes in CBC's television policies were in the making however, came when Prime Minister Louis St. Laurent announced in Vancouver that national television, in its initial stages, would cover only part of Canada, and that "the part to be played by privately-owned stations in extending national television services in Canada is being actively considered by the government."²⁰

Unable to hold back this rising tide of political and private opposition to its policies, CBC finally capitulated. On November 18, 1952, A. Davidson Dunton, chairman of the Canadian Broadcasting Corporation Board of Governors, promised "a rapid expansion of Canadian television facilities, with private stations joining CBC-TV to provide a good country-

¹⁹ "Liberals Attack CBC Plan," The Vancouver Daily Province, October 29, 1952, p. 1. Dr. McCann, as Minister of Revenue, was responsible for reporting to Parliament on behalf of CBC.

²⁰ "St. Laurent Talk About TV Hailed," The Daily Colonist, Victoria, September 4, 1952, p. 24.

wide service."²¹ Any private stations licensed, however, would have to carry a substantial percentage of CBC programming.

Private broadcasters throughout British Columbia hailed this announcement as a major breakthrough for private enterprise. Vancouver broadcasters, however, soon became less enthusiastic. Two days after Dunton's announcement the Speech from the Throne, opening a new session of Parliament, indicated that although private stations would be permitted in areas which wouldn't be served by CBC's own facilities, the federal government would continue its ban on private stations in Vancouver, Montreal and Toronto. For private broadcasters in those cities, the battle would continue for at least another eight years.

When CBC officially opened its first western television facility in Vancouver on December 16, 1953 and its Chairman Dunton announced that private stations would be allowed in Vancouver only after an "adequate national service" had been established, the struggle to establish the first privately-owned B.C. television station switched to Victoria."²²

Victoria, the second largest metropolitan area in British Columbia and already served by six U.S. private stations, had been the scene of an earlier attempt by CBC to hold back

²¹"Private TV to Aid CBC Says Dunton," The Vancouver Sun, November 18, 1952, p. 1.

²²"No Private TV Here in Near Future," The Vancouver Sun, December 15, 1953, p. 1.

privately-owned television. In February of 1953, the CBC had denied applicants CKDA and CJVI, television licences on the grounds that its own Vancouver station would provide sufficient coverage for Victoria. After a brief review, however, CBC decided that the entire area could not be adequately served from Vancouver, reversed its stand, and began, once again, accepting applications.

Although Vancouver was not to be permitted a private station at this time, this did not appear to deter private interests from trying. Applications were soon filed once more before the CBC. Disguised to establish a private television service for Vancouver Island, these applications, in fact, were intended to capture the Vancouver "market". By selecting an appropriate transmitter site such as Saturna Island, applicants applying for a Channel 6 private station for Victoria, hoped, in addition to serving Victoria's 150,000 residents, to beam their signal to approximately 500,000 other residents in the Greater Vancouver region.

Furthermore, another such attempt to service Vancouver was being made by the Sun Publishing Company Limited, owner of radio station CHUB, Nanaimo and the Vancouver Sun newspaper. Its application was intending to secure Channel 6 to serve Vancouver from a location near Nanaimo.

CBC, in realizing this, quickly smothered the applications on the grounds that they did not meet its limitations for single-service coverage. Applicants were advised to

refile their applications with revised plans for a reduced transmitter power, so as to prevent the local signal from entering the main service area of the CBC Vancouver outlet.

By March of 1956, Victoria radio station CJVI and the Sun Publishing Company had dropped out of the race, narrowing the competition for a low-powered private TV station in Victoria to two applicants - David Armstrong, owner of Victoria radio station CKDA and William Rea, owner of New Westminster radio station CKNW.

The most apparent issue faced by both applicants was a question of local control for the station. Rea, in an attempt to quell any possible criticism from Victoria area residents concerning his Vancouver-based broadcasting interests applied, simultaneously with his TV application, to also sell his radio station, CKNW.²³ Armstrong, his opponent, however wisely chose to hold onto his station. Using his ownership in Victoria radio station CKDA to demonstrate his long term commitment to private broadcasting in the Victoria area, he eventually received a far greater degree of support from provincial, municipal and Victoria area business officials.²⁴

²³ He proposed to transfer the major ownership of the station's shares to Dr. W.G. Ballard, former owner of a large pet food firm, and the remaining shares to Munro Investments, a holding company owned jointly by Walter S. Owen and William Murphy, and the Southam Company Ltd. See also: "Radio Station Sold to Clear Way for TV," The Daily Colonist, February 18, 1956, p. 13.

²⁴ "Provincial, City Leaders Rally to Support of CKDA," The Daily Colonist, March 20, 1956, p. 12.

Finally on March 29, 1956, after two days of public hearings, the Canadian Broadcasting Corporation Board of Governors recommended approval for the first B.C. private television licence. David Armstrong, the sole Victoria-based applicant, received the go-ahead to construct a low-powered television station.²⁵ Rea, although unsuccessful in his bid for a TV licence, did receive approval to sell his radio station which temporarily placed him completely outside private broadcasting.²⁶

The licensing of this new Victoria station marked a new era for private broadcasting in British Columbia. Within the next six years (1956-1962) five more private television stations were licensed to provide CBC programming. Such stations commenced broadcasting in Kamloops (1957), Kelowna (1957), Dawson Creek (1958), Prince George (1961) and Terrace (1962).

Due to the peculiar geographic problems posed by the mountainous B.C. terrain, the extension of television services was technically more difficult than in most other areas of Canada and required substantially larger outlays of capital.

²⁵ "Armstrong Gets City TV Station," The Victoria Daily Times, March 29, 1956, p. 1.

²⁶ The board, however, refused to allow the Southam company to take part in the CKNW purchase because the company "already controls two radio stations and the Southam interests have minority interests in a third." See: "Fast Action Pledged on City TV," The Daily Colonist (Victoria), March 30, 1956, p. 1.

William Rea later purchased 42% of the Victoria TV Station. See: "Rea Seeking 42% of the CHEK shares," The Victoria Daily Times, June 13, 1958, p. 17.

As a result, on the one hand, private affiliates continued to extend their service, relying heavily upon the use of low-powered television rebroadcasting transmitters, but were reluctant to service those areas which provided only a small "advertising market".²⁷ CBC, on the other hand, strapped by the lack of funds and demanding that its equipment meet higher technical standards than those used by its affiliates, could provide only limited TV extension to areas in southern B.C. which had access to the B.C. Telephone Company's microwave facilities.

Residents in many areas, unable to secure service either from CBC or private affiliates, began to pool their resources and obtain their own community sponsored facilities. Although relaying CBC programming, these community-owned stations were not officially recognized as CBC affiliates and thus received no outside support.

Not only was the major portion of the national television system in B.C., slipping rapidly out of CBC's possession, but so was the control over its program distribution facilities. On July 1, 1958, a two-way coast-to-coast microwave telecommunications network was completed by the Trans-Canada Telephone Group. Although intended to supplement long-distance telephone facilities, the system was also equipped to transmit CBC's

²⁷ Canadian private television, as it still does today, received much of its operating revenue from the sale of commercial advertising. As a result, areas provided with private television coverage were viewed by the private TV operator as "advertising market."

live and pre-recorded television programming across the country. The B.C. section of the microwave network, leased by the CBC, from Vancouver to the Alberta border was built by the British Columbia Telephone Company at a cost of \$5,000,000.²⁸ As this system branched out into other areas of the province, CBC leased additional facilities to distribute the programming service to its private TV affiliates. This reliance upon private carriers to distribute its programming meant that CBC's priorities for extending service were partially determined by the needs of other microwave users. Even in this instance the CBC had to wait for a trans-Canada hook-up for Vancouver until there was sufficient demand for a microwave system, as determined by the telephone companies' criteria - the installation of across-the-country direct dialling.²⁹ Similarly, the extension of CBC "live"-programming elsewhere in the province was also dependent upon where and when the B.C. Telephone Company chose to expand its microwave system.

Occurring simultaneously with the extension of CBC television programming throughout British Columbia from the middle of the 1950's and during the early 1960's, was a struggle by private broadcasters to end CBC's monopoly on

²⁸ See: "B.C. Last to Get TV Network," The Vancouver Sun, March 8, 1955, p. 1.

See also: "Haligonians, Vancouverites 'Linked'," The Financial Post, (Toronto), February 18, 1956, p. 43.

²⁹ Ibid.

television service in the larger population centres. As commercial television became a more attractive investment for private business interests, reaction from them against the government's "single-service" policy grew.

In Vancouver, as in other areas such as Winnipeg, Toronto and Montreal, investors and private broadcasters looked upon CBC's "exclusive" rights to the largest "advertising markets" with envy. Enlisting, once again, the aid of their political allies, they renewed their lobby against CBC, this time seeking not only access to its television advertising markets, but also the removal of its regulatory powers.

The first major indication of any significant political support surfaced when the federal Liberal government announced the appointment of a new royal commission on broadcasting. It seems that with aid of Finance Minister Harris, two B.C. cabinet ministers, James Sinclair and Ralph Campney, succeeded in having the commission's terms of reference changed from a simple investigation of CBC finances to a wider investigation, including the licensing and control of private television.³⁰

The most active political opposition from B.C. to the government's "single service" policy, however, came from B.C. Liberal MP Tom Goode. Waging a private campaign to promote private television for the Vancouver region, Goode employed techniques to muster public and private support including:

³⁰ "CBC Probe Hailed as Victory for B.C.," The Vancouver Sun, December 5, 1955, p. 8.

the use of Burnaby schools to circulate a petition, which asked Parliament for a private television broadcasting licence in Burnaby,³¹ a personal appearance before the Massey Commission on behalf of the Burnaby municipal council and the South Burnaby Board of Trade,³² and on occasion in Parliament, siding with the Conservative opposition, whose political philosophy opposed any form of CBC monopoly.³³

With the establishment of the Board of Broadcast Governors (BBG) under a new Conservative government, the Vancouver private broadcasters finally succeeded in breaking CBC's monopoly on the province's largest "advertising market". In 1960, when the BBG abandoned the "single service" policy, a new private television licence was granted to Art Jones, a Vancouver photographer, on behalf of Vantel Broadcasting Co.³⁴ In 1961, this Burnaby station joined the CTV network and subsequently began extending its service elsewhere in the

³¹ See: "Burnaby Trade Board Starts Petition for TV Station," The Vancouver Sun, October 21, 1955, p. 27; "TV Petition Starts Rounds," The Vancouver Sun, November 19, 1955, p. 49; and "Regier Protests TV Petitions in Schools," The Vancouver Sun, December 5, 1955, p. 11.

³² See: "Burnaby MP Goode Pleads For Private TV Stations," The Vancouver Sun, May 14, 1956, p. 1.

³³ See for example: Debates, July 26, 1955, p. 6842.

³⁴ See: "City Photographer Wins TV Licence," The Vancouver Sun, January 29, 1960, p. 1.

See also: "Channel 8 Awarded Art Jones," The Vancouver Province, January 30, 1960, p. 1.

province to form a second Canadian English-language television service.

Not only was CBC now obligated to compete for the advertising revenue it desperately needed to maintain and extend the national television service, as prescribed by policy, but, in addition, it now lacked the authority, as it did elsewhere in Canada, due to the loss of its regulatory powers, to ensure that its extension of the service throughout B.C. would receive priority over all other forms of television broadcasting.

The B.C. portion of the national television service continued to expand steadily from the early 1960's to the present. Although the number of broadcasting stations carrying the service remained constant throughout this period, the number of television rebroadcasting stations rose sharply,

Presently in operation in British Columbia, there are seven television broadcasting stations and 163 rebroadcasting stations which transmit the national television service. Perhaps the most significant feature of these figures is that, in addition to the privately-owned CBC affiliated broadcasting stations outnumbering CBC's facilities by a margin of six to one, the CBC owns and operates only 44 or 28 percent of the 157 rebroadcasting stations. Privately-owned affiliates, by comparison, own and operate 44 or 28 per cent of them, while the remaining 69 or 44 per cent of the rebroadcasting stations are community-owned and, officially, are not affiliated

with either the CBC or the private stations.³⁵

Thus, in order for the CBC to presently fulfill its mandate of extending English-language television service to all parts of British Columbia, it must first ensure that it has effective control over the existing portion of that service. In reality, however, it cannot presently ensure this since historical and current arrangements dictate that, presently, the effective control of the service is divided among the private affiliates and community organizations who own and operate the major portion of the service within B.C.

³⁵ As of March 31, 1976. 12 additional CBC owned and operated and 2 community owned and operated rebroadcasting stations are proposed to be established later in 1976. In addition, another CBC owned and operated station for Victoria has been proposed.

Chapter II. THE EFFECTS OF CBC FINANCING METHODS ON CBC
ENGLISH-LANGUAGE TELEVISION SERVICE: 1936-1960

"The broadcasting services have been financed from the following main sources (a) commercial broadcasting income (b) radio receiving set licence fees (c) grants of amounts equal to the excise tax collected on sales of receiving sets and associated parts (d) statutory grants of fixed amounts and (e) Government loans."¹

Perhaps the most recurring and controversial issue that CBC has had to defend consistently since its inauguration in 1936 has been its financing. No other single public institution or Crown corporation in Canadian history has ever been subjected to as much criticism, government investigation, and public accountability for its expenditures of public funds, either loaned or granted to it by Parliament. This historical pattern of political interference in the financial operations of the Corporation combined with short-sightedness and unresponsiveness on the part of government in realizing the immense injections of funds required for the extension of the national television service while, at the same time, ensuring effective CBC control and ownership of it, thus providing a solid financial basis for local, regional and national programming; these two antagonisms have inevitably led to a lower quality of service and have contributed to

¹Canada, Royal Commission on Broadcasting, Report, Ottawa, Queen's Printer, 1957, p. 439, (hereafter cited as Fowler Commission, Report).

the apparent inability of CBC to complete its mandate.

The problem of financing the CBC, although it has always been a potentially contentious issue among Members of Parliament, never reached the crisis proportions during the early period of radio development as it did with the advent of television. Prior to the introduction of television service in Canada it had been possible for the CBC to borrow, from time to time, interest-bearing capital loans from the government, and to operate under the revenue produced by commercial programming and the proceeds from licence fees on receiving sets.

A. Licence Fees

The receiving set licence fee was imposed prior to the inception of CBC in 1936. In 1922 the federal government levied an annual \$1.00 fee per radio household, subsequently increased it to \$2.00 in 1932, and later to \$2.50 in 1937. The Corporation during this time, however, did not receive the full revenue from licence fees as the cost of collecting the fees was deducted from the gross receipts. Finally in 1947, Parliament amended the Canadian Broadcasting Act to provide that the collection expense be absorbed by government such that CBC would receive the full proceeds.²

²Canada, Canadian Broadcasting Act, II George VI, C.50 (July 17, 1947).

The licence fee, however, was never considered a satisfactory method of financing CBC. In addition to its general unpopularity, perhaps the most objectionable aspect of it was the inefficiency of its collection. The collection expense ran to about 12 per cent of the total revenue³ and its enforcement was difficult and expensive. The Massey Commission reported in 1951 that "if the figures of the Dominion Bureau of Statistics are to be accepted, Canada's three and a half million private receiving sets which should be licensed ought to yield over eight and a half million a year in licence fees instead of something over five million".⁴

B. Capital Loans

The outbreak of war in 1939 curtailed any major expansion of domestic CBC radio facilities. By the close of the war, however, it became apparent that any catch-up program would require sizeable capital expenditures in the coming years. In support of this expansion the 1946 Committee on Broadcasting recommended to Parliament:

"As did the Parliamentary Committee of 1944, your committee is of the opinion that moneys for needed capital expenditures should be provided by loans and that revenues needed for the regular operation of the broadcasting system should not be used for these capital expenditures. The

³ Remarks by Mr. Fleming (Eglinton), Debates, July 12, 1947, p. 5524.

⁴ Massey Commission, Report, p. 294.

Canadian Broadcasting Act at present sets a limit of \$500,000 on the total amount which may be loaned to the Corporation by the Government for capital works. In view of the present and coming needs, following a long gap in construction caused by the war, your committee recommends that the Broadcasting Act be amended to admit the necessary loans being made to cover necessary capital expenditures during the coming years.⁵

The general revenues needed for the regular operation of the broadcasting system, however, were later used for these capital expenditures. Although loans from Parliament were provided for capital expansion, the funds required to pay off both the principal and the interest on these loans ultimately came out of operating revenues.

The Liberal government's approach to developing television in Canada, unlike the approach in the U.S., was a cautious one. In fact, to avoid the unnecessary expense of early television experimentation and development, the government deliberately chose to curtail its development.

"I am not ashamed to say that two years ago my advice to the Canadian Broadcasting Corporation was to delay for a time any expenditures on experimental work until we saw that advances were made in the United States. We might be accused of hanging on to their apron strings, but they had a lot more money to spend than the Canadian people, and we had no appropriation to carry out that work on behalf of the Canadian people.

Today we are able to start at no cost at all and take advantage of the advances that have been

⁵ 87 Journals of the House of Commons 711-17 at 716, as quoted, In William Malone, "Broadcast Regulation In Canada. A Legislative History," thesis; Harvard University, 1962, p. 103.

made. Television is going to mean a lot to Canada, but it is going to cost a lot of money."⁶

The first of a series of loans which were requested from Parliament for television service came in 1949, when the Honourable J.J. McCann (Minister of Revenue) laid before the House of Commons, plans for initiating the first phase of CBC television construction in Montreal and Toronto.

"It will be some time before there are enough receiving sets in Canada for television licence fees and commercial revenues to cover the costs of programming and operations. It is necessary, therefore, for the government to provide loans to the CBC to cover capital costs of its necessary installations and to support the development of the service. For these purposes parliament will be asked to approve a loan of \$4 million this year. It is expected that the national television operations will become self-supporting from licence fees and commercial revenues in a few years."⁷

By the year's end, however, Mr. McCann was forced to acknowledge to his fellow members of Parliament, that the costs of supplying television service were already escalating. In fact the vote before the House for initial loans to CBC was now \$4.5 million rather than \$4 million.⁸

...Let me emphasize that this is going to be a very costly undertaking. It is going to take a number of years to develop it, and it may well be that we shall have to come back to parliament in another year and ask for a further

⁶ Remarks by Hon. J.J. McCann, Debates, June 28, 1950, p. 4319.

⁷ Remarks by Hon. J.J. McCann (Minister of Revenue), Debates, March 28, 1949, p. 2051.

⁸ The CBC Board of Governors, in fact, had requested an even higher amount of \$5,500,000 according to Massey Commission, Report, p. 303.

loan with reference to the further development. I might as well truthfully tell the Committee that \$4,500,000 is not going to cover the costs of putting television into operation in this country."

Believing that television operations would still become self-supporting from licence fees and commercial revenues in a few years ahead, Mr. McCann went on to state:

In making our calculation we are also looking at the revenue side, and we believe that in Canada in the first year there might be 2,250 receiving sets. In the next year we expect that will go to ten times as high, or 22,000 sets. By 1952-53 it will probably be 56,000 sets, by 1953-54, 110,000 and by 1954-55, 168,000.

If we count on the revenues from those sets, they should bring in a revenue of \$3,600,000, and from commercial operation revenue of \$1,817,000. So that the total revenues in that period we estimate would be in the neighbourhood of \$5,420,000. Our total expenditures would run as high as \$14 million over the years and our revenue \$5,400,000, leaving a net capital cost in the neighbourhood of \$10 million.⁹

This forecast, however, underestimated the real growth and cost of Canadian television.¹⁰ The conservative opposition parties, becoming increasingly aware of this and, concerned about possible restrictions on private enterprise entering the television field, soon began to use the

⁹ Remarks by Hon. J.J. McCann, Debates, December 7, 1949, p. 2893-94.

¹⁰ In 1950, for example, there were some 30,000 Canadian television set owners primarily in southern Ontario. The number increased to 60,000 in 1951, and by the time the first Canadian programmes were being broadcast in September 1952, the number of sets had already totalled approximately 146,000. Fowler Commission, Report, p. 313.

Corporation's financing as a target for debate.¹¹

Mr. E.G. Hansell (Macleod) (Social Credit): I hope that the Canadian Broadcasting Corporation will not seek to monopolize this field. If they permitted private interests to develop a few channels in Canada, I believe that television would come much faster, that even the Canadian Broadcasting Corporation would save a good deal of money and at the same time could still retain the power of regulation as long as radio broadcasting operations were regulated under the CBC.¹²

At this time, the Conservatives, led by Donald Fleming, were pursuing their campaign by focussing on the source of CBC's power. Their method was to apply pressure on the government in an endeavour to force the Corporation to become more accountable to Parliament. Concerned about the rising costs incurred by the government in collecting licence fees and the CBC's using annual deficits, which had begun in 1949, they insisted that the time was fast approaching when licence fees should be done away with and the Corporation's operating and capital funds be replaced by annual parliamentary votes.

C. Massey Commission

When the Massey Commission began examining the CBC's growing financial problems, certain troublesome facts came to

¹¹ The main thrust of this political support of private broadcasting appears to stem primarily from the inability of the federal conservative parties to gain access to CBC radio facilities during World War II. For more detailed information on how this resulted in their political support for private broadcasting see Appendix A.

¹² Debates, March 31, 1950, p. 1464.

light. Already the Corporation owed Parliament \$8,400,000 in loans.¹³ CBC officials had told the Commission that, in order to maintain services at their present level, the Corporation required about \$3,000,000 a year in addition to its current income of approximately \$7,500,000. For the improvement and extension of its services, it would require another \$2,200,000, making a total annual budget of \$12,700,000. If the CBC decided to drop all local and less desirable national commercial programmes it would require an additional \$1,500,000 - some \$14,200,000 in all.¹⁴

In seeking solutions to these problems the Commission found that CBC's own proposal to raise the licence fee to \$5 was generally unpopular and that even an improved method of collecting the fee would not yield sufficient sums to meet the Corporation's growing financial needs. Furthermore any substantial increase in the amount of commercial advertising carried with it the serious danger of "ruining any programmes worth receiving".¹⁵ The members of the Commission concluded that they saw "no solution to the financial problem of the CBC except in additional support from public funds".¹⁶ In

¹³ Remarks by Hon. J.J. McCann, Debates, June 29, 1951, p.4938.

¹⁴ Massey Commission, Report, p. 294.

¹⁵ Ibid., p. 47.

¹⁶ Ibid., p. 294.

addition, however, they could not accept the Conservative's proposal that the licence fee be abolished and the entire cost be borne by the taxpayer. They thought it proper "for the listener to make a direct payment for services received" and that "he appreciates these services the more for doing so".¹⁷

The Commission, after reviewing these factors, submitted its report to Parliament, with four basic recommendations concerning CBC finances. The first of these recommended that "the finances of the radio and television broadcasting systems of the Canadian Broadcasting Corporation be kept separate."¹⁸ Although radio costs were rising, proportionally television costs were rising at a much higher rate and, as such, this recommendation provided for more reliable financial reporting of each operation.

Its second recommendation and, perhaps its most important one, suggested that "the capital costs of the national television broadcasting system be provided from public money by parliamentary grants".¹⁹ The Commission in making this recommendation, however, raised serious objections these grants being annually approved by Parliament.

¹⁷ Ibid.

¹⁸ Ibid., p. 304.

¹⁹ Ibid., A five year statutory programme was recommended. See recommendations p. 295.

Although other essential government services depend on an annual vote, it is so important to keep the national radio free from the possibility of political influence that its income should not depend annually on direct action by the government of the day. A statutory grant seems to us a more satisfactory method, because it enables the CBC to formulate reasonably long plans with the confidence that its income will not be decreased over a period of years.²⁰

The Commission, aware of certain financial limitations posed by licence fees, including CBC's proposal to increase the fee to \$5 and the potential negative impact of commercial advertising on programming, nevertheless, in its third recommendation, indicated that both sources of revenue should continue to provide funds to cover the costs of the national television broadcasting system. When the costs for programmes and current needs were, however, unable to be met by these sources, it recommended a provision for "such statutory grants as may be necessary".²¹

Also concerned about too heavy an emphasis being placed upon commercial advertising, the Massey Commission's fourth recommendation suggested that "the Canadian Broadcasting Corporation exercise a strict control over all television stations in Canada in order to avoid excessive commercialism".²²

²⁰ Ibid., p. 294.

²¹ Ibid., p. 305.

²² Ibid., p. 305.

D. Capital Grants

While studying these recommendations and contemplating future legislative changes for CBC financing, the government forwarded to Parliament, on behalf of CBC, a request for an additional loan of \$1,500,000 to cover capital costs of television installations.²³ In addition, for the first time in the history of CBC, the Corporation made a plea to Parliament for a further \$1,500,000 in the form of a grant rather than a loan. Having faced rising costs, which had doubled over the last twelve years, while, during this same period, the basis of its revenues (licence fees) remained unchanged, the Corporation's operations had become severely constrained.

The Progressive Conservatives, led by Donald Fleming, reacted strongly against issuing the grant at this time. They contended that supplying grants to CBC represented a new departure and that such a decision by Parliament should be postponed until the fall session. At that time they urged that a parliamentary committee should be struck to have the Massey Report considered as a whole rather than on a piecemeal basis.

In the debate that followed Mr. Fleming's remarks, it became clear that the greatest concern voiced by some of the Progressive Conservative and Social Credit members was not just in how the CBC was financed but rather in how its operating funds were applied in programming. These members complained

²³ Remarks by Hon. J.J. McCann, Minister of National Revenue, Debates, June 29, 1951, p. 4925.

of public funds being used to generate "leftist propaganda" on CBC radio.

E.G. Hansell (MacLeod):

What I believe, Mr. Chairman, is that the talks department of the Canadian Broadcasting Corporation is becoming a propaganda panel and is being used to condition the mentality of our people to accept, at least without great protest, a way of life that is contrary to that which we hold dear and which would otherwise lead us on to the destiny which free peoples have envisioned.²⁴

Other Conservative members, such as John Diefenbaker, felt that as long as television remained the "exclusive" function of the Canadian Broadcasting Corporation, Canada would continue to remain far behind in television development.

Not all members of the opposition, however, were opposed to Parliamentary grants. Alistair Stewart of the CCF told the Commons:

For some years the CBC has been running a deficit, and this past year that deficit amounted to \$900,000. The CBC already owes the government \$8,400,000 and if we continue to make loans the corporation will continue to run into debt. It is not expected that the loans will ever be repaid and we might as well call them what they really are, that is, grants.²⁵

Parliament, at the close of these debates, approved the items for the grant and the loan, totalling \$3,000,000. Even though the Massey Commission's report was generally well received, future attempts to implement its recommendations

²⁴ Debates, June 29, 1951, p. 4929. •

²⁵ Ibid., p. 4940.

would not transpire without strong opposition and, as such, CBC's financial troubles were, by no means, over.

When Parliament returned for its fall session, the Hon. Alphonse Fournier, on behalf of McCann, the Minister of Revenue, introduced a bill to amend the 1936 Canadian Broadcasting Act in order to, among other things, grant to the Corporation \$4,750,000 for the 1951 fiscal year and \$6,250,000 annually for the succeeding four years.²⁶ The financial provision of the bill was designed to bring the income of the Corporation up to about the equivalent of one dollar per head of the population, a figure suggested by the Massey Commission.²⁷

The Progressive Conservatives, however, wanted the bill to go much further and eliminate the licence fee entirely. During the Broadcasting Committee's consideration of the bill, Donald Fleming, in advancing his Party's views on CBC financing, once again pushed for having the Corporation's funding changed to annual Parliamentary votes. Attached to this suggestion was a long-standing request to separate CBC's broadcasting operations from its regulatory powers. George A. Drew, head of the Progressive Conservative Party and Official Leader of the Opposition, while backing Fleming's requests, also added some cold war sentiments concerning the CBC's use of public funds to undermine the religious convictions of Canadians.

²⁶ Debates, November 6, 1951, p. 739.

²⁷ Ibid., November 9, 1951, p. 870.

I submit that if it is appropriate for the Canadian Broadcasting Corporation to say that they are going to limit the use of radio broadcasting in this country in the case of public discussion of democracy itself, they would be on much better ground if they also said they were prepared to stop this mental poison being carried over the air waves of Canada.... Over and over again it has been said that the underlying distinction between our democracy is based upon religion, and upon the belief of the equality of each human being before God. The most powerful influence opposed to the spread of communism is religion itself. At a time when we are putting so much effort and so much of our wealth into the defense of our system, it seems utterly inconsistent that we should spend large sums of money on the maintenance of a publicly owned system for educational, cultural and other similar purposes, and at the same time provide a means by which that culture and that system can be undermined.²⁸

While the Conservatives were still indirectly using financing as the issue to lobby against CBC's television monopoly, other members of the Opposition were more direct in their approach. Mr. Solon E. Low, representing the Social Credit Party told the Broadcasting Committee:

We in this group feel that a good case can be made out - in fact, I would say that it has already been made out - for leaving to the private stations the development of television in this country. I am saying that now, and also adding that it should come under the control of the Canadian Broadcasting Corporation. We feel that the development of television should be left to the private stations. The cost of television in Canada as a whole is going to be great

²⁸ Ibid. p. 894. See also Frank W. Peers, The Politics of Canadian Broadcasting - 1920 - 1951, Toronto, University of Toronto Press, 1969, p. 421-423. Mr. Peers provides a factual overview of government efforts to make CBC play an active part in the cold war by causing its International Service to switch its attention "from the friendly countries of western Europe to the lands behind the Iron Curtain".

if it is developed by the Canadian Broadcasting Corporation. The broadcasts themselves will be available to only a comparatively small part of the Canadian people, but all the rest of us are going to have to pay for the broadcasts even though they do not get them. That will probably be the case for a good number of years. I say that it would be unfair to those who pay the cost in taxes but get no television.²⁹

As with Parliamentary grants, not all the Opposition members of the Committee, however, were critical of publicly owned and controlled broadcasting. Citing as evidence, the submissions to the Massey Commission by nationwide organizations such as the United Church of Canada, the Canadian Federation of Agriculture, the Canadian Teachers' Federation, and both labour congresses, CCF member M.J. Coldwell stated that people generally wanted "publicly controlled broadcasting under a distinctly Canadian public authority and system".³⁰ Because of this, he contended that his party was now willing to support elimination of the licence fee and its replacement by a statutory grant of \$1.00 per head.

When the House of Commons met to consider the Broadcasting Committee's recommendations on the bill, the Progressive Conservatives made another attempt to make the CBC dependent upon annual votes from Parliament. Donald Fleming, during the final hours of debate on the bill, moved an amendment to strike out references to grants in succeeding years. In

²⁹ Debates, November 9, 1951, p. 890.

³⁰ Ibid., p. 882.

defence of this amendment he stated that:

... this will give to the Canadian Broadcasting Corporation under this section \$4,700,000 in this fiscal year. That will bring the direct parliamentary grants for this fiscal year to a total of \$6,250,000, which is a sum substantially in excess of the amount the corporation can expend this year. It will provide for all their needs, for as much extension and expansion as they can possibly contemplate this year, and will leave them a substantial excess to carry over into the next fiscal year. But at the same time it will ensure the maintenance of parliamentary control with respect to the voting of parliamentary grants year by year in the future.³¹

His amendment was defeated by a vote of 55 to 28.

Although now appearing to have its financial base somewhat strengthened, CBC's plan for television service was still in serious trouble. The plan had originally scheduled telecasting to begin in Montreal and Toronto in late 1951, but Canada's involvement in the Korean War meant shortages in steel and delays in securing equipment. Furthermore, Canadians living within range of American stations had already purchased some 60,000 television sets by the end of 1951, and by mid-1952 this figure had more than doubled. Frank Peers in The Politics of Canadian Broadcasting suggests that because of this, it was now probably too late to finance Canadian television by imposing a licence fee on receivers.³²

By July, 1952, Revenue Minister McCann was back in the

³¹ Ibid., December 13, 1951, p. 1902.

³² Frank Peers, Politics of Canadian Broadcasting, University of Toronto Press, Toronto, 1969, p. 421 (hereafter cited as Peers, Politics).

House requesting more capital loans for CBC. The \$2,000,000 requested, however, were not earmarked for extending television service to other parts of Canada, such as Vancouver, Winnipeg and Halifax, as was previously promised. Instead, it was proposed that the government should provide these funds to enable the Corporation to begin construction of a television station in the Ottawa area. McCann argued that by late spring of 1953 a network relay system, developed by the Bell Telephone Company and linking the Montreal and Toronto stations, would pass through Ottawa and that the operation of a station there would be "particularly economical, more so than in any other area".³³ He further argued on behalf of his Liberal government that:

We believe there is a sound basis in the national interest for a much wider plan covering nationally-owned television facilities in other parts of the country starting, for obvious reasons of economy, in those most heavily populated. We believe that before asking parliament to authorize the necessary loans it would be wise to wait until after the television service of the corporation has started, and it is possible for the public to get a better idea of what Canadian television service will be.... A plan for wider expansion in the western, central and maritime provinces has been by no means rejected, but we think it wise to give the matter further study, in which some knowledge of what the CBC can do at the Montreal and Toronto centres will be of great assistance...³⁴

Anticipated criticism of these remarks and repeated appeals to allow private broadcasting to extend Canadian television came from Conservative and Social Credit members. Not

³³ Debates, July 4, 1952, p. 4252.

³⁴ Ibid.

anticipated, however, were criticisms by a fellow Liberal member, Arthur Laing. Supporting the Conservatives concern that in many parts of Canada, television broadcasts, possibly for years to come, would be available only from the United States and that through subtle propaganda U.S. ideas of life could become "parts of the thoughts"³⁵ of Canadian people, Laing specifically singled out Vancouver as potentially one of these areas. Already receiving American programming from Bellingham and Seattle, the Vancouver South member argued that the American "invasion" was on and that something should be done to repel it. He also indicated support for a suggestion that it would not be impossible for private stations and the Corporation to work together to bring television into Vancouver, probably at an earlier date than the Corporation could have done otherwise.³⁶

In November of that year, the CBC television services received another financial set back. Due to a court decision, it was discovered that the CBC lacked the necessary legal means for collecting television licence fees. A police court magistrate in Abbotsford, B.C., dismissed a case against an area resident who had been charged by the Department of Transport with operating a TV set without a radio licence. The magistrate ruled that a TV set was not a radio and that, in fact, no

³⁵ Ibid., p. 4253.

³⁶ Ibid., p. 4255.

provision had been made by the federal government for TV set licences.³⁷

E. 1952 Broadcasting Policy

Becoming increasingly aware of the growing public and private resentment towards the slow rate of television growth in Canada, the magnitude of its costs, and a potential issue for an upcoming election, the Liberal government quickly began to revise its television policies. On December 8, 1952, three months after the CBC opened its first two stations, the government made its second major policy announcement. After reviewing the recommendations of the Massé Commission, McCann, the minister of National Revenue reported to Parliament that:

The government believes, with the royal commission, that television should be developed in Canada with the aim of benefiting our national life.... The government believes it should be so developed in Canada that it is capable of providing a sensible pattern of programming for Canadian homes with at least a good portion of Canadian content reflecting Canadian ideas and creative abilities of our own people and life in all parts of Canada.

The government knows also that, because of the nature of our country, there must be a wide integration of effort and resources if we are to have adequate television service suitable to our national needs and reaching at least a major part of the public in all regions. Now that national television service has started, the government believes that it should be extended as widely and as quickly as possible to other areas. Therefore, it is prepared to ask parliament to approve a loan to the Canadian Broadcasting Corporation for the purpose of building stations on the Pacific coast, in the

³⁷ "No Fee Court Rules", The Vancouver Sun, November 14, 1952, p. 2.

Prairie provinces, and in the Atlantic provinces. These would be established in the Vancouver, Winnipeg and Halifax areas. Thus, in addition to the stations at Montreal and Toronto, and that to be built at Ottawa, there would be publicly-owned stations with some production facilities at least in each of the main regions of the country.

In addition, the government will now be ready to receive applications for licences for private stations to serve areas not now served or to be served by publicly-owned facilities already announced.

The objective will be to make national television service available to as many Canadians as possible through co-operation between private and public enterprise. Under this plan private stations licensed will carry national program service, besides having time for programming of their own. There will be plenty of opportunity for enterprise and at the same time provision for wide extension of the national service.... Canada is very large and it will require a good many stations before television can be brought to the people in most parts of our country. It is desirable to have one station in as many areas as possible before there are two in any one area.³⁸

Thus, a major program for establishing a national television system was now finally underway. This early reliance upon privately-owned stations to extend its program service, however, would not mean a lightening of CBC's financial or administrative burden.

In more ways than one, this was an interesting marriage of expediency: industry with entertainment and culture; public and private ownership in the creation and distribution of programs. While placing the main responsibility on the CBC for furnishing programs for both its own and private stations, the government restricted the stations of the Corporation to six cities and gave exclusive rights throughout the remainder of the country to private

³⁸ Debates, December 8, 1952, p. 409.

operators - including the capitals of five of the ten provinces.

There was again a sense of extreme urgency. CBC staff and facilities were driven to the utmost limits to build stations and studios, to secure equipment, to recruit and train additional staff, both technical and production, to produce a schedule of programs and assist private stations to get under way. At the same time, all this put a terrific strain on the organization, a strain difficult to appreciate except for those who lived through the period.³⁹

Furthermore, this type of arrangement, namely the Government's willingness to license private commercial stations (affiliates) in an effort to extend television service more rapidly, now provided the basis on which private broadcasters would eventually seize control (through a majority ownership of the broadcasting facilities) of the new national television service as they had already done earlier with CBC radio.

F. Removal of Licence Fees and Imposition of Excise Tax

On February 19, 1953, Mr. Abbot, Minister of Finance announced that no licence fees would be charged for television sets and, in addition, radio licence fees, which had been in existence for thirty years, would be abolished. It had been anticipated by the CBC that, in order to support television by licence fees, the minimum fee could not be less than \$15 per set, in addition to the already unpopular \$2.50 radio fee.

³⁹ Weir, Austin, The Struggle for National Broadcasting in Canada, McClelland and Stewart Limited, Toronto, 1965, p. 260 (hereafter cited as Weir, Struggle).

Complicating this financial dilemma was the fact that many Canadian viewers, turned into U.S. border stations, were aware that their American counterparts were receiving "free" television.⁴⁰ With difficulties already experienced in the enforcement and collection of radio licence fees, the prospects for efficiency in television licensing were not good.

The government in abolishing licence fees, however, was still concerned that the cost of the national television service should be paid for as far as practicable, by those who benefited from such service. It wished the CBC to have a direct source of revenue, on which it could budget over a period and not be dependent upon annual appropriations to finance its operations and, furthermore emphasized that CBC was "a separate corporate body, under general control of parliament but not a part of government".⁴¹ To accomplish this, it was decided that CBC broadcasting should be financed from an excise tax of fifteen per cent on radio and television sets and parts, together with revenues from advertising.

At this same time, there was pressure being exerted by Canadian manufacturers for protection against easy Canadian access to the large and comparatively less expensive U.S. television and radio receiver markets. In recognizing this concern, the government proposed to revise its regulations,

⁴⁰ Ibid., p. 263.

⁴¹ Debates, February 19, 1953, p. 2133.

preventing tourists, returning to Canada, from including television and radio sets and parts as items "eligible for free entry".⁴²

On April 20, 1953, with a federal election very near, the House unanimously adopted legislation amending the 1936 Radio and Canadian Broadcasting Acts to delete provisions regarding private receiving set licence fees.

The Conservative's favourable vote, however, did not come without at least one of their attempts to make CBC financing even more directly accountable to Parliament. Donald Fleming, once again pursuing party policy, unsuccessfully moved to have the legislation amended to require that the proceeds of the tax be made available to CBC "subject to annual vote of Parliament". His defence of the motion was based upon his party's concern that the existing legislation would mean "an end to any annual opportunity for discussion as to whether parliament should make provision in this form...."⁴³

Under the excise-tax plan, revenues exceeded all expectations as long as sales of sets remained high. In fact, during the early years of the tax (1953-56), CBC invested surplus funds from the tax in Government of Canada Bonds, pending expenditure on capital facilities for which they were required.⁴⁴ In

⁴² Ibid.

⁴³ Debates, May 4, 1953, p. 4715.

⁴⁴ Canadian Broadcasting Corporation, Annual Reports, Ottawa, 1953-56.

addition, during this period, CBC was still exercising its right to capital loans from Parliament. Aware of increasing costs affecting the distribution of filmed and kinescoped programmes, to its own and its private affiliates' stations, the Corporation, as a partial solution, also began budgeting for a coast-to-coast microwave service.

In 1954 the CBC's latest Annual Report provided a startling forecast of the shortcomings of excise tax revenues when it reported that: "Revenue based on sales of sets cannot be expected to rise much further and will drop in the future. At the same time costs will inevitably rise steeply as the system spreads across the country and as program production develops". During that same year this source represented nearly 90 per cent of television revenue.

It took only two years for the Corporation to validate its forecast. During its 1956-57 fiscal period, CBC's television service experienced a deficit of \$1,763,510. Although general revenues of the Corporation had increased 26.5%, this was offset by an even greater increase in expenditures.

Simultaneously, faced with declining sales, pressure began growing from TV set manufactures for the implementation of colour television. The Corporation, although aware that colour was, perhaps, inevitable, knew its resources were too uncertain - and its existing needs and problems far too great - to invest substantial amounts in capital costs and increase

its operating costs by 20 to 25 per cent.⁴⁵ It chose, instead, to await the outcome of U.S. developments in this field.

G. Operating Costs

The major financial problem with the television service, resulting from CBC's existing arrangements with Parliament however, was not with capital expenditures but rather with operating costs.

The C.B.C. had not followed the trend in some countries of planning and building pretentious facilities while leaving the costs of programming with them to be faced afterward. If the C.B.C. continued its commercial activities, but was obliged to use only publicly owned facilities for the same coverage, instead of part-public and part-private facilities, the net cost of the system would be only 10 to 12 per cent higher. The C.B.C. was limited in the establishment of facilities in six key areas, where the largest talent pools existed, but it originally asked authorization to establish stations in additional key areas to assure a firm structure of publicly owned facilities.⁴⁶

Added to these structural problems were increasing demands for more Canadian production. In many areas of southern Canada, television viewers were becoming accustomed to a great variety of American network programs available to them through U.S. border stations and produced at a cost which could never be met by C.B.C. As a result, in order to satisfy the program

⁴⁵Weir, Struggle, p. 263.

⁴⁶Ibid., p. 296.

tastes of this same audience, these limited C.B.C. television facilities were compelled to compete with expensive American programs and available for use in Canada at a mere fraction of the original cost of much more modest Canadian productions.⁴⁷ In addition, the Corporation was expected through its regional and national programming services, to provide a variety of programs which were distinctively "Canadian" in nature. Furthermore unlike its U.S. neighbour, the Corporation was required to allocate funds for this programming to be produced in two separate languages, English and French.

At this early stage, then, the pressure was already upon the CBC to adopt a more Americanized style of programming in order to satisfy its Canadian audience who were already brushed with the paint of the U.S. commercialized television. Despite these early attempts by CBC to commercialize its television operations, actual commercial revenues, which were intended to cover some of these operating costs, were not of great assistance. In providing commercial programming, C.B.C., in fact, sometimes found itself in the peculiar position of partially subsidizing its sponsor.

Canadian advertisers generally could not pay station-and-transmission charges as well as production costs. In many instances, Canadian sales simply did not warrant such expenditures. Advertisers using Canadian productions made very substantial contributions to the national system, but with many problems this commercial contribution was more than equalled by the C.B.C. itself, to

⁴⁷Weir, Struggle, p. 294.

cover program costs. Without this, there would be very few shows sponsored by Canadian manufacturers. Indeed, if such subventions ceased, more than 80 per cent of sponsored programs would be lost.⁴⁸

Private television stations, like the sponsors, seemed to contribute less towards resolving C.B.C.'s financial burden than they did towards adding to it. Unlike the C.B.C. owned and operated facilities, the privately-owned affiliates did not have to pay their own way. In order to be licensed by the C.B.C., a private station committed itself to carrying a substantial portion of the C.B.C. programming service which it received free of charge. In addition, the rest of its programming, aside from a small amount of local news and informational programming, consisted of American syndicated programs picked up at dumping rates. Its only apparent direct financial contribution to C.B.C. in return was in the form of a small annual license fee based on its gross revenues. The scale of these fees in the early 1950's were as follows:⁴⁹

Under \$25,000 (per annum)	\$100
\$25,000 and under \$50,000	\$250
\$50,000 and under \$75,000	\$500
\$75,000 and under \$100,000	\$1,000
\$100,000 and under \$200,000	\$1,500
\$200,000 and under \$400,000	\$3,000
\$400,000 and over	\$6,000

⁴⁸ Ibid., p. 295. See also: Fowler Commission, Report, p. 177-181.

⁴⁹ Fowler Commission, Report, p. 155.

H. Fowler Commission

As part of its mandate in December 1955, the newly appointed Royal Commission on Broadcasting (the Fowler Commission) was given the task of examining and making recommendations upon among other things:

- i) the policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities and the relation of such policies to the finances of the Corporation;
- ii) the financial requirements of the Corporation for television broadcasting and the relation of these to the extent, nature, standards and distribution of programmes;
- iii) the manner in which the finances for television and sound broadcasting operations of the Corporation should be provided and managed.⁵⁰

The Commission immediately hired an accountant as financial advisor and conducted a thorough investigation of the Corporation's financial condition. Eighteen months later the Fowler Commission in its final report initially observed that:

The increasingly serious financial problems of the CBC are due almost entirely to the rapidly mounting costs of carrying out the policy, approved by Parliament, of establishing a Canadian television service without financial provisions that bear any real relationship to the needs of the service. . . .

The Massey Commission, which developed television proposals for consideration by Parliament, had suggested that capital costs for television facilities should be provided by parliamentary grants and that the current operating costs should be provided by licence fees on receiving

⁵⁰ Canada, Parliament, House of Commons, Governor General in Council, Order P.C. 1955-1796, December 2, 1955.

sets and by statutory grants as might be necessary. As it turned out, Parliament did not follow either of these suggestions for the provision of capital or operating needs of the CBC for television. . . ⁵¹

The Commission then went on to report that:

(T)he greatest financial weakness of the CBC has been the lack of an assured and definite basis of current financing. In the early years when the excise tax exceeded current needs, there were surpluses and it may well be that the pace of expansion tended to be unduly increased and the incentives for economy were few. In later years, when the costs of the service were greater than the yield of the excise tax, earlier surpluses were eaten into, temporary grants became necessary and there was no assurance that adequate forward operating plans could be carried out. ⁵²

While the Commission found that due to CBC's resourcefulness, it had produced programs of comparable quality at substantially lower costs than similar U.S. programmes and could not find examples of careless waste and "nothing that even remotely resembled fraud, neglect or mishandling in the administration of CBC finances", it did, however, make recommendations for strengthening CBC's operations.

We think it is essential that the CBC have its duties accurately defined, that it be provided with an adequate but not excessive income over a term of years to enable it to discharge those duties, and that it then be required to manage its affairs so as to live within that income. This is the central and essential basis of our financial recommendations. ⁵³

The Commission estimated that over the next six years

⁵¹ Fowler Commission, Report, p. 254-255.

⁵² Ibid., p. 256

⁵³ Ibid.

(1958-1963) net operating requirements of the CBC television service would total \$264,041,000. This figure included colour conversion and projects in progress, but not completed. Corresponding estimates for capital costs totalled \$119,291,000.

Noting that the amount of Government loans to CBC had now increased to \$27,286,000, the Commission stated:

We believe that. . . commercial revenues of the CBC cannot be sufficient to cover its operating expenses. As it is unreasonable to expect that the CBC will ever be a self-sustaining organization in a commercial sense, Government loans, past or future, can never be repaid, unless enough is added to Government grants or a higher percentage of some tax is earmarked to provide for the repayment of the loans. This transfer of funds from one Government pocket to another seems to us a confusing and rather purposeless performance . . ."54

The Commission recommended that to eliminate this debt, the CBC should reduce its \$15,475,000 working capital fund by the payment of \$9,475,000 to the Federal Government in partial discharge of loans outstanding, that 40,000, \$100 par value shares be issued to the government, further reducing the capital debt by \$6,000,000 and that the remaining \$11,811,000 of government loans be cancelled outright.⁵⁵

For future capital requirements, the Commission recommended that proceeds of the excise tax, whether left in the Government's hands or transferred in trust to the CBC, be earmarked for such purposes. It had discovered that its estimates

⁵⁴ Ibid., p. 267

⁵⁵ Ibid., p. 268

of future capital requirements and future yield of the excise tax were reasonably accurate, the two amounts were almost identical.⁵⁶ To provide close supervision over capital expenditures, however, the Fowler Commission recommended that the payment of such funds be annually subject to Parliamentary approval.

Having now committed the excise tax proceeds previously used exclusively for operating funds, the Commission proposed three new methods for funding programming and other CBC operations. The first method provided for current operating revenues of the CBC to be provided by Parliament through five annual statutory grants, with a provision that the dollar amount of each would be adjusted upwards or downwards to take into account inflation or deflation of the value of the 1956 dollar.⁵⁷

The second method, similar to the preceding one, but avoiding the enactment of dollar amounts over a period of years, would be to provide in the statute for an increase of each annual payment by a defined percentage at a fixed rate and based on the preceding year's payment.⁵⁸

The third method, to which the Commission noted preference, was the use of a formula based on one of the recognized measurements of the Gross National Product, specifically "Personal Expenditure on Consumer Goods and Services". This

⁵⁶ Ibid., p. 273.

⁵⁷ Ibid., p. 279-283.

⁵⁸ Ibid.

formula provided for payments to the CBC of small percentages of the measurement figure sufficient to yield the sums needed.⁵⁹

All three methods provided for the continued reliance upon advertising revenue and each required statutory protection for a period of five years. By the end of that time, the government could then give consideration to continue such an arrangement or to something similar for succeeding years. Any one of the three methods would have provided for a much-needed stabilizing of the Corporation's operating finances. This 1957 Royal Commission, however, unlike its predecessor the Massey Commission, felt that the commercial activities of the CBC were a proper feature of the Canadian system, not only because of their financial contribution to the support of television, but also because they were worthwhile activities in themselves.

This is a legitimate function of radio and television. Advertising is a positive contributor to living standards and economic activity and should not be regarded as a regrettable, and even deplorable, feature of our public broadcasting system. It is subject to possible abuse and requires some regulation and control; it cannot be allowed to use up all desirable hours or to encroach seriously on other worthwhile activities. But advertising has its place in the broadcasting pattern and when the CBC is engaged in commercial activities it should do so vigorously and with the objective of earning the maximum revenue from those activities.⁶⁰

⁵⁹ Ibid.

⁶⁰ Fowler Commission, Report, p. 174-5.

Assuming that these "commercial activities" were in fact to play a greater role in CBC's financial operations, the Commission then proceeded to view them as major financial factors for consideration of the CBC duties.

On the question of extension of service, the Commission concluded that the CBC should not own and operate all new television broadcasting in Canada, but rather should allow and encourage private interests to also participate in the development of the Canadian television system. This conclusion was defended on the basis that "competition between the CBC and private applicants for new licences would be a good and healthy thing" and, if the CBC could obtain some additional and "economically" sound stations, their operation could assist in "reducing the cost of television to the Canadian taxpayer."⁶¹

The underlying assumption of this argument seemed to rest with the fact that somehow the CBC's and the private broadcasters' goals were one and the same, that is, in maximizing profits through advertising. Accordingly, as Canada grew and, if CBC could present plans for new television stations to be operated on a "profit" basis, the Commission felt that CBC should not be excluded from competing for them.

This argument for a greater reliance upon commercial activities also became a basis for recommending the abandonment of the government's "single channel" policy. Observing

⁶¹Ibid., p. 224-225.

that the original objective of bringing television within the reach of at least 75 per cent of the Canadian people had now been exceeded, the Commission recommended that the continued application of the policy should be carefully reconsidered.⁶² Although aware that in many areas this could result in larger demands on the public treasury for the support of the CBC, the Fowler Commission, nevertheless, went on to report:

Since in most cases where a second licence is likely to be sought, the existing station is one operated by the CBC, this will mean a smaller commercial revenue and thus a larger public net cost for the publicly owned and operated system, unless the CBC can successfully meet the new competition in its commercial activities. If, however, the CBC station competes vigorously, as we believe it should, the losses resulting from the presence of the new station can be reduced and, in time, eliminated. . . . We believe the CBC has many functions to perform that are non-commercial, but to the extent that it engages in commercial activities we recommend that it should use any advantages it has as fully and vigorously as possible.⁶³

As Austin Weir suggests, however:

Significantly, every addition to CBC television transmission facilities made or proposed since then has not been based on economic factors but primarily on the need for giving local and national expression to the several communities concerned.

Though station and not network operation is by far the most profitable end of broadcasting, as emphasized by the Commission, and though the CBC was strongly urged to put forth more strenuous efforts in seeking additional commercial business, . . . additions to its owned and operated stations

⁶² Approximately 80 per cent of the Canadian population was now within reach of the national service.

⁶³ Ibid., p. 231.

were not encouraged by the Commission, except where no one else could afford to build or where some very improbable commercial opportunity developed.⁶⁴

In fact, the tendency has been to expect the CBC to undertake those extensions which were certain to operate at a loss. Even the Commission recognized that some of these fell within the "agreed purposes of the public broadcasting agency."⁶⁵ As such, then, the extension of CBC service, although not a provision of the Canadian Broadcasting Act, was already being considered as an expected requirement or mandate for the CBC to fulfill.

In general, the Commission's report was largely sympathetic towards CBC's financial needs. The report had also come at a timely point in the development of the national television service. Although Canadian television was scarcely five years old, its unanticipated rapid growth frequently had made development plans obsolete before they could be carried out. The result was that the physical plant of CBC, in cities such as Vancouver, Toronto and Montreal, appeared as patchwork or a medley of facilities. This situation was probably the result of a combination of factors, including restrictions preventing CBC from using more foresight in its capital planning, the piecemeal methods of capital financing and, the "lack of forward

⁶⁴ Weir, Struggle, p. 311.

⁶⁵ Fowler Commission, Report, p. 224.

definition of the scale of operations".⁶⁶

The greatest facility problems were concentrated in Montreal and Toronto. In Montreal, CBC operations were carried out at 20 different locations widely scattered throughout the city with most locations in the downtown areas where costs were high and room for expansion was non-existent. The same situation existed in Toronto where 16 different locations were occupied. Major program production activities carried on throughout these scattered facilities had led to large increases in operating costs and inefficiencies in operation.⁶⁷

New technical innovations in this rapidly growing field were also beginning to command attention for CBC capital budgeting. A soon-to-be completed trans-Canada microwave system for national program distribution, obsolescence of recording equipment resulting from the sudden emergence of video-tape and the desire to design future CBC studios to add colour facilities with a minimum of alteration, now had become high priorities. Furthermore, pressure from rural Members of Parliament and their constituents to extend the national programming service to them now had become a major concern for CBC planners.

The strong recommendations of the Fowler Commission for long term statutory financing to assist CBC's operations,

⁶⁶ Ibid., p. 170.

⁶⁷ Ibid., p. 171.

therefore, would have done much to help stabilize and improve the national television service. Unfortunately, the new Progressive Conservative government in September, 1958, paid no attention whatsoever to these recommendations but, rather, charted a new course of its own, one which ran contrary to most that had preceded it and one, which in fact, would impose the greatest obstacles for CBC to circumvent enroute to improving and expanding its television service.

I. 1958 Broadcasting Act

Following party policies, the Diefenbaker government moved swiftly to enact new legislation removing CBC's regulatory authority over all forms of broadcasting and, furthermore, to secure a greater degree of financial accountability from CBC. Under the new Broadcasting Act, statutory grants were discontinued, excise tax and broadcasting fees reverted to Government, operating and capital funds were to be provided annually by Parliament and outstanding loans of the CBC were consolidated under CBC's Proprietor's Equity Account.

Furthermore, absent were provisions for a financial formula and long-term statutory grants for operating funds. Instead, Section 35 of the new Act provided that:

The Minister shall annually lay before Parliament a capital budget and an operating budget in the next ensuing financial year of the Corporation, approved by the Governor in Council on the

recommendation of the Minister and the Minister of Finance.

The Honourable George Nowlan, Minister of National Revenue gave the following explanation to the House of Commons for such omissions:

(T)he Fowler Commission undoubtedly recommended a formula - - we did not believe and I do not believe that it is a practical suggestion. Therefore we have not adopted it. When you are dealing with \$50 million, \$60 million, and \$70 million a year coming from the taxpayers of the country I suggest, Mr. Chairman, that some form of parliamentary control and parliamentary vote is highly desirable as a protection to the CBC itself, because there are bound to be these pressures arise and there are bound to be demands from people across the country to know how the money is being spent. Even if you had a formula within which they could operate, I doubt that you would find that it could be preserved in our modern parliamentary practice as carried on.⁶⁹

This type of "modern Parliamentary practice", in fact, was of grave concern to members of the Liberal Opposition. For them, "Parliament" and "government" had become synonymous. The Progressive Conservatives had, during the recent election, secured the greatest number of federal seats in the history of Canadian politics. With the Conservatives holding 208 out of 265 seats in the House, the Liberals became concerned that Parliamentary control as a form of "protection" to the CBC would, instead, become a powerful government device for applying direct political interference in the Corporation's affairs.

⁶⁸ Canada, Broadcasting Act, Statutes, Chapter 22, 1968.

⁶⁹ Debates, July 18, 1959, p. 6331.

These concerns were cited by the Honourable Lester B. Pearson during the debates on passage of the new Act.

(T)here is a fourth and, I think, very important consideration, and one which makes us critical of this bill. It has a bearing on this matter of political interference. . . , and it concerns the financial provisions of the bill which we think, are such as to weaken rather than strengthen the independence of the CBC from government. At the present time, as the minister knows, parliament has earmarked specific sources of revenue to the CBC which, together with income derived from commercial operations ensures at least a degree of financial independence . . . If the proposed legislation is approved the CBC will have no independent source of revenue whatever except the revenue it derives from its commercial operations. Not the listener, nor the viewer, but the taxpayer will pay everything else, and its financing will therefore depend to a much greater degree than formerly on the discretion of the Minister of Finance, whose views on the CBC are well known, and on the minister responsible, and on the governor-in-council.⁷⁰

The CCF members, likewise, were concerned about the future of CBC's financial independence.

Fears were expressed by the Leader of the Opposition about the role of the Minister of Finance with respect to financing, and the fact that he would have a power and authority which perhaps would be unfortunate for the steady growth of the CBC. Again we have the very same misgivings about that particular gentleman, though perhaps they are based more on the particular gentleman than would be the case if someone else were holding the office.⁷¹

The gentleman referred to, of course, was none other than Donald Fleming, the long time CBC financial critic. For CBC, this meant potentially a much more difficult campaign to ensure

⁷⁰ Debates, July 18, 1959, p. 6305.

⁷¹ Remarks by D.M. Fisher (Port Arthur), *Ibid.*, p. 6331.

that its budget would receive annual Treasury Board approval. In practice, the Treasury Board did annually make cuts of three or four million dollars in the CBC budget, but left allocation of the cuts to the CBC Board of Directors.⁷²

The effects of these budget cuts by the Conservatives compared to those which might have occurred under a Liberal government, assuming it also rejected long-term statutory grants, would be difficult to determine because of other CBC changes instigated by the Conservatives during this time.

Furthermore, these changes closely followed Party philosophy and, as such, the probability of the Liberals making similar changes at this particular time were extremely remote.

J. Board of Broadcast Govenors

One of these changes was the creation of the Board of Broadcast Governors (BBG) to replace the CBC as the regulatory body. This new board, with its extensive authority, was divorced from the CBC which remained basically intact as the agency for operating a national broadcasting service. This divorce, as elaborated earlier in Section II, partially conformed with a major recommendation of the Fowler Commission, but in certain significant ways departed from the recommendation. The most significant difference was that CBC was to report to, and be accountable to Parliament through a minister of the Crown and not to the Board of Broadcast Governors as recommended by the

⁷² Canada, Royal Commission on Government Organization, Report 19: Canadian Broadcasting Corporation, Queen's Printer, 1963, p. 29.

Fowler Commission. The Liberal Opposition in the House of Commons strongly criticized this feature on the ground that it would "weaken the CBC, expose it to direct political influence exercised through the minister, divide more sharply rather than reconcile the dual elements in Canadian broadcasting, and bring the CBC and the Board of Broadcast Governors into a fruitless rivalry, since the two might be reporting to different ministers and encroaching on each other's territory."⁷³

Paying little attention to this criticism the Conservatives proceeded to implement its desired changes. In doing so the Government saddled both agencies with a new Broadcasting Act so vague and general that each was able to interpret it in a different way. There was jealousy and friction between the two authorities from the start.

Much of this friction resulted from changes which CBC had to make to its operations due to the impact from actions of the BBG and new commercial policies as set down by Government. The BBG's first major act had been to grant second TV licenses and, subsequently, in 1961, to authorize the creation of a private television network, thus fulfilling earlier promises of the Conservatives and ending the CBC's long-standing monopoly of network broadcasting in Canada.

In addition, the CBC, ordered by a 1959 House of Commons Committee to make increased efforts to "ensure the emergence

⁷³ See Alexander Brady, "Broadcasting and the Nation," The Canadian Forum, October 1959, p. 150, 151.

of vigorous commercial policies",⁷⁴ and now under the guns of austerity and tough competition from the private network, found itself in one of the most difficult programming dilemmas of its life.

Last year (1962) parliament gave it seventy million dollars and the corporation raised almost half as much again by selling time to sponsors. But according to the CBC's estimates it lost about ten million dollars of commercial business to CTV. The result, although no one will admit it officially, is that both the English and French network of the CBC are under pressure to offer not so much what is good as what is going - what will get a respectable Neilson rating, what will attract the account executive and the sponsor. Far from being the dreamy, remote, undisciplined child of "culture" the CBC is in grave danger of becoming just another obedient child of Madison Avenue.⁷⁵

The CBC's reaction to increasing commercial programming had earlier been one of resistance. In its 1959-60 Annual Report, CBC reported:

While the sales effort represented an admirable achievement in many respects, the emphasis on commercial business is a matter which the Corporation continues to watch closely. It is a development which the Corporation feels must not in any way usurp primary responsibilities. Service to the public remains the basic criterion.⁷⁶

The Corporation's growing reliance upon advertising revenues to off-set its Parliamentary appropriations, however,

⁷⁴ Canada, Parliament, House of Commons, Special Committee on Broadcasting, Second Report, Ottawa, 1959.

⁷⁵ Ralph Allen, "The Big Heat on the CBC", Maclean's Magazine, February 9, 1963, p. 32.

⁷⁶ Canadian Broadcasting Corporation, 1959-60 Annual Report, Ottawa, p. 6.

was already becoming apparent when confronted with increased demands for the extension of its TV service.

The problem is one of economics . . . The economic problem involved is one for the public purse as most of these areas can provide little or no commercial return from any television service which might be provided. Where economically feasible, privately-owned stations are filling the gaps through the establishment of satellite stations. But in most areas, because of economics, Canadians are looking to the Corporation for service . . . Because these areas can provide little or no commercial return, the Corporation must keep in mind that the operation of stations and the provision of program service represent a recurring annual cost to the public purse. In larger centres CBC overall local operations are self-sustaining.⁷⁷

Henceforth, the commercial rationale for judging who should obtain CBC service and when, was becoming embedded within the Corporate decision-making structure, a feature which, although perhaps justifiable by the Corporation under its existing inadequate financial arrangements with Parliament, would at a future date reoccur as a deterrent from its fulfilment of another of its responsibilities, regional programming.

⁷⁷ Ibid., p. 9.

Chapter III. THE EFFECTS OF CBC FINANCING METHODS ON CBC
ENGLISH-LANGUAGE TELEVISION SERVICE: 1960-1967

A. Canadian Television Network

When the BBG licensed Spense Caldwell's CTV network, fraction between itself and the CBC intensified. Broadcasting in Canada by this time had become an extremely valuable property. The Income Tax branch had published a list of the relative profit standings of 127 types of business in 1960. Broadcasting was tenth.¹ In spite of this, the new network's success was largely dependent upon the degree to which it could further cut into CBC's commercial revenues and the amount of programming it could sell to the Corporation's affiliates. The CBC had no objection to its affiliates taking kinescopes and tapes from CTV and showing them at hours not previously contracted to the CBC. The Corporation was, however, strongly opposed to releasing its affiliates to the rival network.

Strong opposition was also raised by the Corporation to political pressures for the public release of cost and revenues of sponsored programs by name. Overriding the request of the Minister of National Revenue, several Conservative members of the 1959 Broadcasting Committee had swung behind Calgary M.P.

¹ See Ralph Allen, "Big Heat on the CBC", Maclean's, February 9, 1963, p. 13.

Art Smith to demand the release of such details.² The Corporation, concerned that such information would give an undue commercial advantage to its newly acquired competitor, the private broadcaster, sought to restrict its disclosure. The CBC Board of Directors strengthened this stand with a policy statement insisting that:

(T)he publicizing of costs and revenues of sponsored programs by name is not good business practice and not in the best interests of the Corporation. However, full details would be made available on request to the appropriate Parliamentary or Government Bodies.³

This same Broadcasting Committee, also pressured CBC into giving immediate consideration to permitting and encouraging the production and presentation of broadcast network programs by other outside sources with a view to "reducing costs, increasing income, and encouraging in Canada the development of new pools of talent and new program production agencies."⁴ Since these agencies would not belong to CBC, it is conceivable that this reference was directed towards the support and development of new private programming facilities.

The effects of these new pressures on CBC were soon cited in Parliament with New Democrat Douglas Fisher registering his

² D.M. Fisher, "Commons Comment," The Canadian Forum, Toronto, August 1959, p. 97.

³ Canadian Broadcasting Corporation, 1959-60 Annual Report, Ottawa, p. 4.

⁴ Canada, Parliament, House of Commons Broadcasting Committee, Second Report, Ottawa, Queen's Printer, 1959, p. 809.

objections.

I think we should look again at the CBC because of the extent of its commercialism and the coming on the scene of private television stations. I believe we are in a period of great change and transition. No one really knows what is going to be the final squaring away, especially in terms of income, of this competition and the whole future of private networks.⁵

Later that year, the New Democratic Party, at its Federal Convention in Ottawa, took its member's concern a step further by establishing Party policies in defence of CBC.

The New Democratic government will defend the integrity and independence of the Canadian Broadcasting Corporation against subversion either by governments or by private interests.

The New Democratic government will make funds available to enable the Canadian Broadcasting Corporation to expand greatly the work it is already doing in developing Canadian talent and producing Canadian programs. It will also see to it that private stations contribute their fair share to this important effort.⁶

B. Grey Cup Incident

The Corporation, itself, in the famous "Grey Cup" incident became embroiled in one of the biggest controversies of its history concerning these very same questions. The CBC in previous years had given national network coverage to the football final. In 1962, however, CBC lost to CTV its bid to

⁵ Remarks by Mr. D.M. Fisher (Port Arthur), Debates, January 27, 1961, p. 1488.

⁶ Policies of the New Democratic Party, 1961 to 1973, (New Democratic Party), Ottawa, 1974, p. 93.

supply coverage of the game. The private network in an attempt to give as wide coverage as possible sought to use CBC facilities. The program's sponsors were willing to pay the CBC and the stations for the service. The CBC, in its response, objected to the high degree of commercialization and raised concerns that the CTV network and the sponsors had "conspired to sell, and to buy the network of the CBC."⁷ The CBC was willing to take the sponsors' commercials only during the pregame and postgame programs; but not within the body of the game's broadcast. At this point the BBG intervened. Following a public hearing in Ottawa, the Board on November 7, 1962, issued an order compelling the CBC to take the program including all the commercials. The CBC immediately sought legal advice from the Department of Justice and was advised that the BBG had no such authority. Following this the Corporation threatened court action. Coincidentally, shortly before this action was to begin, provision was somehow made by CTV to feed the program to the Corporation and its affiliates without the commercials.

C. CBC Internal Operations

With a lack of definite long-term Parliamentary financing, constant demands for more accountability for the funds it did receive, and increased competition from the private sector,

⁷Debates, November 12, 1962, p. 1507.

the pressure on CBC to accept more commercial programming (its only independent source of revenue) eventually took its toll on the Corporation's internal operations. During the early 1950's when the CBC was striving to master the art of television, the Commercial Department's responsibility had been to seek out films and imported programs, attempting to satisfy the Corporation's sponsors until the Production Department could become competent enough to sell its own programming.

As soon as this condition was met, the Commercial Department was merged with the Program Department as a sales division and ceased to exist any longer as a unit. Program executives assumed direct responsibility for meeting the steadily expanding monthly sales targets. Program producers and executives became directly exposed to demands and pressures of agencies and sponsors. There has undoubtedly been a major slide toward commercialism within the CBC not with radio but with television. The compelling drive for expansion of facilities to answer the incessant demands from areas not yet served, and the urgent need for money to keep the ever-expanding machine going has brought a high degree of concentration on commercials, a condition extremely difficult to resist.⁸

Another problem, again largely internal, was that CBC, discharged from its regulatory duties, apparently was now becoming obsessed with its corporate status. With the designation of Ottawa as the official headquarters for CBC under the 1958 Broadcasting Act, another administrative building block became a permanent feature in CBC's structure. The Conservatives, determined to centralize control over the Corporation's activities, in an apparent attempt to improve efficiency, pushed

⁸Weir, Struggle, p. 313.

vigorously to propel this new office to the top of the CBC corporate structure. Adding strength to this determination, the 1959 House of Commons Broadcasting Committee, in its final report attacked the CBC's program of decentralizing decision-making.

Your Committee believes that the process of decentralization of the Corporation's administrative and managerial functions may very well have gone too far. The Board of Directors should give immediate consideration to an administrative reorganization and the restoration of clear authority and responsibility to the central headquarters in Ottawa.⁹

Furthermore, the Committee pressed to extend this process of centralization to program production.

Your Committee recommends that a senior officer of the Corporation, with headquarters in Ottawa, be vested with the clear authority and responsibility for all supervision of production. This officer would be responsible for: liaison between top management and those responsible for the production, presentation and distribution of programs; the observance of budget control; the assurance that one person is definitively responsible for the production and presentation of each program or series of programs.¹⁰

When Alphonse Quimet took charge of this office as president, one of his first administrative actions was to send Corporation executives to seminars of the American Management Association to learn everything that was new in organization and administration. Some observed that the results of such heavy emphasis on administration, however, had not improved the CBC's efficiency nor had they helped its program staff to

⁹ Canada, Parliament, House of Commons, Broadcasting Committee, Second Report, Ottawa, 1959, p. 808.

¹⁰ Ibid.

improve production.

The paper work proliferated, the organization charts grew a dazzling array of arms and legs and the establishment sprouted five new vice-presidents almost overnight. With top management already concentrated in Ottawa, away from the main production centres in Toronto and Montreal, the thickets of red tape between the brass and the men and women in the studios and control booths grew more and more difficult to penetrate. And in recent years, Ouimet and his vice-presidents and general managers have been virtually powerless to control this trend, even granted that they are fully aware of it, attending meetings with the BBG, with the rival network, with parliament, have left even the program chiefs far too little time to attend to the essential business of what is going to appear on the screen or emerge from the speaker.¹¹

Producers at CBC were equally concerned about the effects of bureaucracy on the content of programming.

"When we get public disputes about broadcasting, they always seem to be about politics or administration or advertising or some kind of manoeuvring. Seldom about the thing that counts, which is what comes out of the box and what it says and does to people. Never anything much to do with life. The CBC is full of PR's and bureaucrats determined to keep everything tidy and neat. But life isn't tidy and neat. Life is a messy business, full of unexplained and the contradictory, full of argument and speculation. TV is underplaying that aspect of its job in the surrender to tidiness and neatness and it's not much wonder the CBC is in trouble. No one roars to its defence any more, people just say, 'Who cares about that damned idiot box anyway?'"¹²

Other producers in centres outside of Toronto and Montreal, were also concerned. For them, however, these concerns were directed more specifically at program budgets and their

¹¹ Ralph Allen, "The Big Heat On the CBC," Maclean's, February 9, 1963, p. 32.

¹² Ibid., Quote by a former CBC TV producer.

inabilities to maintain or improve the level of production in their prospective regions. The CBC management, while acknowledging these concerns, initially dismissed them on the basis that "the natural pressures of television", which were present in every country, had resulted in Toronto and Montreal becoming the "focal points" of program production for Canada.¹³ Furthermore they contended, this centralization of production was taking place in every country and that although they recognized the importance of regional "contributions" to the national television network, because of finances, further development of these could only take place at some future date. Within two years, however, the Corporation itself became wary of these developments. In its 1961-62 annual report, CBC reported:

An important responsibility of the Corporation is to reflect and interpret the various parts of the nation to each other, at the same time giving the main areas representation in the programming of national networks. Production has tended to centralize in the two main centres, Toronto and Montreal. CBC believes that this tends to make for high quality productions and results in certain economics; nevertheless, it does not fill the need for diversity in the schedule which can only come by having some production from each of the main areas. To some extent the natural tendency towards centralization should be resisted.¹⁴

With this in mind, CBC re-stated its intention of seeking to establish stations in Saskatchewan, the Maritimes, and Quebec

¹³ Canadian Broadcasting Corporation, 1959-60 Annual Report, Ottawa, p. 7.

¹⁴ Canadian Broadcasting Corporation, 1961-62 Annual Report, Ottawa, p. 14.



City. During this same year, the Corporation had established a station in Edmonton, attempting to provide some representation from this rapidly-growing province..

However, these moves were all but too late. The pattern was now set and the die cast. Centralization like commercialization was now to occupy a permanent place within the Corporation's decision-making structure.

Furthermore, while contending that insufficient funds were not available for more regional production, the Corporation, throughout this period, strangely enough had been returning unspent funds to Parliament. As stated earlier, under the 1958 Broadcasting Act, CBC's Budget for its operating and capital needs were approved by the Treasury Board and the amount of public funds required was voted annually by Parliament. Any unexpended portion of the annual vote, however, unlike prior to 1958, could not be retained by the CBC and had to be returned to the Treasury.

CBC, in the three years following the implementation of the Act, had operated at less than the Parliamentary vote by \$8,426,000 in capital expenditures and \$9,066,000 in operating expenditures, and thus, had returned the amount of \$17,492,000 to the Receiver General.¹⁵

D. Budget Cuts

Midway through the 1962-63 fiscal period the CBC was

¹⁵ Ibid., p. 16.

required, along with other federal public agencies under the Conservative Government, to reduce its planned expenditures. In the CBC's case the cutback was \$5,000,000 (\$4,000,000 from capital; \$1,000,000 from operations) to be effected over a six-month period.¹⁶ The immediate effect of this reduction of government funds, combined with a continuing decline in commercial revenue due to increased competition with CTV, was the postponement or slowdown of a number of capital projects designed to extend and improve the national service, along with a slowdown in the replacement of staff.

Alarmed about this and the prospects of these cutbacks continuing at the same rate (\$10,000,000 if extended over a 12-month period) in 1963-64 and demonstrating that it had applied vigilance over its present budget,¹⁷ the Corporation once again appealed to Government for long-term financing.

Financed as it is from year to year, the Corporation had no money reserve with which to absorb the impact of such a budgetary reduction. In this regard the Corporation continues to believe that there is considerable merit in some method of long-term financing in preference to the present system which combines annual grants and the return to the treasury of any achieved surplus. A long-term financing arrangement would make it possible for the CBC to soften the immediate effects due to budget cutbacks, such as that necessitated by the nation's economy in this

¹⁶ Canadian Broadcasting Corporation, 1962-63 Annual Report, Ottawa, p. 14.

¹⁷ Ibid. With an eye to the future the Corporation had reduced expenditure even further by underexpending the remaining portion of its budget by \$1,549,000.

fiscal year, or due to any unexpected variations in commercial revenue.¹⁸

E. Glassco Commission

When the Conservatives moved to streamline federal government organizations, it established yet another royal commission (The Glassco Commission) to examine, among other things, CBC's activities.¹⁹

Two principle subjects to which the Commission directed itself were:

(a) The suitability of the Corporation's management and its organization for its present tasks, in light of the fact that the very rapid growth following the development of television has subjected the Corporation and its senior management to immense new pressures and challenges to which it has had to respond quickly.

and

(b) The relationships between the Corporation, the Cabinet and Parliament, including the adequacy of the public guidance and definition of task which the Corporation is given, as well as the clarity of the standards of performance upon which it is to be judged.²⁰

Concerning the first subject, although supportive of CBC's programming service, the Commission in its final report blasted CBC's centralized managerial service and organization.

¹⁸ Ibid.

¹⁹ Canada, Parliament, House of Commons, Governor in Council, Order P.C. 1960-1269, September 16, 1960.

²⁰ Canada. Royal Commission on Government Organization, Report 19. Canadian Broadcasting Corporation, Queen's Printer, 1963, p. 22.

The size and constitution of the headquarters organization suggests a failure to distinguish between the necessity to centralize the formulation of policy and to decentralize the actual conduct of both primary and secondary operations. In order to exercise authority from Ottawa, it is by no means necessary to concentrate secondary operations in Ottawa; all that is needed is the establishment of clear lines of authority and the unambiguous demarcation of areas of responsibility. Neither of these objectives has been achieved. There is no effective central authority over broadcasting, and an over-zealous control of secondary activities affords no compensating safeguards, while distracting much of the attention of senior officers from the principal business of the Corporation. Many of the present troubles and difficulties would be resolved, and the speed of business accelerated, by an extensive decentralization to the regions, and a more rational distribution of the control of ancillary operations at headquarters and throughout the organization.²¹

In addition, the Commission contended that "in the absence of direction" the commercial policy of the Corporation had been developed in a "haphazard manner".²²

On program budget administration, it further had this to say.

Policy has been to strive for superior quality and there is universal agreement that a very high standard has been reached. But no evidence exists of any weighing of cost against the need and the impression gained is that, generally, the pursuit of high quality has been carried on without taking into consideration what the country can afford.²³

Austin Weir, however, took issue with this statement.

His contention was that:

²¹ Ibid., p. 40.

²² Ibid., p. 26.

²³ Ibid.

It is difficult to understand how such an observation could be made by a responsible Royal Commission in the light of the estimates of cost prepared and approved by the government before television commenced, and of the careful calculations made six years later in the Fowler Report, estimates which have not been exceeded by actual expenditures. In this respect the Glassco Report appeared more political than economic.²⁴

Perhaps the most contentious section of the Glassco Report was not the Commission's concern about the internal administration, but rather, its recommendation concerning the relationships between the Corporation, the Cabinet and Parliament. In a brief statement the Royal Commission set forth a simple means for the government to directly intervene in CBC's affairs.

The nature of the Corporation's task demands that it possess great independence from the political process in the day-to-day conduct of its activities. But this does not mean that it must be handed a blank cheque. Thus, in matters of broad policy governing the shape and nature of the Corporation's development, there is an inescapable responsibility on the government to give guidance and it has an obligation to ascertain the views of the government before giving effect to any important change in policy. An independent board of directors will normally welcome informal policy guidance and has an obligation to ascertain the views of government before giving effect to any change in policy. To make effective a minimal degree of essential control, the minister required should have the power to give formal direction to the board. A requirement that such power when exercised be made public would pinpoint responsibility. Experience elsewhere indicates that where such power exists, it is used sparingly, but the existence of the power serves to further a satisfactory relationship between those bearing different parts of the total responsibility.²⁵

²⁴ Weir, Struggle, p. 432.

²⁵ Canada, Royal Commission on Government Organization, Report 19. Canadian Broadcasting Corporation, Queen's Printer, 1963, p. 31.

Whether or not this recommendation was an outgrowth of the "Grey Cup incident" when the assertion of regulatory authority had become unclear, is difficult to ascertain, but the potential political consequences of the implementation of such a recommendation seemed apparent. Liberal Party spokesman Jack Pickersgill argued that the document showed an "extraordinary lack of understanding of public broadcasting."²⁶ He pointed out that, in the past, CBC was responsible, not directly to the Minister of the day, as currently under the 1958 Broadcasting Act, but rather to Parliament and that the Minister was in fact but a liaison between the Corporation and Parliament and without responsibility for CBC policy or operations.

There were others also who felt very strongly about political interference in the Corporation's affairs.

One thing the CBC does not need is a political gauleiter. With all its failings, with all its occasional lapses into pretension and affection and its moments of plain, garden-variety thick-headedness, the CBC still enjoys, and largely deserves, a far greater degree of public confidence and support in Canada than does our four main political parties. Three exhaustive inquiries, under the Aid Commission in 1929, the Massey Commission in 1951, and the Fowler Commission in 1957, have put the Canadian people's basic intentions toward the CBC in very simple terms. We have decided again and again - and no one has successfully challenged the decision - that the CBC must be divorced from politics and propaganda and that on questions of taste and program output it must not be ruled by anything as arbitrary as the ballotbox. The politicians would

²⁶Weir, Struggle, p. 433.

do well to remember these matters before they accept the Glassco Commission's invitation to move in.²⁷

Another aspect of the final report, which could possibly have been viewed as suspect, in light of the Commission's apparent political motivation, was the noticable absence of any in-depth discussion or examination of CBC administrative or financial difficulties which had arisen from large-scale competition by private television broadcasting.

F. Troika

On April 8, 1963 the Liberal Party unseated the Progressive Conservative Government and once again returned to power. By then, approximately two thirds of all Canadians now had a choice between the programs of the full CBC service and those of the private CTV service. The new Government, concerned about past conflicts between the two services and the Board of Broadcast Governors, sought to informally resolve these differences. At the request of the Honourable J.W. Pickersgill, Secretary of State, a three-man Committee or "troika" was set up and devoted much of its time to an exchange of personal views on the broadcasting system generally and specifically on its administrative facets. The review was carried out by Dr. Andrew Stewart, Chairman of the BBG. Mr. Don Jamieson, then President of the Canadian Association of Broadcasters, and Mr. Alphonse

²⁷ Ralph Allen, "The CBC Needs Confidence, Money and a New Broadcasting Act. It Doesn't Need a Boss in Cabinet", Maclean's, May 18, 1963.

Ouimet, President of the CBC. Its interim report, tabled in the House of Commons on September 24, 1963, recommended a "hold" on further hearings to the extension of alternative television service until July 1, 1964; agreed to recommend in principle that when further extension of alternative service should occur, it should be done through the extension of CBC transmission facilities; and supported a government policy calling for the budget for public broadcasting to be determined by Parliament for a period of years.²⁸

These recommendations appeared to be suitable compromises for resolving conflicts related to commercial programming. The further extension of alternative service through CBC transmission facilities would provide an adequate allocation of radio frequencies, which when used by CBC, would ensure the fulfilment of its statutory mandate for extension of service. Long-term Parliamentary financing would ensure that CBC could eventually provide the full national program service entirely through its own facilities, and eliminate its commercial operations. The resulting benefits to the private broadcasters would provide them with complete access to commercial television revenue, their main source of revenue.

The Corporation, although believing that while such exchanges of views could contribute a great deal to the "smoother"

²⁸ Canadian Broadcasting Corporation, 1963-64 Annual Report, Ottawa, p. 7-8.

operation of the broadcasting system generally, did not believe they should replace the traditional and basic Canadian approaches to broadcasting matters - the public inquiry. In fact it was hoping that such major inquiries might well be established on a "charter" basis for perhaps a ten-year period, giving both the public and private sectors of the system "a firm basis on which to operate" during this period.²⁹ Accepting that private broadcasting was now a permanent feature of the system, the Corporation hoped that such inquiries would establish a clearer delineation of its duties and a strengthened financial base.

The Corporation would expect to provide such an inquiry with an estimate of long range financial requirements covering the period between reviews and an outline of expected development in services and coverage. In the CBC view, the placing of broadcasting on such a basis is now warranted in this country.³⁰

G. Extension of Service

Before the establishment of any new "charter" period, the CBC felt a major study should be activated to seek the views of individuals and groups of citizens along with those of professional broadcasters and those associated with the industry. In essence, it appeared that the Corporation was appealing for the eventual establishment of a "single" broadcasting system, comprised of both private and public elements. The timing of this appeal had once again come at an important stage in the

²⁹ Ibid., p. 8.

³⁰ Ibid.

development of CBC's service. The program of steadily extending service coverage, which was always subject to the availability of necessary funds and various technical limitations, such as the availability of broadcasting frequencies and network services, had pushed CBC coverage, within the range of the Canadian population, past the 94 per cent figure by 1964.³¹

The remaining few per cent, however, had become progressively difficult to serve. When Canadian television was established in 1952, CBC stations in Toronto and Montreal provided service to 26 per cent of the total Canadian population. Within three years almost two-thirds of the population was already receiving service and by 1961, with the help of privately-owned affiliates and community-owned facilities,³² the national service was within reach of an additional 24 per cent. This period of rapid expansion, however, had now come to an end.

The remaining unserved population, mostly residing in sparsely populated regions or in rural areas removed from large population centres, had become wards of the CBC. In early 1964 there were, in fact, 60 such communities, still on the Corporation's planning list for service.³³

In an attempt to alter this situation, and strapped by a lack of capital funds from Parliament, the Corporation

³¹ Ibid.

³² These facilities, however, although included in CBC's coverage figures, were not and are still not officially recognized as CBC affiliates.

³³ Ibid., p. 10.

followed a policy of extending service first to those areas where most people could be served at least cost. To aid in its planning, the Corporation adopted a per capita formula whereby the cost of a proposed installation was divided by the number of people which it would serve. Generally, those areas with the lowest per capita cost had priority for coverage. In attempting to ensure a more even distribution of these facilities, however, the CBC took into consideration additional factors.

(W)hile per capita cost is the key factor in establishing coverage priorities, language, geographical distribution and isolation are other factors which are considered in determining priorities. These factors must be taken into account to avoid concentration of service in any year on one or the other official languages or in one or another region of the country. The isolation factor takes cognizance of communities, often growing ones, which lack transportation, communication and other facilities which are available in most Canadian centres.³⁴

During this period the Corporation's planning, based on the latest Dominion Bureau of Statistics figures, took into account areas with a population of 500 or more which could be served by one transmitter for radio, while in television, because of higher costs, the minimum population was 2,000.³⁵

Furthermore, this formula required that the Corporation's planning list be constantly changed and revised in the light of actual quotations on costs for the provision of

³⁴ Ibid.

³⁵ Ibid.

service to any of the unserved areas, by changes in populations of the communities on the list, by proximity of communities to microwave or land-line facilities and so on.³⁶

The capital funds required for service extension were not provided out of a separate Parliamentary appropriation and, as such, this system of priorities had to be kept in line with the proportion of the over-all budget which could be devoted to this particular aspect of development. The Corporation often complained about the inadequacy of such an arrangement.

On this basis it is clear that the needs of these communities cannot all be met at once without seriously neglecting other phases of the national service. In fact, at the present rate, the communities mentioned above will not all be served for perhaps ten years.³⁷

It was estimated that upwards of \$15,000,000 would be required to extend service to these communities over a 10-year period if started in 1964. However, "strong suggestions from many quarters"³⁸ were causing the CBC to study the possibility of accelerating this coverage.

It has been suggested that this program be accelerated as a matter of national importance. If, for example, Parliament were so to decide, and to provide the financing in the form of a special grant, it would probably be possible to shorten the time factor to a few years, with the co-operation of equipment companies.³⁹

³⁶ Ibid., p. 11.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

The extension of television service to unserved areas, unfortunately, was but only one aspect of the Corporation's responsibilities. Other capital responsibilities required in lieu of firm Parliamentary financial commitments, budgeting for the gradual provision of basic production facilities in each province and the replacement of obsolete facilities in order to maintain effective operations. Furthermore, repeated but unsuccessful attempts to secure additional funds for the consolidation of CBC broadcasting facilities at Toronto and Montreal had forced the Corporation to attempt this undertaking on its own over a number of years, thus further diminishing the Corporation's available capital resources.

The Government, meanwhile, was still insisting that long-term financing for CBC was on its way. In late 1963, the Honourable J.W. Pickersgill, Secretary of State, responding to a Member of the Opposition's question concerning a proposed five-year plan, gave the following explanation:

It is the policy of the government, as rapidly as it can be achieved, to put the budget of the Canadian Broadcasting Corporation on such a basis that it is not determined from year to year by treasury board, and so that it is known to the whole of parliament that it is not in any way under the control of government or, as it was said when I was in opposition, under the thumb of the minister of finance. I think that is an undesirable situation that should be corrected as quickly as possible.⁴⁰

Such assurances, however, did little to satisfy those

⁴⁰ Debates, November 28, 1963, p. 5190.

still awaiting over-the-air national television service. In an unsuccessful attempt to pressure the Government into committing itself to such a policy, the NDP, led by Mr. D.M. Fisher (Port Arthur), introduced a bill in the House to amend the Broadcasting Act. The Amendment would have provided that CBC publically disclose annually, details concerning its service extension programs including present costs and estimates for the following two years.

The reasons for such an amendment were twofold. Firstly, there was a growing concern that CBC was not only renegeing its duty to extend television service to unserved areas but, because of this, it was also contributing to the proliferation of a new privately-owned and unregulated broadcasting industry, cable television. The apparent slowness of CBC's actual service extension combined with an apparent lack of projections of how it was going to further extend service throughout the country had led unserved areas to seek the service through other means, namely cable television. For such service, however, individuals within these areas, were required to pay as much as \$125 for installation and \$5 per month.⁴¹ It was felt that this would never have been necessary if the CBC had risen to its responsibilities to cover the country. This amendment to the Act would provide the necessary information required by Government to ensure adequate long-term financing to eliminate this problem.

⁴¹ Debates, March 20, 1964, p. 1319.

Secondly, even the NDP, the greatest political supporters of the Corporation, had now become generally concerned about the inability of CBC management to focus its attention away from "commercial markets". Backed by a 1963 federal party resolution that "financial support of the CBC be substantially increased in order to render it less dependent on commercial advertising",⁴² Douglas Fisher used the bill as an opportunity to strike out at CBC management's commercial policies.

I wonder how much the directors of the beloved corporation are really thinking about the Canadian population as a whole. Is it possible that they have a metropolitan syndrome and see everything in terms of these great aggregations of people, these big market areas where it is possible to obtain commercial revenue and get a reception enough to be able to say: These are your ratings? This is bound to be the suspicion, when one considers the small fraction of the budget which the CBC sets aside to extend its services.⁴³

Others had become equally concerned about the lack of communication between Government departments and the CBC. A month earlier it had been learned that the Department of National Defence had abandoned the western portion of its Mid-Canada defence line. The CBC, in a last minute attempt to secure the system's radar towers for potential use as television relays, requested details of the construction of these towers.⁴⁴ Unfortunately the request had come too late for

⁴² New Democratic Party, Policies of the New Democratic Party, 1961 to 1973, Ottawa, 1974, p. 94.

⁴³ Debates, March 20, 1964, p. 1321

⁴⁴ Debates, February 26, 1964, p. 255.

the towers had already been ordered destroyed, thus negating any potentially substantial capital savings to the Corporation.

H. Fowler Committee

Furthermore, CBC's promised financial independence was once again postponed. Despite earlier assurances for long-term financing by his predecessor, the Honourable Maurice Lamontagne (Secretary of State) had chosen instead to establish what had now seemingly become a Canadian way of life - another Parliamentary Committee.

(B)ecause of the complicated and urgent issues raised by Canadian Broadcasting today, and in order to end present uncertainties, it has been decided to establish a committee on broadcasting whose terms of reference will be as follows: To study, in light of present and possible future conditions, the purposes and provisions of the Broadcasting Act and related statutes and to recommend what amendments, if any, should be made to the legislation; including an appraisal of the studies being made by the Canadian Broadcasting Corporation of its structural organization; and including an inquiry into the financing of the CBC, into CBC consolidation projects, into the relationship between the government and the CBC in so far as the administration and financing of the corporation are concerned, ..., and into the various means of providing alternative television services, excluding community antenna systems; and to report their findings to the Secretary of State with their recommendations.⁴⁵

Robert M. Fowler, who had chaired the previous 1957 Royal Commission was once again selected to head up this three member inquiry. Other members included Mr. Marc Lalonde and Mr. Ernest Steele.

⁴⁵ Remarks by the Honourable Maurice Lamontagne, Debates, May 25, 1964, p. 3520.

After 16 months of investigation, the Committee reported back to the Secretary of State. Its report was based on the premise that "the only thing that really matters in Broadcasting is program content; all the rest is housekeeping".⁴⁶ To this extent, the Committee's study focussed primarily upon program matters and de-emphasized technical achievements.

Canadian television has now been developed physically and technically to a very high level. As a dynamic medium of communication it will continue to grow as the country develops, and will still be faced with new technical challenges; but the vital period of rapid growth and development is now over. . . We believe that now, for both public and private broadcasters, the primary emphasis must be placed on programming, and top priority must be given to the development of more varied, more balanced, and more excellent program fare by all the agencies concerned.

The Canadian broadcasting system has become mature physically; it should now mature mentally. This is the touchstone for our report - the basic criterion for most of our specific recommendations.⁴⁷

In applying this criterion to the CBC's operation it appears that the Committee's observations and recommendations reflected an irreversable trend in Canadian broadcasting, that is, the reduction of the Corporation's role as the primary supplier of a national television service. Because of its guidelines, the Committee was responsible for looking at all aspects of broadcasting, both private and public. To discharge its duties, the Committee attempted to provide a

⁴⁶ Canada, House of Commons, Committee on Broadcasting, Report, Ottawa, Queen's Printer, Ottawa, 1965, p. 3.

⁴⁷ Ibid., p. 11.

balanced study of both private and CBC facilities, as part of a "single broadcasting system" and as such, gave equal attention and importance to the programming facilities of both. This meant de facto that CBC would not be given preferential treatment. Needless to say, the results of its study exposed major differences between CBC and the Committee over such matters as extension of coverage, consolidation of production facilities, commercial operations and financing.

On the subject of service extension, the Fowler Committee noted, with interest, the growth of private television and its attempts to provide program coverage across the country. To provide recognition and support for this new service the Committee somehow felt that CBC's role should now be primarily concerned with the extension of its service to unserved areas and not to further compete with private broadcasting for the establishment of its own facilities in centres already serviced by affiliates.

The urgent need, which should be given the highest priority in planning the future coverage of the Canadian Broadcasting system as a whole, is the extension of service to those parts of Canada that now have none, and to all English-speaking and French-speaking Canadians who have no service in their own first language. This is the criterion that should be applied to licence applications for new private stations, and no new CBC stations should be established during the next five years unless a need exists as defined by the formula presently in use. The reservations now held by the CBC for certain television channels in centres that already have adequate service from affiliated and other private stations should therefore be given up.⁴⁸

⁴⁸ Ibid., p. 83.

This seemed to imply that the Committee felt it no longer was necessary to differentiate between private and public broadcasting, but rather what was more important was that areas now not receiving any service be given an equal chance to receive one or the other or both. In the base of both, however, the Committee did not seem concerned whether or not CBC provided the service directly or indirectly through privately-owned affiliates. In fact, it could be argued, that preference in this case was given to the CBC affiliate if it was already operating. Furthermore, such a recommendation if implemented by Government, would provide the opportunity for private interests to effectively control both the CTV and CBC service in many of the larger centres throughout the country.

This position was sharply contrasted with that of CBC's when an area could accommodate more than one station, the Corporation believed the public was better served through the combination of one CBC and one private station than by two private or two CBC stations. While supporting and accepting the need for continued CBC-private station collaboration, the Corporation felt strongly that there should be a certain minima established for the Corporation in terms of CBC stations and production centres. The CBC argued that it should not have less than one station and appropriate production centre for each province, including the north country, and that such facilities should normally be located in the capital city.⁴⁹

⁴⁹ Canadian Broadcasting Corporation, 1964-65 Annual Report, Ottawa. p. 11.

At this point in time, the Corporation's desired minima for television was far below its expectations.

There was, surprisingly, little disagreement concerning the legitimacy of CBC's formula for service extension to unserved areas with populations over 2000. The Committee, however, like others mentioned earlier, was not satisfied with the planned rate of expansion and, furthermore, felt that given the necessary approval and financial provision, it could be accelerated.

The consolidation of production facilities, another of CBC's recurring problems, also met disagreement between the parties. The Corporation in its presentation before the Fowler Committee noted the need for consolidation of its facilities at Montreal, Toronto, Vancouver, Winnipeg, Ottawa and Halifax. For this the CBC forecasted a total requirement of \$127,661,100.⁵⁰ The most pressing needs were for Montreal, Toronto and Vancouver.

In particular, the Corporation reaffirmed its recommendation with respect to the consolidation of facilities at Montreal essentially as described earlier. Added to this, however, was a plan to move the Corporation's head office from Ottawa to Montreal. The approximate cost was \$60,000,000, not including colour technical facilities, to be spread over a period of some years. A partial consolidation of these facilities was considered feasible but uneconomical.

⁵⁰ Canada, House of Commons, 1965 Committee on Broadcasting, Report, Ottawa, Queen's Printer, p. 307.

The need for adequate facilities is so acute that, without relief, the Corporation cannot much longer maintain the standards and output of its French television network and Montreal English operation.⁵¹

At the same time both the Toronto and Vancouver requirements were steadily growing in urgency. The Vancouver situation was somewhat different, however. The Corporation wishing to increase contributions of regional production to the national network could not do so adequately from Vancouver until new facilities were built to replace the old "temporary" quarters housed in an abandoned garage.⁵²

The Fowler Committee, unfortunately, concentrated its study on the Toronto and Montreal facility problems. Although its report supported the urgency for such projects, it could not agree with CBC on the actual plans for such.

We must emphasize that our analysis clearly confirms the need for immediate relief, both in Montreal and Toronto. We are equally sure that existing CBC plans for rectifying this situation are not well founded. In our view, they take insufficient account of new and prospective developments and trends, both in programming and electronics, and are consequently too extravagant and inflexible.⁵³

On financial matters the Fowler Committee recommended that "the financial requirements of the CBC, both capital and operating, should be provided by a statutory annual grant of

⁵¹ Canadian Broadcasting Corporation, 1964-65 Annual Report, Ottawa, p. 18.

⁵² Ibid., p. 18

⁵³ Canada. House of Commons. 1965 Committee on Broadcasting, Report, Ottawa, Queen's Printer, p. 209.

\$25 for each television household in Canada as reported by the Dominion Bureau of Statistics."⁵⁴

Attached to this seemingly generous suggestion, however, was a provision for capital loans to be paid back from operating funds.

In our opinion, CBC capital requirements are best seen in the light of operating policies. There should be a much closer linkage between capital and operating needs for the future, and the best way to achieve this is to require that the operating grant bear the burden of debt-service cost resulting from capital investments.⁵⁵

The Committee further recommended that a general borrowing authority be established with a ceiling of \$200 million. It's defence of this method of financing was as follows:

Capital requirements necessarily fluctuate widely from one year to another, and the outcome of capital expenditures directly affects operating expense. Moreover, the independence of the CBC, which is generally regarded as necessary, is restricted by the need to come hat-in-hand to Parliament every year for its capital requirements. The formula we propose will make it necessary for CBC Management to exercise a nice judgement in balancing real capital requirements against operating costs.⁵⁶

CBC's views on this subject again were considerably different. Firstly, the Corporation remained firm in its conviction that capital funds should be provided as grants rather than loans. Secondly, under existing Government policy, the

⁵⁴ Ibid., p. 313.

⁵⁵ Ibid., p. 310.

⁵⁶ Ibid., p. 310.

CBC was required to return surplus cash to the government at the end of each fiscal year. Corporation officials appealed for this provision to be revoked and that some means be found which would allow the Corporation "to maintain a reasonable cash reserve for contingencies."⁵⁷ Thirdly, CBC continued to insist that its financing should be provided on a long-range basis related to the length of the proposed "charter" described earlier in the "Troika" report.

The greatest disagreement between the CBC and the Fowler Committee, however, clearly centered around the Corporation's commercial operations. CBC drawing upon its own operational experience provided the Fowler Advisory Committee in February of 1965 with the following revelation:

Even the most attractive and soliable (sic) Canadian programming apart from NHL Hockey cannot be sold to national advertisers unless it is offered as part of a USA-Canadian deal. The situation presented on the English network precludes even a modest change in the program balance without the grave risk of jeopardizing most, if not all, our evening sales opportunities and thereby our important commercial revenue. - The evening schedule as a whole has to be saleable if most of its constituent parts are to be sold. To partially unsell the evening schedule might well create a stampede of advertisers away from the remaining programs for lack of ancillary support of a mass character and for lack of inexpensive USA programming to maintain a low cost per thousand on a multiple purchase by an advertiser. It is impossible to exaggerate the degree to which the present commercial preoccupations and responsibilities of CBC television determine the character, quality and balance of CBC programming. Without drastic relief from this situation it is literally impossible to plan a major

⁵⁷ Canadian Broadcasting Corporation, 1964-65 Annual Report, p. 13.

improvements in the present program service in the evening hours.⁵⁸

The Corporation, moreover, was hoping that additional public funds could be provided sufficient to permit CBC to maintain or increase service while cutting back some of its commercial activity, especially in some prime-time periods.

The Fowler Committee refused to recognize the concerns of CBC regarding the effect of commercials on programming, and instead recommended that the 24 per cent of the television market and 4 per cent of the radio market then secured by the CBC should be maintained.⁵⁹ Indeed it recommended that the minimum market should be increased to 25 per cent for television.⁶⁰

Its rationale for such a recommendation was based upon agreement with the 1957 Fowler and the 1963 Glassco Commission's recommendations that CBC should adopt more aggressive commercial policies without defaulting on its public service responsibilities.

All that the two Royal Commissions were intending to convey was that if a thing is worth doing at all, it is worth doing well. Trite but true, this aphorism defies contraction, and we have said

⁵⁸ As quoted in E. Austin Weir, "Some Observations on Canadian Broadcasting and the White Paper 1966," Appendix "15", Canada, Parliament, House of Commons Standing Committee on Broadcasting, Films and Assistance to the Arts, Minutes and Proceedings, Ottawa, Queen's Printer, January 31, 1967, p.1790.

⁵⁹ Ibid., p. 1790.

⁶⁰ Canada. Secretary of State. Committee on Broadcasting, Report, Ottawa, Queen's Printer, 1966, p. 225.

the same thing ourselves in different words. Its application is not confined to commercial activities. It applies with equal force and simultaneously to programming. Better programs will reach larger audiences and lead to increased sales. Super-market research and better salesmanship will increase the funds available for the improvement of programs. The two functions are separate in their immediate aims but their ultimate objectives are totally interdependent.⁶¹

This rationale seemed somewhat consistent with the wishes of many of CBC's private affiliates. In fact, they hoped to use CBC programming and ratings as a competitive edge over other private broadcasters. Although indirectly applying pressure on CBC for more money, they primarily wanted, from the network, programs that would compete in the ratings race with the light entertainment programs provided by the unaffiliated private stations.

They would rather have programs that win a large audience, even though their share of advertising revenue is small, so that when they 'go local', the adjacent programs they themselves provide will have an established and large viewing audience, and thus will yield them large profits.⁶²

Increasing audience size, however, was no longer necessarily determined by program production as it was by the number of competing stations. The growing presence of cable television during this time was rapidly altering Canadian viewing patterns. With more than 50% of Canadian television-homes already within direct range of U.S. television stations, this new technical facility would soon increase the percentage by extending the

⁶¹Ibid, p. 225.

⁶²Ibid, p. 232-233.

range of the signals.⁶³ This phenomenon although also helping to extend CBC's television programming, was contributing to the reduction of its viewing size through audience fragmentation, and thus indirectly was threatening the Corporation's commercial viability.

The Fowler Committee, although obviously aware of the potential impact of such upon CBC's own revenues, nevertheless, in its report, primarily indicated concern for the commercial survival of the Corporation's private affiliates.

There are, however, many single-channel areas where regulatory policy to nourish or support the licensee has been negated by the sudden intrusion of a number of new signals which dilute the audience and damage commercial support. Several of these instances were brought to our attention by private television stations affiliated with the CBC, and it is a matter of concern to us that the viability of the national network system could be disrupted if unrestrained or unregulated growth of CATV systems is allowed to continue.⁶⁴

Thus, even the Fowler Committee accepted the need to preserve the commercial rationale as a main determinant in the national system.

While the Fowler Committee was still conducting its investigation, its influence was apparently already having some effect upon the Government's broadcasting policies concerning CBC financing. In 1964, the Liberal Government reintroduced its policy of providing CBC with capital funds by interest-bearing loans, and as later suggested by the Fowler Committee,

⁶³ Ibid., p. 253.

⁶⁴ Ibid.

to be repaid from the operating grant. Operating grants, however, would not be statutory but rather as usual would be provided annually by Parliament.

Although this financial policy continued to place constraints on CBC's activities, the effect would be minor compared to those proposed by some Members of Parliament. At least two Members during this time sought to have much of the Corporation's facilities actually disbanded. On the one hand, Ralph Cowan, the Liberal Member for York-Humber felt that CBC had now become completely unnecessary.

Over the years changes have come about, and today we have a publically owned system competing actively with a privately owned organization with both of them seeking advertising moneys... It is not performing a single function that cannot be performed just as ably and just as well by the private organizations that now exist in this nation... I am in favour of selling the assets of the CBC to tax paying commercial interests and when they have made such a sale we will get an income from the private stations such as we now get in a limited way from the existing stations.⁶⁵

Hugh Horner, the Progressive Conservative Member of Jasper-Edson, on the other hand, felt that only some of the Corporation's facilities should be disbanded.

The time has come when we should have a reorganization of our broadcasting facilities in Canada. We should take advantage of the board of broadcast governors and allow them to regulate Broadcasting. If some television network steps out of line, this is the board which should be stepping on it. If we did that we could immediately save ourselves, not the entire \$100 million, but a substantial part of it. I say this because I think the CBC should continue in force, first to administer its overseas

⁶⁵ Debates, August 16, 1964, p. 6470 and 6474.

network, to provide a radio and television coverage in a mechanical way - I mean by this technical facilities - and, second, to provide communication with the remote areas of Canada. We could immediately save ourselves at least \$80 million a year. We could put up for sale the CBC stations which are now operating in our major centres. We could add to the capital account of the federal government many millions of dollars through selling these tools used to do a job which should be done by private enterprise in any case. Put up the one in Edmonton; it would be sold very readily. Put up the one in Ottawa. Put up the stations in Toronto and Montreal.⁶⁶

I. Colour Television

By 1965, new Canadian diplomatic priorities together with increased competition from U.S. television networks had created additional encumbrances upon CBC's programming services. The Government in June, seemingly as a matter of political expediency, again had chosen not to await the Fowler Committee's final report and instead had initiated a policy to foster the development of colour television. Furthermore, its decision to proceed at this particular time seemed to be based more upon its desire to accommodate the programming needs of foreign network operators than to accommodate those of its own. With Montreal to host a world exposition in 1967, the Hon. Maurice Lamontagne, Secretary of State provided the House of Commons with the following statement respecting Canada's intentions.

The Government has decided that the transmission of colour programs from Expo in 1967 is a necessity since three or four other countries

⁶⁶ Debates, October 28, 1964, p. 9531.

have already indicated their intention and desire to make such colour transmissions, notably the United States, Japan, Great Britain and possibly France. There may be others also since many other countries seem now to be planning for colour television within the next two years.

If there is to be a colour television service in Canada on April 1, 1967 it will be seen that the time for decision is upon us. Both the Canadian Broadcasting Corporation and the private broadcasters must be given the same advance notice and permission to proceed.... Finally, I am announcing the intention of the Government to authorize the CBC to proceed with the necessary contractual arrangement for the installation of colour television equipment at Expo '67 and, since the CBC national English and French networks must carry these signals, the preparation of the necessary alterations to the transmitters and network facilities of the CBC for this purpose. These arrangements are, of course, subject to the approval of further funds by Parliament for this purpose.

CBC, however, did not appear enthused by this latest decree. Despite a Government commitment of \$15 million for colour conversion, with the exception of some programming of national importance from Ottawa, it appeared that the regions would have no studio facilities to produce colour programming until the CBC could receive additional authorization and money to install such equipment. Furthermore, the Corporation's off-network relay stations and rebroadcasting stations serving smaller communities could not be converted to carry colour programs until additional funds were made available.

Concerned about the eventual impact of this upon its programming effectiveness, the Corporation in its 1965-66 Annual

⁶⁷ Debates, June 15, 1965, p. 2409.

Report took the following positions:

These restrictions place a serious limitation on the expression of regional personality both at the local level and in contributions to network programming, since such contributions must continue to be in black-and-white until regional colour productions are possible. As the number of colour television sets climbs - at the end of 1965 an A.C. Nielsen survey showed some 55,000 homes had them - the regional restrictions will place Canadian programs at a serious disadvantage. American experience has clearly shown that colour TV set owners tune their sets to the stations and the programs that are in colour. One study showed that, when a colour show is competing against two black-and-white shows, the one in colour receives a 68% higher rating in colour homes than do the black-and-white shows in those homes. For these reasons the Corporation stresses the importance of a wider scope for colour television on its facilities. Regional facilities for colour production are essential for a truly national system.⁶⁸

Having already partially adopted the American commercial model for television, the major concern for the CBC, as indicated by the above quote, was, in fact, the impact of the introduction of colour television upon audience size and the ability of the CBC to maintain its "head count" in the ratings game. Translated into Corporate policies, this concern signalled the need for future program decisions that would further emphasize mass-appeal programming and ultimately, less specialized and regionalized production.

J. 1966 White Paper on Broadcasting

Unfortunately, for CBC these colour restrictions would

⁶⁸ Canadian Broadcasting Corporation, 1965-66 Annual Report, Ottawa, p. 13

have to remain in effect for at least another four years. Government, while demanding that CBC maintain a strong presence in Canadian broadcasting, also appeared unsympathetic towards CBC's plight. Because of the numerous differences of opinion concerning the Fowler Committee's Report, the Government in 1966 in an effort to clarify its own broadcasting policies, produced a White Paper on Broadcasting. It had this to say about CBC expenditures on colour television.

The Government has reviewed and confirmed its decision that the introduction of colour television, while necessary, must take a lower priority than other improvements in the public broadcasting service. The Corporation will therefore be required to limit its expenditures on conversion to colour through the fiscal year 1969-70 to plans already announced.⁶⁹

The Government, however, in an attempt to add some stability to CBC's financial operations accepted the Fowler Committee's recommendation and in its White Paper proposed that the CBC's public funds be provided by means of a "statutory five-year grant based on a formula related to television households, with a suitable borrowing authority for capital requirements."⁷⁰ The borrowing authority for capital requirements would, of course, carry with it interest charges to be repaid from the statutory grant.⁷¹

⁶⁹ Canada. White Paper On Broadcasting, Ottawa, Queen's Printer. 1966, p. 17-18.

⁷⁰ Ibid., p. 16.

⁷¹ The interest-bearing loans already in effect at this time were to be repaid over a twenty-year period and thus, capital costs, were in fact always twice as much as originally planned.

The size of the statutory grant to the Corporation, furthermore, would have to take into account an estimate of revenue from advertising and other sources. With the Government having given consideration to the question of commercial activities, the White Paper, while concluding that the recommendations of the Fowler Advisory Committee should be implemented, also insisted that CBC should not seek to increase its present volume of commercial programming. Parliament would accordingly be asked to make financial provision for the Corporation on the basis that, "while improving its programming, it should seek to retain but not to increase its present 25% share of the television advertising market."⁷²

The Corporation, in its response to the White Paper, claimed that if the proposed commercial formula was implemented, it would be unable to even maintain its present program service. The dollar volume called for, according to CBC officials, was completely incompatible with its primary program objectives. This proposed formula apparently would tie CBC not to its own program needs or commercial targets, but to the total sales achievements of the private sector. In an attempt to correct this, the Corporation placed before the House of Commons Standing Committee on Broadcasting, a memorandum signed by its directors outlining the following position.

It is our view that commercial requirements must be allowed neither to hinder nor prohibit achievement of the corporation's program goals. These

⁷² Ibid., p. 16-17.

requirements are already such that they are virtually dictating the make-up of the corporation's television service in prime time. We believe that the CBC program mandate can only be achieved with lesser commercial requirement than at present and a corresponding increasing in public funds.⁷³

This situation was later reaffirmed by the Corporation during subsequent testimony before the same Committee.

The conflicting objectives of widening the variety and improving the quality of CBC programs and at the same time increasing CBC commercial revenues cannot be achieved. In the Corporation's view the required program improvements can only be made through a reduction in the volume of sponsored programs and a corresponding increase in public funds....CBC can only increase its sales at the expense of its program service.⁷⁴

Despite this latest plea, the Corporation was no closer to eliminating the commercial motivation to programming than it was a decade earlier. This problem, generated primarily by the lack of Parliamentary financing, was one which in later years would continue to hinder the improvement of CBC programming services.

⁷³ Canada. Parliament. House of Commons. Standing Committee on Broadcasting, Films and Assistance to the Arts, Minutes and Proceedings, December 1, 1966, p. 1350.

⁷⁴ Debates, March 16, 1967, p. 2116.

Chapter IV. THE EFFECTS OF CBC FINANCING METHODS ON CBC
ENGLISH LANGUAGE TELEVISION SERVICE: 1967-1976

A. 1968 Broadcasting Act

By fall of that year the Liberal Government, after enduring almost three years of lengthy and continuous discussion on Canadian broadcasting matters, moved to implement a new Canadian Broadcasting policy. On October 17, 1967 the Honourable Judy V. LaMarsh, Secretary of State, introduced a bill to create a new Broadcasting Act. The Bill, essentially based on the White Paper and subsequent Parliamentary Committee recommendations, gave support to both the private and public sector. It further gave support to implementing a broadcasting philosophy long supported by the Liberal Party - the revival of the concept of a single broadcasting system.

Although somewhat reminiscent of the original concept created by the Liberals in 1936, with a mixture of both private and public broadcasting, the difference now was that CBC would no longer enjoy the privilege of being the singularly most important component of the system. The Corporation now had two new official partners, cable television and private broadcasting, who would also command equal time and attention before the new regulatory commission.

Furthermore, the Bill although attempting to integrate all three partners into a "single system", in essence still retained the ingredients for a dual broadcasting system. While

the Bill enunciated a general Canadian broadcasting policy for all three components, it clearly imposed additional duties upon the Canadian Broadcasting Corporation but not upon the two private components of the system. These duties now have become known as the CBC's "mandate". These extra duties spelled out by the Act made provision whereby the National Broadcasting Service provided by CBC should be "extended to all parts of Canada, as public funds become available" and that the service be provided in both "English and French, serving the special needs of geographic regions", while "actively contributing to the flow and exchange of cultural and regional information and entertainment" and, additionally, contributing to the "development of national unity" and providing for a "continuing expression of Canadian identity."¹

These provisions perhaps came with mixed blessings for CBC. On the one hand, the new Act for the first time in the Corporation's history, provided an official clarification of its role. In doing so, it would perhaps help lessen some of its financial load by placing some of the more costly responsibilities, such as the extension of service, more upon the shoulders of Parliament than on those of its own. Since extension of service was now conditional upon the availability of public funds, it would seemingly be Parliament's responsibility to ensure adequate financing of such and not CBC's.

¹Canada, Broadcasting Act, 1967-68, Statutes. C.25, Section 3, Sub Sections g (ii), (iii) and (iv).

On the other hand, this same responsibility, at least for the present time, was officially only part of CBC's mandate and was absent from the duties of its private counterparts. Thus, it would appear that both the politicians and the public could effectively demand a greater degree of action from CBC for servicing unserved areas than they could from the private sector. In addition, it would appear that the timing for granting the required public funds for such would not necessarily be based solely upon CBC's own priorities, but rather would be placed in relation to whatever priority its financial needs might have over those of other government bodies.

The new Broadcasting Act, largely due to Parliamentary opposition to the proposals contained in the White Paper, also contained no new financial provisions related to CBC's operations. Attempting to shore-up the sagging financial structure of CBC, the Government proposed instead to introduce a separate CBC financing bill.

It is our intention to recommend to parliament the adoption of a financing formula which will afford to the C.B.C. an assurance of the moneys that are to be made available over a five-year period so that the corporation can more effectively plan its future operations on a rational basis. The details of such a formula are at present being worked out by the officials of the departments concerned in consultation with the corporation, and it is the intention of the government to introduce separate legislation for this purpose before the end of the current fiscal year.²

² Remarks by the Hon. Judy V. LaMarsh, Secretary of State, Debates, October 17, 1967, p. 3174.

Less than three weeks later, once again under pressure from the Opposition in Parliament, the Liberal minority Government was already softening its stand on long term CBC financing.

When I was addressing the House a week or so ago on the resolution introducing this legislation, Mr. Speaker, I referred to the government's intention to bring in separate legislation later in this session to provide for the financial requirements of the C.B.C. on a five-year formula. I should like to take this opportunity to reassure Hon. Members that there is nothing in this Bill now under consideration which commits parliament one way or another on this matter, although the financial clauses of the Bill do provide a base on which formula financing could be established.³

By February of the next year, bitter disagreement on this provision still persisted, leaving the Government no choice but to finance the CBC in the customary way for the ensuing fiscal year, 1968-69.

"Next session", Judy LaMarsh, Secretary of State, told the House of Commons "the government will bring forward a C.B.C. financing bill".⁴ Furthermore, she stated:

This will be after the new management has had an opportunity to review the plans of the corporation. Parliament will then have an opportunity to give full consideration to whether or not long term financing would indeed be in the public interest. I want to make it quite clear that it is still the government's intention to propose long term financing, not for this year but for the period thereafter.⁵

³ Debates, November 1, 1967, p. 3756.

⁴ Debates, February 5, 1968, p. 6391.

⁵ Ibid.

Despite her reassurances, no new proposals for long term financing were forthcoming. What ensued in the next few years were, in fact, a series of events profoundly affecting CBC's internal operations which, if not directly influenced by changes in the upper management of CBC, could certainly be attributed to other forms of government interference with the Corporation's affairs. Firstly, the new Broadcasting Act had created another top management position in addition to the already existing Presidency. The new position, Executive Vice-President, was to assume control over the Corporation's operational activities, including the production and transmission of programs as specified by policies laid down by the CBC Board of Directors. The President's role was then to shift to a more direct administrative position concerned with policy, general operations, financing, and public relations. Since appointments to these positions were still to be made through the Governor-In-Council, however, there always existed the opportunity, no matter how well-qualified the candidates, to accuse the Government of selecting candidates on the basis of their political positions rather than their administrative prowess. The same criterion applies to the Cabinet's selection of the CBC's Board of Directors.

Secondly, whether or not coincidental, concurrent with these legislative changes were actual personnel changes. On December the fifteenth, 1967, J. Alphonse Ouimet resigned from the Presidency and by January the nineteenth, 1968, the Prime

Minister had appointed George F. Davidson as President and Laurent A. Picard as Vice-President. What is noteworthy about these appointments is the fact that both were outsiders to the CBC and both were unfamiliar with its operations, unlike their predecessor, who had served for thirty-three years within the organization. The degree to which these "independent" appointments were solely and directly responsible for subsequent changes in attitude within the CBC, especially with regard to such matters as decentralization and commercial programming, is difficult to determine. It is apparent that certain political actions by the Liberal government during this period of 1967 to 1970 may have placed undue influence on both the Corporation's top management and on its Board of Directors.

The first example of this type of "influence" took place during the CBC's 1967-68 fiscal year. During that year, changes by the Board in the CBC's internal organization moved the offices of the English and French network Vice-Presidents and General Managers from Ottawa to Toronto and Montreal respectively. This move, "encouraged" by the Government, but not imposed through the new Broadcasting Act, had been a long-time ambition of the Liberals to reverse the trend towards centralization established by the Conservatives a decade earlier. This "encouragement" was subtly revealed by Judy LaMarsh, Secretary of State, when speaking before the Standing Committee on Broadcasting, Films, and Assistance to the Arts:

"In drafting the legislation the government felt that this was a matter of internal organization which should be left to an incoming Board of Directors."⁶

Ironically, this desire to "decentralize" CBC operations by creating two new headquarters for CBC television instead of retaining one central headquarters in Ottawa, did not alter the process of decision-making at local or regional levels. In fact, this move appeared to legitimize a trend that was already progressing; that is to say, Toronto and Montreal could now become officially established as the main centres for English and French-language television production, respectively. These centres themselves would eventually centralize even more so than the Ottawa headquarters had, and by doing so, would draw virtually all the operational decision-making and program production of the CBC television service into themselves as the centres of activity.

The effects of this move, as will be shown, now place the CBC's current ability to fulfill its mandate "to actively contribute to the flow and exchange of cultural and regional information" and to provide for a "continuing expression of Canadian identity" in grave jeopardy.

B. Further Effects of Commercial Programming

Perhaps the most significant policy changes resulting

⁶ Canada. Parliament. House of Commons. Standing Committee on Broadcasting, Films, and Assistance to the Arts, Minutes and Proceedings, Ottawa, Queen's Printer, November 14, 1967, p. 2.

from the interaction between Government and CBC management during this period, however, were those affecting CBC's attitude towards commercial programming and the revenues derived therefrom. These changes can best be illustrated by the comparison of statements made by CBC management in their annual reports for the following two years.

In its 1967-68 Annual Report, the Corporation stated:

The CBC carries sponsored programs on its networks for three main reasons: to help defray public costs; to get programs not otherwise available; and to play its role in the economic life of Canada.⁷

However, within the next year, the intent of this statement had become radically altered.

Over the years, particularly since the advent of television, the commercial activities of the Corporation have become an essential part of CBC operations. The advertising revenues obtained comprise a necessary supplement of the annual grant voted by Parliament for the discharge of its responsibility to provide a national broadcasting service.⁸

For the first time, CBC publically acknowledge that these revenues were actually essential to its operations. This fact, although in reality perhaps always true, especially since the inauguration of its television service, had always been bitterly resisted by its officials. Beginning some thirty-two years earlier from a relatively small amount, the volume of CBC advertising had grown to some \$40 million per year. Of this,

⁷ Canadian Broadcasting Corporation, 1967-68 Annual Report, Ottawa, p. 53.

⁸ Canadian Broadcasting Corporation, 1968-69 Annual Report, Ottawa, p. 6.

over \$30 million was derived solely from its English television operations.⁹

It is difficult to determine whether this switch in attitude towards acceptance of commercial revenues as a legitimate source of funding was due to the recent change in CBC management, the continued reluctance of Government to provide adequate funding, or the sheer volume of commercial revenue now derived from its operations. Corporation officials had finally been swayed enough to reconsider their positions.

Whatever the reasons for this, certain actions by the Government in the following year made it mandatory for CBC to rely more heavily on its commercial revenues than it had ever done in the past. As the Sixties were coming to a close, Canadians began expressing concern about inflation and such anxiety was soon reflected in a number of public measures designed to curb spending. An early move by the Liberal government was to impose budget restraints on government departments and Crown corporations. As a result, the grant provided to CBC by Parliament for operating the national broadcasting service in 1970-71 was frozen at the 1969-70 level.

Although partial relief was provided when the government agreed to a wording of the Appropriation Act, making it possible for the Corporation to carry over into its 1970-71 fiscal year as a reserve, any money it was able to save in 1969-70, other

⁹ Ibid., p. 71.

major financial problems remained unsolved.

Perhpas the most significant of these financial problems to CBC was its requirement to repay capital loans from the Government out of the operating grant provided by Parliament. For 1969-70, the built-in cost of repaying the principal and interest on such loans amounted to \$11,133,000. By the next year this cost would rise to \$14,700,000 and if the present system continued, over \$26,000,000 of the grant provided by Parliament for operating the national broadcasting system would have to be withheld from the production and distribution of programs and given back to the government as repayment of capital loans, and thus, would further restrain the CBC from completing certain programming requirements as specified by its mandate.¹⁰

With the freeze on the annual grant voted by Parliament, the commercial revenue earned by the Corporation became the only means by which the CBC's total income could be increased in 1970-71. It also represented the only substantial amount of funds which were free of direct political influence. In actual fact, however, gross advertising revenue for the ensuing year did not increase. Instead, it dropped slightly in 1970-71 from the unusually high revenue of \$47,033,000 obtained in

¹⁰ Canadian Broadcasting Corporation, 1969-70 Annual Report, Ottawa, p. 7.

1969-70, to \$45,061,000.¹¹

In an effort to reduce operating costs, staff cuts were imposed by not refilling jobs left vacant by resignations or retirements. In addition, because of the budget freeze, several capital projects were postponed as CBC was forced to limit its capital borrowings to the severest possible extent and most of that was taken up with its Montreal consolidation, where it was in the middle of a large construction project. Following that project, it had scheduled the Vancouver consolidation of studio facilities and then its future five-year plan for Toronto. The delay also meant, for British Columbia viewers, a postponement of any additional B.C. regional production.

During this period, the growing reliance upon commercial revenue by CBC continued to affect its long-standing policies against commercial advertising. In considering whether the CBC should stay in the commercial field, its President, George F. Davidson, was forced to give heavy consideration to the reliance upon advertising as a necessary means of financial support for the Corporation's private affiliates.

...Again, may I just point out, with 34 affiliate stations with CBC, that to suggest...that we should withdraw, as some have suggested, from commercial advertising will put the affiliate stations in a very questionable position because their lives, their viability depends upon the commercial revenues they receive. If we are going to receive 40 hours a week, or in the case of the French Network some 70 or 75

¹¹ Canadian Broadcasting Corporation, 1970-71 Annual Report, Ottawa, p. 11.

hours a week from the CBC, which does not carry advertising, they are going to be put in a very difficult financial position.¹²

On yet another occasion, the CBC President expressed further misgivings about CBC's possible withdrawal from advertising, this time, however, from a personal viewpoint. Appearing before another inquiry into CBC's affairs, the Senate Committee on Mass Media (Davey Committee), Dr. Davidson explained:

I would myself not wish to see the Corporation entirely remove itself from the commercial side of the operation partly because I think it helps to keep us in touch with the real world in a way we might not if we were off on cloud nine programming without any regard whatever to the community and the practical tastes and interests of the community which we are supposed to be serving...¹³

Despite this statement, he did concede to the Committee that the CBC was already excessively dependent on commercial advertising. Driven into the commercial field by the sheer necessity of receiving additional funds to meet its obligations, this revenue the President argued was

"showing signs of affecting the quality and nature of our programming in prime time."¹⁴

C. The Davey Committee

The Davey Committee's final report, not unlike those of

¹² Canada. Parliament, House of Commons, Standing Committee on Broadcasting, Films, and Assistance to the Arts, Minutes and Proceedings, June 4, 1970, p. 28:12 and 28:13.

¹³ Canada. Senate Committee on Mass Media (hereafter cited as Davey Committee, Report) Report: Volume I, Information Canada, 1970, p. 198.

¹⁴ Ibid.

previous broadcasting committees and commissions, also recommended long-term financial support.

Again, we urge strongly that the CBC be financed by five-year grants. Its commercial revenue is a needed buffer between it and Parliament, but responsible planning is rendered enormously difficult under the current system of an annual dole.¹⁵

To strengthen this position, the Committee took exception to Dr. Davidson's remarks.

We repeat: CBC, whatever its faults, performs a unique public service and has special obligations laid upon it by the Broadcasting Act. It must be financed in such a way that the head of the CBC need never say something like that again.¹⁶

Although critical of its financial position, the Senate Committee fully endorsed the CBC's role as a necessary part of Canada's mass media. So important was CBC, that in its concluding statement on CBC's affairs, the Committee reported:

One thing that stands firmly in our minds as a result of our explorations of Canada's mass media is that the CBC is so fundamentally a part of Canada's communications that it could not be removed or substantially weakened without a wide ring of repercussions through the rest of the media, and through our society.

We are faced with the fact that if the CBC did not exist, we would have to invent it.¹⁷

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid., p. 203.

D. New Canadian Content Regulations

The CBC, despite the obvious programming difficulties imposed upon it by current budget restraints, was not exempt from public pressure to increase its Canadian content. On May the twentieth, 1970, the Canadian Radio-Television Commission issued a policy statement requiring the CBC to increase its Canadian content to at least 60% of its television broadcast time by October first of that same year.¹⁸ The CBC was able to meet its obligations and by March of 1971 was producing over 66% in total and over 69% in prime time for its English television service. The private sector of Canadian broadcasting, however, was given an additional two years in which to fulfill a similar obligation. Thus, with the Corporation's budget frozen, and new duties imposed upon it, the CBC, again, was further tempted to use the commercial rationale to maintain or recapture its overall position within the Canadian broadcasting system.

E. Telesat Canada

The CRTC was not the only arm of Government placing demands upon the CBC. Once again, the members of Parliament were applying subtle pressure upon CBC to accept new challenges.

Canada, already successful in experimental space communications, was now officially to have a space program of its own.

¹⁸ Canadian Radio-Television Commission, Decision Number 70-99, May 20, 1970.

The Honourable Eric Kierans, Minister of Communications, in introducing to Parliament an act to establish a Canadian corporation for telecommunication by satellite, later known as the Telesat Canada Act, referred to the proposed satellite program as the "Northern vision in the 1970's".¹⁹ He described the needs for which a satellite could provide as: television coverage in the North and in undeveloped regions; telephone and message communication service to these same regions; extension of television service in both languages to all Canadians; a second and supplementary service to the existing east-west microwave network.²⁰

- An early commercial success to Telesat Canada's domestic communication satellite program, however, would have to rely heavily upon large long-term contracts with its customers. Aside from the telephone companies using the service to supplement their own microwave facilities, this effectively meant that CBC was its largest prospective client.

The CBC, although cautious, was not opposed to doing business with Telesat, nor was it unfamiliar with satellite communications. Since the early 1960's, CBC had kept in close contact with developments involving space satellites. In 1963, the CBC was one of the first networks to use orbiting satellite facilities for establishing international links. Out of this

¹⁹ Debates, April 14, 1969, p. 7492.

²⁰ Ibid.

experience the CBC saw the use of satellite facilities as a new means by which to help fulfill its mandate of extending the national broadcasting service. A national broadcasting satellite delivery system could be used by the Corporation to accomplish two major objectives:

(1) The provision of 'live' television to isolated areas not now served throughout the Canadian North;
and

(2) The delivery of 'live' French language television across the nation, especially in the Canadian West.²¹

In addition to this, the Corporation could use satellite facilities to supplement or augment its present microwave system.

While these features were obvious advantages in favour of satellite communications, there were also some obvious disadvantages. The first was in the form of increased costs to CBC's existing operations. In order for CBC to do business with Telesat Canada, its President told Parliament that the following two conditions must first be met:

- (1) ...the Corporation will be given the required amounts in public funds to enable it to establish the necessary ground stations in the North and also across Canada in the centres of French-speaking population, and
- (2) ...the Corporation will be given the necessary public funds to pay for the costs of program delivery - that is the rental of channels on the

²¹ See: Remarks by Dr. G.F. Davidson, before the Canada, Parliament, House of Commons, Standing Committee on Broadcasting, Films, and Assistance to the Arts, Minutes and Proceedings, May 8, 1969, p. 1748.

satellite - as well as the costs of any additional program production that might be involved.²²

Another major disadvantage to CBC was its lack of ability to exercise any effective control over future costs effected by Telesat's operations. Despite being its largest customer, and, unlike its other major but smaller customers, the Canadian telephone companies, CBC was not to be given a direct equity position in Telesat Canada.²³ Instead, it was to receive a token directorship on Telesat's eleven-member Board of Directors. In addition, there was no apparent provision to place the rate structure of the new Telesat corporation under the supervision of the Canadian Transport Commission. For CBC, this meant that by opting for this system rather than relying upon traditional terrestrial facilities, two possible factors could occur:

- (1) CBC could pay for services from Telesat that other established common carriers could provide themselves at substantially lower rates.

- (2) CBC could subsidize future users, such as the CTV network, by underwriting the initial and more expensive development costs of the Telesat program.

Despite these disadvantages, a contract was signed on July 28, 1972 between CBC and Telesat Canada. The contract

²² Ibid.

²³ These companies, during the establishment of Telesat Canada, held, as they presently do, 50% of Telesat Canada's stock. The Government of Canada currently has the remaining 50%.

provided for the leasing of three Anik satellite television channels on a year-round, 24-hour basis at \$3 million per channel per year. This would enable the Corporation to bring its English and French television services to all parts of Canada. The basic Telesat system included eight earth stations in southern Canada; one in each of the CBC regional areas, and 25 receive-only television stations for remote and northern regions.

F. Accelerated Coverage Plan

Coupled with this contract was additional planning by CBC to accelerate its extension of radio and television service to every community of 500 persons or more. Surveys conducted since 1966 revealed that while fewer than 250,000 Canadians lacked radio-television service completely, some 650,000 English-speaking Canadians and 400,000 French-speaking Canadians still lacked primary television service in the official language of their choice.²⁴ Some 135 English and 68 French-language communities of 500 or over were identified in different areas of Canada as lacking television in their own language.²⁵ In British Columbia, some twenty-three communities were considered by the Corporation as being eligible for CBC English television service with an estimated 44,600

²⁴ Canadian Broadcasting Corporation, 1971-72 Annual Report, Ottawa, p. 12.

²⁵ Canadian Broadcasting Corporation, Accelerated Coverage Plan, Ottawa, November, 1972.

people to be added to its coverage.²⁶

The costs of accelerating the extension of this service, however, were well beyond CBC's existing financial means.

The costs of extending service to the still unserved pockets of population, together with providing certain intra-provincial services, were estimated at slightly less than \$50 million. With the other demands on its annual capital financing, including consolidation of facilities at Montreal, Vancouver, and Toronto, improvement of the shortwave installations at Sackville, New Brunswick, for the International and Northern Services and the provision of alternative service in certain parts of the country, the Corporation estimated it would take to the end of the 1970's, even under the best of circumstances, to extend coverage to the unserved areas.²⁷

The Corporation, in 1971, explained to the Government that in order to complete extension of first service to these communities within a five-year period, less than half the required amount could be provided from its annual budget. The remainder, including additional operating costs resulting from the estimated 300 new radio and television stations, would have to come from additional Parliamentary financing. Furthermore, the CBC hoped that such additional funding would be in the form of a single Parliamentary grant rather than a succession of loans.

The Government's response to these proposals came in its 1972 Throne Speech. The tone of the speech was essentially

²⁶ Ibid.

²⁷ Canadian Broadcasting Corporation, 1971-72 Annual Report, Ottawa, p. 12 & 13.

supportive. It did, however, if not already apparent in CBC's plans, indicate that its newly created commercial venture, Telesat Canada, would also play a major role in the extension of CBC's services.

...It is a matter of concern to the Government that at this moment many communities do not receive the national broadcasting service and that some one million Canadians in 260 communities receive no television in their own language. The government proposes, therefore, that the C.B.C. be authorized to extend its services in a comprehensive fashion and to utilize the capabilities of Canada's pioneer satellite communications system to assure within a five year period that at least 98 percent of Canadians are served.²⁸

Furthermore, CBC was instructed to complete by November, 1972, a complete master plan with all priorities and costs established. This plan was also subject to CBC's having to consult with other agencies, such as the department of the Secretary of State, the Treasury Board, the Department of Communications, and the Canadian Radio-Television Commission.

The Corporation completed this task and by September, 1973, it had, in fact, realized two proposals to provide for the much-needed extension of CBC radio and television services. The first proposal, the Accelerated Coverage Plan (ACP), completed in November, 1972, was to:

1)...provide the CBC National service in the required language to:

- (i) all unserved areas containing 500 or more people which can be covered by a single radio or television transmitter;

²⁸ Canada, Parliament, House of Commons, "Speech from the Throne," Debates, February 17, 1972, p. 3.

and (ii) those areas presently inadequately served.

2)...provide for an improved intra-provincial service.

3)...complete the implementation of the Plan within a five-year period from date of approval.²⁹

G. Northern Broadcasting Plan

The second proposal, the Northern Broadcasting Plan (NBP), completed in September 1973, was formulated to aid in the improvement of radio and television service to the more isolated parts of Canada. The area to be encompassed would be all of that then served by CBC's Northern Service plus the northern parts of all provinces except the Maritimes.

The NBP was to provide radio and television production capability to certain key centres in the North through utilization of new transmitters established under the Accelerated Coverage Plan. Furthermore, this second proposal would extend radio service to communities of over 200 population, whereas the ACP was limited to population centres of 500 or more.³⁰

The additional budgetary requirement to implement the Northern Broadcasting Plan was estimated at \$17,523,000 for capital expenses, and \$15,059,000 annually for operating

²⁹ Canadian Broadcasting Corporation. Accelerated Coverage Plan, Ottawa, November 1972, p. 2.

³⁰ Canadian Broadcasting Corporation, 1973-74 Annual Report, Ottawa, p. 91.

expenses.³¹

On February 14, 1974, approval was given by the Government for the Accelerated Coverage Plan. The Northern Broadcasting Plan, however, would have to await future financing.

H. Disaffiliation

Although these plans provided the impetus for CBC to realistically begin to fulfill its statutory mandate of extending service to all parts of Canada, other areas were already discontent with the service already provided by CBC. This discontent centered around the Corporation's reliance upon commercial affiliates to provide coverage of its national radio and television service. Despite earlier public and political pressures upon CBC to use private broadcasters to help expand its services more rapidly, these same pressures were now re-directed at having CBC disaffiliate from them. A number of rapidly expanding communities, currently being serviced by private affiliates, such as Kamloops, Victoria, Sudbury, Brandon, and Thunder Bay, were seeking the full CBC radio service, while others, although somewhat less persistent, were pressing for full CBC television service.³² Moreover, as

³¹ Not included were additional costs of providing support for community broadcasting estimated at \$288,000 for capital expenditure and \$1,800,000 annually for operational expenditures. Source: Canadian Broadcasting Corporation, Northern Broadcasting Plan, Ottawa, September 4, 1973, p. 3.

³² Canada, Parliament, House of Commons, Standing Committee on Broadcasting, Films, and Assistance to the Arts, Minutes and Proceedings, April 3, 1973, pp. 2:17 and 2:18.

Laurent Picard, the new CBC president,³³ revealed, the affiliates themselves were becoming disenchanted.

... We are caught in the affiliate problem, both in television and in radio...these people have rendered a service, and in television there is not much of a problem.

But it is obvious to us, and it has been obvious to the C.R.T.C., that during the last five or ten years the affiliates are more and more interested in an image which is very clear. In many cases the CBC program is there almost because it has to be, and we have problems negotiating the share with our affiliates.

After studying that with the CRTC and inside the CBC, we have come to the conclusion - and television would be a problem ten times as bad as radio - we came to the conclusion that it is an irreversible process. We should now start to bring in our own rebroadcaster. In discussions with a number of large affiliates every time the share is lower. They have a different image. With some of them we have said: "We pay you to put CBC programs on the air", and they said, "We do not care about the money, we care about the total image."³⁴

Thus the Corporation, although yet unable to complete its existing extension of service, was now under pressure to develop future plans for eventually replacing its private affiliates. Furthermore, preliminary research by CBC indicated that early attempts should be made to replace some thirteen of its radio affiliates in the large markets - those giving fewer and fewer hours of CBC - by CBC rebroadcasting facilities.³⁵ To eventually

³³ George F. Davidson resigned on July 31, 1972 as CBC President. Laurent Picard was subsequently appointed as his successor on August 1, 1972.

³⁴ Canada. Parliament, House of Commons. Standing Committee on Broadcasting, Films, and Assistance to the Arts, Minutes and Proceedings, April 3, 1973, pp. 2:17 and 2:18.

³⁵ Ibid., p. 2:18.

replace all of ~~its~~ affiliates, both in radio and television, however, would require sustained government funding over a number of years, especially for television where private affiliates owned and controlled the major portion of CBC's service. Additionally, given the historical development of the service, it is apparent that before any such television projects could be undertaken, a major change by government to its policy of indirectly supporting private broadcasting through CBC subsidy, would be necessary; the likelihood of which was remote.

I. Cable Television

Contributing to the private affiliates' concern over "image" was the effect of cable television's rapid growth in less-populated areas. A study by CBC's Research Department had revealed that by the end of 1971, close to four-fifths of the population of Canada were located in areas of the country where CATV services were available.³⁶ By this time, according to the study, people who were watching television via cable accounted for just under a third of all viewers in these areas³⁷ - or in total household terms, just over a quarter (25.8 per cent) of all households in the country.³⁸

³⁶ Canadian Broadcasting Corporation, Cable TV And Audience Fragmentation: At Year-End 1971, Ottawa, October 1972, p. 1.

³⁷ Ibid.

³⁸ Canadian Radio-Television Commission, 1973-74 Annual Report, Ottawa, p. 44.

This marked about a ten percent growth rate in cable penetration over the preceding twelve months and a seventy-seven percent growth rate over the preceding three years.³⁹

This rapid development enabled viewers to watch stations that they would not otherwise have been able to receive. The major impact of cable TV on television viewing in Canada was to increase the amount of time spent watching U.S. stations. By this time, these U.S. stations accounted for twenty-five percent of all viewing of English-language stations.⁴⁰ The greatest impact caused by such audience fragmentation, as the CBC study further revealed, was not initially to CBC itself, but rather to its affiliates.

Largely because of the monopoly or near monopoly that they had of local area audiences pre-cable, the stations to lose most as a result of cable expansion have been the CBC English-language affiliates. In contrast, the CBC-owned English-language stations have suffered scarcely at all under the impact of cable TV, located as they were, pre-cable, in areas where audiences were already fragmented and where other stations were available to share the brunt of audience competition from new cable channels. The CBC-owned English-language stations have benefited more than the affiliates from the direct interchange of audiences in those areas where they have intruded, via cable, into each other's coverage areas.⁴¹

There are also indications that these CBC-owned stations have, in general, been better able than the English-language affiliates to resist the competitive intrusion of U.S. cable channels, partly because of the greater distinctiveness of some of

³⁹ Canadian Broadcasting Corporation, Cable TV And Audience Fragmentation: At Year-End 1971, Ottawa, October, 1972, p. 1.

⁴⁰ Ibid., p. 2.

⁴¹ Ibid.

their programs - i.e. because of the greater dissimilarity in character of these programs from the bulk of the U.S. shows on the new channels introduced by cable.⁴²

This "dissimilarity" in programming was what concerned the private CBC affiliates the most. Aside from the programming feed supplied gratis to them by CBC, and unlike the Corporation, they were and still are totally dependent upon advertising for their survival. The revenue derived from advertising is directly related to the size of audience covered. The effect of cable television in making available the signals of distant, often American, stations was, therefore, to fragment the audience of the locally licensed CBC affiliate in such a way as to cause reductions in revenue for the affiliate.

Although the "distinctiveness" of CBC's programming, as the study described, perhaps benefited the Corporation itself, when offered by its affiliates via cable TV, it often produced an even greater negative impact upon the affiliates' commercial operations. While some CBC programming, such as "Hockey Night In Canada", continued to draw large audiences for the affiliate, and thus, provided for them a hefty share of national advertising, other CBC programming was less commercially valuable. These programs, usually intended by CBC for local or regional viewing, were often less attractive for mass showing than those,

⁴² Ibid., p. 3, for additional information see: Canadian Radio-Television Commission, 1970-71 Annual Report, Ottawa, pp. 20-25.

primarily U.S. network programs, available simultaneously on other cable TV channels.

Combined with CBC's desire to increase this type of programming and the fact that its affiliates' previous monopoly strongholds over local area audiences were now being undermined, not only by the introduction of cable television, but also through competition from new "local" private commercial stations (usually CTV affiliates), it is perhaps not surprising that by 1973, CBC's affiliates were becoming concerned with their total "image" as Mr. Picard had described. In fact, by 1973, the number of Canadian households cabled had increased over twenty-five percent since 1971,⁴³ while the number of new CTV affiliate undertakings licensed during that same period had increased by over ninety-eight percent.⁴⁴

The continued dependence upon commercial revenue by CBC to supplement its income, and its dependence upon private fully commercial stations to extend its service, over a number of years, had, therefore, forced the Corporation to be drawn into a mode of operation increasingly dependent upon mass appeal.

By 1974, for instance, about one-quarter of CBC's English-language coverage still relied upon fully-commercialized private stations.⁴⁵ A calculated seventy-two percent of English-language

⁴³ Canadian Radio-Television Commission, 1972-73 Annual Report, Ottawa, p. 44.

⁴⁴ Ibid., p. 45.

⁴⁵ Canadian Radio-Television Commission, Radio Frequencies Are Public Property, Ottawa, March 31, 1974, p. 10.

programming in prime evening hours, 8:00 to 9:00 p.m., was "mass-appeal, industrialized, format programming, imported from the U.S.". ⁴⁶ During this year, commercial television revenue accounted for \$56,916,000 of the Corporation's income. ⁴⁷ The total effect of eliminating this source of revenue would be significantly more than the amount of revenue lost, according to CBC President, Laurent Picard. He estimated the total amount to be some \$80 million, approximately one-third of the CBC operating budget. ⁴⁸

Thus, existing arrangements undertaken by the CBC to both extend its English-language television service and to supplement its income from Parliament, now appeared more than ever to be working against the objectives defined by its mandate. The heavy reliance upon commercialized, mass-appeal programming both to ensure that private affiliates would maintain and/or extend their coverage of CBC's programming and to maintain its own "competitive" position vis-a-vis other commercial broadcasters, now required that particular attention be paid to ensure that the maintenance of "head counts" would be given priority when selecting programs for the television component of the national broadcasting service. Such a

⁴⁶ Ibid.

⁴⁷ Canadian Broadcasting Corporation, 1973-74 Annual Report, Ottawa, p. 75.

⁴⁸ Canadian Radio-Television Commission, Radio Frequencies Are Public Property, Ottawa, March 31, 1974, p. 10.

priority, in turn, ensured that this type of programming would occupy the time slots when most Canadian viewers would be available to watch. Other distinctively Canadian and perhaps less mass-appealing programs would either be cancelled or placed in lesser important time periods, according to their particular "commercial" appeal.

J. Radio Frequencies Are Public Property

Although early symptoms of "Madison Avenue-itis" had often been diagnosed from earlier government biopsies performed on the CBC, ensuing governments chose to ignore the cancer-like growth within it. Yet, blatant removal of such a growth at this time, without replacement of funds, as Mr. Picard noted, would have brought about serious complications affecting the overall survival of the national broadcasting service. Despite the earlier explorations and their findings, a new search was initiated and it further revealed the extent of the malignancy's effect upon CBC's ability to fulfill its Parliamentary mandate.

From the eighteenth to the twenty-second of February, 1974, the Canadian Radio-Television Commission held a public hearing in Ottawa, to consider the renewal of the broadcasting licences held by the Canadian Broadcasting Corporation. Some three hundred and five written briefs, along with the policy presentation of the CBC, the oral presentations of the intervenors, and the Corporation's response to them, gave evidence to a "widespread concern about the fundamental problems of the

Corporation and an enthusiasm about its role and its future."⁴⁹

Despite the CBC President's attempts to bolster the Corporation's image through graphs and statistics that showed the CBC to be "the leader among public broadcasting systems throughout the western world in distributing the most programs over the widest network for the least cost,"⁵⁰ other testimony presented by him, other CBC officials, and intervenors indicated that all was not well within the organization.

This latest biopsy revealed that CBC's continued reliance upon mass-appeal programming to maintain such leadership was, in fact, preventing the Corporation from fulfilling many aspects of its mandate. For example, in taking into account the high amount of mass-appeal, commercialized programming imported from the U.S., upon which the CBC relied for its prime time programming, and the greatest share of its advertising revenue, the Commission noted:

The presence over many years of such important operational constraints in an organization such as the CBC tends to develop, in many people connected with it, a bias in the direction of highly commercial, mass concepts. In time, this can become a condition of survival of the organization, and the original purposes of the organization can become eroded. Eventually, more and more people, including some of its own staff, come to judge the organization and measure its achievements largely in commercial terms. Thus, the whole organization is not only drawn by outside forces

⁴⁹ Ibid., p. 2.

⁵⁰ Val Clery, "CBC: A Corporation Programmed For Failure", Macleans, June 1974, p. 50.

but is also pushed by inside elements toward a merchandising approach and "mass" philosophy.⁵¹

Moreover, the gradual adoption of this "mass" philosophy by CBC had constantly created difficulties and confusion over the translation of its duty to:

(1) contribute to the development of national unity and provide for a continuing expression of Canadian identity, and

(2) serve the special needs of geographic regions, and actively contribute to the flow and exchange of cultural and regional information and entertainment, as outlined by the Broadcasting Act of 1968.

Somehow, over the years, both the Commission and intervenors contended, national unity and identity had come to be interpreted by the CBC as having the same meaning. In fact, it was contended that the adoption of a "mass" philosophy approach to programming, although somewhat nationally "unifying" in nature through its attempts to reach as many Canadians as possible, prevented the full development of its meaning and expression of Canadian identity.

The source of this confusion seemed to rest with the Corporation's desire to centralize its major production facilities in two cities, Toronto and Montreal, as outlined earlier. Through this process of centralization, there became a tendency

⁵¹ Canadian Radio-Television Commission, Radio Frequencies Are Public Property, Ottawa, March 31, 1974, p. 10.

to assume that national unity and identity could be interpreted primarily from these locations. Thus, the spawning and development of ideas and formats for English-language programming were eventually controlled through the Corporation's Toronto offices with policy directives from its Ottawa Headquarters. As television developed, the growing reliance upon commercial revenue, for reasons already outlined, produced a concept of national unity based upon numbers of Canadians reached. The CBC's total audience, therefore, tended to become identified as a single homogeneous group of "20 million more or less accessible revenue-producing consumers",⁵² rather than as an "active community of people, with real and varying communication needs".⁵³ This in turn, produced an insoluble conflict between the programming expected of CBC and the programming wanted by advertisers.

At the public hearing, this conflict became the focal point for discussion of CBC's entire programming and financial operations. Most condemnations were both the CRTC's and the intervenors' criticisms of CBC's apparent inability to provide for a continuing expression of Canadian identity through its local, regional, and national programming. Many groups, such as the Council of Maritime Premiers, the Council of the Northwest Territories, National Association of Broadcast Employees

⁵² Ibid., p. 11.

⁵³ Ibid.

and Technicians, the Ukrainian Canadian Committee, the Committee on Television, the Council of Canadian Filmmakers/Society of Filmmakers, the British Columbia Committee on the CBC, as well as various trade unions and numerous other groups and individuals, questioned the CBC's use of "mass" Toronto-based programming to reflect Canadian identity and expression.

The Commission, itself, perhaps summarized best the situation:

....It is regrettable that actual practices of institutions, both private and public, can create the impression that a "national culture" means the diffusion, throughout the country from the centre to its periphery, of well-developed patterns, highly-polished creative successes and masterpieces from Central Canada. One wonders through what strange institutional or mental process it appears to have been concluded that Vancouver needs to be made look (sic) architecturally like Toronto or Montreal.⁵⁴

One of the Commissioners, Dr. Northrop Frye, in referring to the CBC, describes this dichotomy between identity and unity in yet another fashion:

When the CBC is instructed by Parliament to do what it can to promote Canadian unity and identity, it is not always realized that unity and identity are quite different things to be promoting and that in Canada they are perhaps more different than they are anywhere else. Identity is local and regional, rooted in the imagination and in works of culture; unity is national in reference, international in perspective, and rooted in a political feeling...Assimilating identity to unity produced the empty gestures of cultural nationalism; assimilating unity to identity produces the kind of provincial isolation which is now called separatism.⁵⁵

⁵⁴ Ibid., p. 24.

⁵⁵ Ibid.

Further to this, the Commission in its own findings reported:

... (D) despite the need for the CBC to continue to provide a "popular" broadcasting service, the Commission is of the opinion that the CBC, as a public service institution, should guard against considering itself as a "mass-medium" and particularly against considering its audience as a "mass".... Indeed, one might even argue that the immensely powerful cultural medium represented by a national broadcasting service supported by the public purse, should be used to counteract mass concepts, mass behaviour, mass attitudes, mass reactions, mass manipulations, mass psychology.⁵⁶

If important goals of a public broadcasting institution are to stimulate individual creativity and awaken collective interest, it is abundantly clear that all-out maximization of audiences as a general objective will, in fact, work against the achievement of these goals. An alternative approach would be to concentrate on finding or, if necessary, inventing means to enable all the various kinds of creative talent from all corners of the country to participate, in order to ensure that our national broadcasting service appeals as much as possible to the full range of interests existing in this country.⁵⁷

As partial mandatory treatment for "Madison Avenue-itis", the CRTC proposed that CBC management perform minor surgery on the Corporation's programming structure. The first operation required as a condition of licence renewal was that twenty-two percent of the U.S. commercial programming, broadcast between the hours of 8:00 and 9:00 p.m. (prime time), be removed during the fall and winter program period and be replaced by Canadian content. This would bring the level of Canadian content up to fifty percent for prime time viewing.

⁵⁶ Ibid., p. 11.

⁵⁷ Ibid. p. 14

The next series of operations, again as a condition of licence renewal, required in four separate stages over a period of five years, that the total amount of time allowed for advertising be reduced by fifty percent to a maximum of five minutes per hour.

The final cure, according to the CRTC, despite these treatments, would require major surgery.

...(T)he Commission considers that every effort must be made to remove all constraints which handicap the Corporation in achieving the objectives for which it exists. Commercial activity deflects the CBC from its purposes and influences its philosophy of programming and scheduling. It must, in the Commission's considered opinion, be reduced or even eliminated entirely.⁵⁸

Moreover, this latter surgery would have to be elective rather than mandatory. Certain difficulties in phasing out commercialism within the CBC were once again complicated by monetary constraints. It was estimated that the cost of phasing out commercialism entirely would be about \$80 million - \$50 million in lost revenue, \$17 million in compensation to the affiliates, and \$13 million as the cost of replacing commercial time with programming.⁵⁹ Although the CRTC probably has the authority to order a mandatory and complete withdrawal from advertising, the ultimate consequences of such a decision would have rested with a willingness on the part of Parliament to provide the CBC with additional replacement funds. In the event

⁵⁸ Ibid., p. 44.

⁵⁹ Ibid., p. 40.

that such funds were not forthcoming, the effects upon CBC's already hard-pressed financial affairs could have been disastrous.

Even the consequences of the already attached conditions were sharply debated by CBC and Parliament. CBC's President, Laurent Picard, for example, personally described the situation as follows:

...We want to change our use of commercials in some of our scheduling practices so that, in addition to the large number of programs already commercial-free on our stations, we can avoid commercial intrusion on programs of special public interest or artistic importance. But there is a danger in trying to do too much, too quickly. The latest CRTC ruling, telling us to slash commercials by 50% and double the percentage of Canadian programming during peak viewing time, asks us to perform a miracle.⁶⁰

In Parliament, the Canadian Radio-Television Commission was criticized for supposedly stepping outside its bounds of authority. Its instructions to CBC for reduced advertising, apparently without prior consultation with the Minister responsible,⁶¹ would result, according to one Member's estimation, in an additional replacement cost to government of \$40 million over the next four years.⁶² Attempting to stem other

⁶⁰ Laurent Picard, "CBC: A Network That's Good And Getting Better", MacLean's, June 1974, p. 64.

⁶¹ See: Debates, April 2, 1974, p. 1070. It is possible, although the Minister (Secretary of State, Hugh Faulkner) was not personally consulted, that other members of his staff were.

⁶² Debates, April 14, 1974, p. 1715.

members' concerns that the CRTC had committed Parliament to a course of action without prior approval, the Honourable James Hugh Faulkner, Secretary of State, explained:

...I am informed by the Canadian Broadcasting Corporation as follows: The report of the CRTC includes proposed conditions only for the CBC. It is not yet certain that the proposed conditions will pertain. The CBC, as provided by section 17 of the Broadcasting Act, has requested consultation with the CRTC with respect to these proposed conditions. The results of this consultation will determine the next steps to be taken. Assuming the imposition of such proposed conditions the loss, plus the increased expenditure to the CBC, would total many millions of dollars, the approximate amount of which is now being calculated.... Should reduced involvement be attached as a condition of licence and should the CBC agree this would not unreasonably impede the provision of the national broadcasting service, it would appear increased appropriations would be required. I would support neither less programming nor a reduction in the high quality of current CBC programming.⁶³

In the ensuing months, CBC announced its plans to remove all advertising from radio, commencing April 1, 1976, within certain exceptions for programs available only on a sponsored basis and for communities where there was no other radio outlet in the language concerned. Furthermore, CBC announced that commercial messages in television programs directed specifically to children, would be removed by CBC effective October 1, 1975.⁶⁴

⁶³ Debates, May 1, 1974, p. 1927.

⁶⁴ Canadian Broadcasting Corporation, 1974-75 Annual Report, Ottawa, p. 5. This move followed an earlier (1973) Corporation proposal to remove such commercials subject to Parliament's provision of compensating funds.

The CRTC "proposal" for a gradual fifty percent reduction of advertising time in CBC television programs was, after discussion between CBC and CRTC officials, referred to Cabinet for further study. To date, however, no formal government support for such a "proposal" has been initiated.

K. 1976 Summer Olympics

This does not mean that the Canadian government during this period was necessarily disinterested in accommodating certain additional costs for programming needs. Rather, it seems to be a case of determining which programming needs held the greatest political priority. Once again, as had happened in 1967, certain new Canadian diplomatic priorities placed the accommodation of external or foreign programmer needs above those of CBC. With Montreal to host another world event, this time the 1976 Summer Olympic Games, CBC was naturally appointed as the official host broadcaster.

CBC's primary function of host broadcaster was to provide facilities for both Canadian and foreign broadcasters. More than seventy television and one hundred radio organizations were to send production teams to Canada for the two week event.

The facilities expected of CBC included ten television and fifty radio studios, control rooms, video and audio recording equipment, TV mobile units, along with other services such as banking, a post office, accreditation, and hosting for the

visiting broadcasters.⁶⁵ In addition, for the duration of the Games, six hundred and forty-nine of the eleven hundred and six staff members required to operate such facilities would have to be taken away from their current duties at various CBC stations across the country, virtually halting any major program production independent of the Games. One hundred and forty of the remaining staff required would have to be hired from the private sector, and the rest, students, trained by the CBC.⁶⁶

Thus, the latest move by Parliament effectively stifled much of the Corporation's opportunities to provide for continuance of its mandate imposed by Parliament and expected by Parliament to be realized and thus fulfilled.

The total costs required to provide such facilities and back-up services for the Games were estimated to be \$50 million.⁶⁷ The money needed to cover such costs was not intended to be paid out of CBC's existing budget. Instead, one-half (i.e. \$25 million) of the costs was to be provided to CBC by le Comité Organisateur des Jeux Olympiques de 1976 (COJO), while the remaining \$25 million were to be provided to CBC in the form of a direct grant from Parliament.

⁶⁵ Canadian Broadcasting Corporation, 1973-74 Annual Report, Ottawa, p. 90.

⁶⁶ Debates, June 23, 1975, p. 7001.

⁶⁷ Ibid.

L. Deferment of Capital Loan Payments

Although the Government's commitment to CBC for services rendered appears small in proportion to the effort required of CBC to perform such a task, the Government during this period (1973-74), did make some attempt to provide support to the Corporation's capital structure.

Since 1954, the capital expenditures of the Corporation, as previously noted, were financed by loans from Parliament. By 1974, the principal sum outstanding on these loans, which were to be repaid out of the Corporation's operating funds, amounted to \$197,880,410,⁶⁸ not including annual interest payments of \$11,230,000.⁶⁹ With large capital projects to be undertaken by CBC, such as Olympic broadcast facilities, the Accelerated Coverage Plan, and, in the future, hopefully, the Northern Broadcasting Plan, and a radio and television replacement plan in addition to the consolidation of Toronto production facilities, continued reliance upon such debt-financing to complete these projects appeared suicidal.⁷⁰ The Government finally chose, instead, to abandon this much criticized type of capital funding, and deferred, effective March 31, 1974, all payments on outstanding loans, including interest payments,

⁶⁸ Canadian Broadcasting Corporation, 1973-74 Annual Report, Ottawa, p. 54.

⁶⁹ Ibid., p. 66. According to the Corporation's 1974-75 Annual Report, this annual amount, although not payable until 1974, had increased to \$14,053,194.

⁷⁰ Over the following five years (1974-79), an estimated \$230 million was needed to complete proposed projects.

until March 31, 1979,⁷¹ and has since provided for all capital requirements through Parliamentary grants. Furthermore, it has retained its position of allowing the Corporation to carry into the following year, any unexpended portion of its prior year's budget.

This does not mean that CBC's financial problems have finally been resolved. Despite all the recommendations and solutions offered by Royal Commissions, House of Commons, and Senate Committee Investigations, Broadcasting Commissions, public petitions, and the CBC Board of Governors and Directors themselves, few have yet to be accepted by Parliament. As a result of continued dependence upon various arrangements outlined in this chapter, several major obstacles remain, many of which effectively deny the Corporation enough financial stability to allow it to perform the horrendous and sometimes elusive task required of it by both its statutory mandate and those who place additional demands upon its service through government.

At least three of these obstacles continuously pose as serious sources of conflict within the Corporation's organization. The first of these is the lack of guaranteed long-term financing by Parliament. The Corporation, for many years, has sought a breakthrough in this area. The uncertainty inherent in the present system of the annual dole and Parliamentary

⁷¹ In accordance with Orders in Council, P.C. 1974-633, P.C. 1974-704 and P.C. 1974-856.

review both demoralizes and inhibits the Corporation. The annual trek up Parliament Hill with cap-in-hand by the CBC President and his executives, too often has simply become a sporting event for MPs to display whatever current displeasure they have toward the Corporation and its programming. Such a procedure has constantly hindered attempts by the Corporation to work toward its programming objectives at a reasonable pace.

Too often now, in our year-to-year uncertainty, it's a case of hurry up, get it in the can, for tomorrow there may be no money. That means there is not enough time for research, review and preparation. No chance for trying new, unproved writers and producers because there's no room for experiment, no freedom to err in the search for new programming modes, not enough working capital. There's no time for innovation in that sort of arrangement; you settle for what's worked before.⁷²

The second of these obstacles, and related to the first, is the Corporation's continued reliance upon commercial revenue to both supplement its lack of government support and to retain the services of fully commercialized private affiliates to distribute the major portion of its English-language television service. The rapid expansion of cable television and CTV services into previously CBC monopolized areas has pushed the Corporation into an even greater dependence upon U.S., foreign⁴ dominated, mass-appeal programming to recapture its size of audience. The total impact of this upon the Canadian viewer appears to erode his or her feeling for programming that not

⁷² Canadian Broadcasting Corporation, Material in Support of CBC Applications For Renewal of Network Licences-Corporate Statement, CRTC Public Hearing, Ottawa, February 18, 1974, p. 18.

only can be readily identifiable as Canadian in a national sense, but perhaps even more important, what is Canadian in a local and regional sense.

A growing number of television writers, producers, performers, and members of the public have once again begun to reaffirm the virtues of public broadcasting in Canada. They do not want, however, a national broadcasting service which confuses identity with unity, and regional production with centralized production that removes artists from their creative environment and places them in another which often obscures the roots which make their contributions unique. If the CBC's current trend toward greater reliance upon commercial programming continues, coupled with an unresponsiveness on the part of government toward CRTC rulings, such hopes and aspirations may, as they have in the past, fade away. Perhaps, what is at stake today is not how much will such changes cost Canadians in dollars and cents, but rather, how much will the lack of such changes cost Canadian spiritually in a country that has no national newspaper and no other national public communications medium set up to promote both a sense of unity, and a sense of diversity among its people.

The third of the obstacles causing conflict within CBC is the continued provision for loans by government to finance its capital projects. The major drawback of such a system is that loan repayments and interest repayable compound into an increasingly large amount and, over time, tends to represent

a growing percentage of the total funds required to operate the CBC. This in turn creates a distortion in the apparent costs of operating the Corporation and annually diverts greater amounts of funds away from its primary objectives.⁷³

Although the Government, as stated, has currently allowed the CBC to defer the repayment of such loans until 1979, and in the interim, is providing capital grants to the Corporation, there is no apparent guarantee that the present method of funding will be continued beyond such a date. Also uncertain, is whether or not CBC in accepting this deferral, will be held liable for interest that has accumulated during the deferral period. If the present system of grants is not to be continued beyond this period, and CBC is liable for payment of the interest by 1979, at least \$70,265,970 will somehow have to be withheld from the production and distribution of programs and given back to Parliament in repayment of interest on capital loans.

While the Canadian Broadcasting Corporation is expected to provide every service demanded of it, whether economically feasible or not, and including six separate networks (English and French-language, AM, FM radio and television service), an International Broadcasting Service, and a Northern and Armed Forces Service, perhaps the greatest obstacle preventing CBC

⁷³ Ibid., p. 16.

from achieving their successful completion has been, historically, the general lack of appreciation for CBC's financial weaknesses. Although it is sometimes easy to blame the CBC for mistakes it has made in providing such services, the costs and their negative effect upon the Corporation's ability to perform its task should not necessarily be blamed on the CBC. They should, perhaps, as Graham Spry points out, be blamed "on those who demand these services through the federal government."⁷⁴

⁷⁴ Val Clery, "CBC: A Corporation Programmed For Failure", MacLean's, Toronto, June 1974, p. 54.

Chapter V. THE DISTRIBUTION OF CBC ENGLISH-LANGUAGE TELEVISION
PROGRAM SERVICE

A. National Distribution of CBC Television

...(I)n Canada you can't separate programs from the distribution system; distribution is the life-line, the spinal cord if you like, of Canadian broadcasting. Remove it and you have no CBC.¹

The Canadian Broadcasting Corporation's English-language television service presently reaches into all provinces of Canada and, in addition, provides coverage to the Yukon and the Northwest Territories. It owns and operates seventeen television stations and one hundred and sixty-three relay and rebroadcasting stations which together with one hundred and eighty-nine private commercial stations, their rebroadcasting stations and those owned and operated by communities, make up the CBC's English-language national television network.² In addition, these stations make up seven regional networks and several sub-regional networks, providing live television coverage to an estimated 21,160,000 Canadians or, 91.7% of the total Canadian population.³

¹ Laurent Picard, "CBC: A Network That's Good and Getting Better," MacLean's, Toronto, June 1974, p. 43.

² As of March 31, 1976. Figures were extracted from CBC's 1975-76 Annual Report.

³ Ibid.

Although the preceding chapter outlines the difficulties imposed by political interference and continued lack of government financial support upon the Canadian Broadcasting Corporation's programming and extension of service, their effects combined with other factors have placed even greater constraints upon the CBC's ability to provide or ensure a prescribed level of technical service for all of its television viewers. In addition, they have contributed to CBC's inability to develop interactive networks for inter- and intra-regional program exchange necessary to complete its mandate.

When television service began in Canada in 1952, the Federal Government announced that its objective would be to make the new national service available as quickly as possible and to as many Canadians as possible across the country. It was assumed then that a seventy-five percent coverage of the Canadian population would constitute a substantial achievement of this objective. A major factor affecting the supply of programming for such coverage was, however, the immense size of the country in proportionate relation to its population. Canada, although the third largest country in area in the world, for its geographical size, had perhaps one of the world's smallest populations. Furthermore, aside from the tremendous distances between communities, the ruggedness of the terrain found in many of the country's regions, especially in British Columbia, would impose severe engineering problems, obstructing the path toward a successful completion of the national television service; problems which to-date, have not been fully

resolved.

After weighing these factors against its own economic priorities, the Government decided that to supply such a service to a nation with an estimated population of 14,009,000 people⁴ scattered in clusters of varying sizes over some 3,610,097 acres of land, the per capita cost would be prohibitive for CBC to attempt such a task alone. It proceeded, therefore, to enlist the aid and use of private capital through the licensing of privately-owned stations to help supplement CBC's own distribution of the national television service. From the outset of CBC television service to the present then, this reliance upon privately-licensed stations has meant that the Canadian Broadcasting Corporation has been effectively removed from the legal responsibility of overseeing that compliance with minimum prescribed technical standards for the major portion of its network service is upheld. Despite this, the Corporation has not been exempted of such responsibility publically. In fact, as noted in Chapter I, the Corporation historically has inherited certain contradictions, which, if present trends continue, will always prevent it from fulfilling its statutory mandate of providing a full national broadcasting service to all parts of Canada. This particular contradiction simple is: Although the onus for adherence to certain technical standards, as prescribed under the authority of the Radio Act,

⁴Based on 1951 Census of Canada figures.

currently rests with the licence-holder, this does not seem to preclude efforts by both the Government and the public to hold CBC totally responsible for all facilities providing its service, whether licensed to it or not.

Over the years, the eagerness of the Canadian public to receive television service in areas where poor sources for CBC's signal existed, has led to inadequate facilities being built by either private, commercial affiliates or community organizations. Often this eagerness tempered people's desires for high quality technical service and through political pressure, these installations were licensed. In the meantime, Corporation officials, desperately trying to fill the remaining void of service and noting that these areas were now receiving some form of its service, assumed the service to be adequate and proceeded to cross them off their list of communities entitled to full network service.

In some cases, however, these installations were operating in areas of inadequate signal and should never have been given technical approval prior to licensing. Consequently, once the novelty of this new entertainment medium wore off, viewers soon became discontent with their low grade of picture quality and began complaining to the Government.

Government officials from the Department of Transport or Communications who were actually responsible for enforcing the adherence of licensees to certain required technical performance criteria, were, in most instances, powerless to deal

with these complaints.⁵ Firstly, although the facilities did not measure up to the prescribed level of performance, there was often no method of improving the existing situation without providing some alternate means of delivering an adequate signal to the location, such as microwave links, etc. Under these circumstances, the cost estimated to correct the problem, usually made such schemes impractical. In other cases, certain obstructions, such as electrical interference, could not be circumvented with existing technology, including existing engineering knowledge.

Secondly, it was virtually impossible for government inspectors to order such facilities shut down, even though they possessed the legal authority, because of public demand for TV despite its poor quality.

Thus, as the national television system developed and people's expectations for better service grew, both government officials and the public turned directly to CBC to vent their frustrations. It was, after all, they contended, not the local, private station's but rather the Corporation's ultimate responsibility to ensure that all parts of Canada receive its service.

Unfortunately, during the articulation of CBC's mandate to extend service, seldom did the reference to public funding

⁵ Up until 1968, the Canadian Department of Transport was responsible for enforcing the Radio Act. Since then, this authority has been transferred to the Canadian Department of Communications.

seem to gain prominence. Because of this, even Parliament's own articulation of CBC's goals often left the Corporation short of funds to adequately develop optimum distribution channels.

Another consequence of such misunderstanding or inarticulation is that the CBC, in search of more economical ways for distribution and the networking of its programs across the country, has inevitably become dependent upon private and public common carriers independent of its own operations. In some cases, it was not by choice, if such choice existed, but rather, through political persuasion, as in the case of Telesat Canada.

This dependence upon the telecommunications corporations, although initially providing perhaps the only available economically and technically reliable solutions to CBC's engineering problems, has not come without certain opportunity costs to its overall service. Over the years, the reliance by CBC upon microwave facilities to distribute its English-language programming from Toronto and French-language programming from Montreal, to the various regions, eventually has replaced a more costly method of supplying pre-recorded material. In addition to the development of more economically efficient means of production and distribution, it has also helped to promote live coverage of events which was previously not available. This more "efficient" means of production and distribution, developed almost solely on its economic and technical merits, however, has also spawned the development of one-way networks, which

essentially prevent the Corporation from "serving the special needs of geographic regions and actively contributing to the flow and exchange of cultural and regional information and entertainment" as required of it by the Broadcasting Act.

It has been stated that 1958, in a number of ways, marked the end of the first major stage of Canadian television development. Aside from the changes to CBC's internal structure, resulting from a new Broadcasting Act, as previously outlined in the preceding sections, the Conservative government's desires at this same time, to centralize CBC's English- and French-language television production, were further aided by new forms of distribution. On July first of that year, new microwave links, primarily intended for English-language service initially, and completed from Victoria, B.C. to Sydney, N.S. at a distance of more than four thousand miles, provided Canada with the longest television network in the world. By the following year, the province of Newfoundland was added to the system, thereby linking all the provinces of Canada.

The new system, as it developed, however, was not used to provide two-way or interactive inter- or intra-regional exchange of programming material, but rather with the possible exception of live sports events, became used primarily as a funnel for Toronto and Montreal based production, filtering out across the country on a one-way basis to CBC-owned and affiliated stations. As a result, the importance of regional production centres gradually became de-emphasized.

It is difficult to ascertain if such a distribution system as this mainly evolved out of CBC and Government plans during this time to centralize production essentially for economic reasons. It was also likely to have been affected by the existing electronic apparatus owned and operated by the carriers, which combined with the relatively small amount of additional expended revenue to be derived from CBC, would have, at this time, curtailed any up-grading of the service, thereby further excluding any possibility of a more diversified technical service. Albeit, to what degree such factors either separately or combined, may have contributed to this lack of diversity, perhaps what has gained a greater prominence, is the degree to which this trend still exists.

In fact, with the major abandonment of CBC's reliance upon terrestrial microwave systems to resolve distribution problems for remote and/or isolated areas in the provinces and the northern territories, the use of Telesat Canada's "Anik" satellite as a substitute has tended to further concentrate the centralization of television production.⁶ A significant factor contributing to this is that the Telesat's domestic satellite system was actually conceptualized, planned, and made operative with little or no citizen input. This point would perhaps not be so important if CBC's own reliance upon

⁶ CBC now uses Anik to feed programming from Toronto and Montreal to its main television stations across Canada. Although it has therefore abandoned the Trans-Canada microwave system for this purpose, the essentially one-way flow of programming still exists.

the system had limited social ramifications.

However, as is the case in most areas of the telecommunications field, the impact of powerful and advanced technological development upon the lives of ordinary citizens, is often direct and far-reaching. With the Government withholding funds required to implement the Northern Broadcasting Plan, citizens living in remote regions of Canada's Mid and Far North have had to adjust to the reliance upon receive-only satellite earth terminals which relay programming direct from large industrialized centres of the South, developed and nurtured by Toronto and Montreal based producers.

It is not the purpose of this study to outline the sociological effects upon the lives of indigenous, rural Canadians when they are suddenly attached to the electronic umbilical cord whose mother represents the heartland of Canada's southern industrial development. It is obvious that the impact would be devastating in many areas, particularly upon the lives of the Inuit and Northern native peoples. On at least two occasions, these peoples have publically registered their objections to such a system. The first of these occasions was during the February 1974 CRTC public hearing on the renewal of CBC's network licences, when northern residents complained bitterly about the lack of specific commitments by the CBC to provide "more programs about the North, made by Northerners, in a

language they can understand."⁷

The second occasion was during the CRTC's recent public hearings in Winnipeg, May 3, 1976, on the renewal of CBC's radio and television broadcasting licences for the North. Aside from the written submissions of some twenty intervenors concerning the renewals and, in spite of the difficulties imposed by the hearing being held in southern Canada, five group representatives and individuals from the North appeared before the Commission to personally register their concerns. Their complaints were similar to those registered previously.

The message from the representatives from the North was expressed at the public hearing perhaps most succinctly by Mr. Tagak Curley, founder and president of Inuit Tapirisat of Canada who stated: "We are fighting for our cultural lives and request your assistance in this battle." The interventions stressed that CBC television in the North must assist in preserving the cultural identity of the Inuit and Indian peoples by reflecting their values, language and knowledge in the programming provided by CBC television undertakings in the North.⁸

Most apparent is the urgency of this issue. At a time when the machines of industry, operated and maintained by southern urbanized lifestyles, are marching toward them, some of these people see decentralized, television broadcasting facilities as, perhaps, one of the few tools, which, if made

⁷ Canadian Radio-Television Commission, Radio Frequencies Are Public Property, CRTC Decision 74-70, Ottawa, March 31, 1974, p. 60.

⁸ Harry, Boyle, Chairman, Canadian Radio-television and Telecommunications Commission, "Correspondence to Mr. A.W. Johnson, President, Canadian Broadcasting Corporation," Ottawa, September 13, 1976, p. 2.

accessible and operative to them in their battle for unification and cultural survival, would be of immeasurable and beneficial use to them. Without adequate Government funding to CBC to relieve the existing situation, by complacency, whether unavoidable or not,⁹ the label of "genocide machine" will no doubt be added to the current vocabulary of CBC criticism.

In summary, due to the historical development of the CBC national television service, the continued reliance upon private, affiliated stations, their rebroadcasting stations, and those owned and operated by community organizations, has created a contradiction, whereby CBC, although legally not responsible, at least morally has been held responsible for the ultimate level of their technical service to its viewers. Furthermore, once again due to its historical development, the Canadian Broadcasting Corporation's continued reliance upon independent, private, and/or public telecommunications carriers, has led to the outgrowth of one-way distribution systems which preclude the Corporation's ability to promote the exchange of regional and cultural information and entertainment as required of it by its statutory mandate.

⁹ This complacency could even include the lack of recognition of traditional Inuit and Native languages. Under the current Broadcasting Act, for instance, no provision has actually been made for CBC to broadcast in any languages other than English and French.

B. B.C. Regional Distribution of CBC Television¹

Difficulties spawned in B.C. under federal auspices include many sub-standard telephone services in metropolitan as well as rural areas, cable operations licensed with too little regard to the needs and makeup of the communities supposedly served, and an inadequate patchwork of both cablevision and television broadcasting facilities in many parts of the province.²

Focussing once more upon a specific region, such as British Columbia, the repercussions of this national pattern of distribution problems become even more devious.

The Canadian Broadcasting Corporation's English-language television service is presently distributed throughout the Province via seven broadcasting stations and one hundred and sixty-three rebroadcasting stations.³ Of these facilities, CBC, itself, owns and operates only one television station and forty-four of the rebroadcasting stations. Therefore, legally, the Corporation is technically responsible for less than twenty-nine percent of its existing national network coverage in B.C.

As previously mentioned, however, this does not preclude both Government and the public from holding CBC ultimately responsible for the remaining seventy-five percent of the

¹ A substantial portion of this section is based upon material extracted from confidential sources.

² Remarks by the Honourable Robert M. Strachan, Minister of Transport and Communications for the Province of British Columbia, Federal-Provincial Conference on Communications, Ottawa, November 29, 1973.

³ As of March 31, 1976.

service. It is, in fact, historically the latter part of the system which has experienced the greatest technical problems in distribution.

Traditionally, the CBC, in order to ensure the best possible technical service, has insisted upon high engineering standards for the installation and operation of its own facilities. Equipment and methods required to meet such specifications, however, often have resulted in higher operating and capital costs for CBC. Because of this, CBC has often delayed service to areas until such facilities were either economically and/or technically feasible. In some case, it could be argued that CBC actually withheld service from certain communities when other, less expensive and less technically superior methods were available.

Throughout much of British Columbia, such delays in service were commonplace for many years. Because of the sheer ruggedness and inaccessibility of much of its terrain, the provision for CBC television signals, like transportation links, has required a disproportionately large amount of time, ingenuity, and funding in order to achieve the same level of service provided elsewhere in the country where geographical obstacles are less prominent. For CBC, this often meant delaying service to many areas of the Province until such time as sufficient funding and/or engineering capability was available.

The inevitability of a postponed Canadian television

service throughout most of British Columbia, in fact, at one time or another, had become an unfortunate reality. Even a delay in initial service to British Columbia had been discussed because of financial and technical difficulties involved in providing a cable link through the Canadian Rockies.⁴ Although, the subsequent development of kinescope and videotape recordings circumvented the proposed delay, the Rockies still succeeded in robbing B.C. residents of an early opportunity to receive "live" CBC coverage.

Many of these delays, however, became so excessively long that B.C. residents, partly in frustration, pressed for alternate service through private affiliates or facilities of their own. Even in some of these cases the licensing of private affiliates was also delayed until CBC could provide a more economic means of distributing programs to them.⁵

When fully commercialized CBC affiliates were eventually licensed, their service was further extended to adjacent areas through the use of low-powered rebroadcasting or repeater stations which receive and retransmit television signals to areas outside the range of the main station. As affiliates

⁴ See: "B.C. May Be Last To Get Television, Rockies Present Tall Obstacle To Network Link, Says Dunton," Vancouver Sun, November 3, 1948, p. 5.

⁵ Early television service was withheld from such areas as Prince George and Kamloops because CBC could not afford to supply them with kinescope recordings. For more information, see: "Prince George Won't Get TV," Vancouver Sun, March 15, 1955, p. 1. and "Action Deferred On Kamloops TV," Vancouver Sun, February 13, 1956, p. 8.

became unwilling to extend service beyond what they deemed acceptable "market-sized" areas, the citizens of these unserved areas began providing facilities of their own. The methods they used to provide service, like those of the affiliates, relied primarily upon rebroadcasting stations, while in some areas, cable television proved to be a more viable alternative.

Despite the fact that these rebroadcasting stations have provided alternate service to CBC's own, the residents and affiliates using them have not enjoyed viewing the benefits without first incurring heavy costs, both in financial terms and in terms of manpower.

Although the development and use over the past two decades, of VHF (Very High Frequency) mountain-top rebroadcasting or repeater stations has helped to provide distribution of television signals through and sometimes, over mountain ranges, the installation and maintenance of such facilities, traditionally have been cumbersome. Often, these repeaters have been and/or still are located upon sites which are accessible only by hiking or helicopter transport. Environmental conditions in these locations, such as varying temperatures from thirty to sixty degrees below Centigrade, winds up to hurricane force, snow and ice conditions, combined or separately, have frequently destroyed equipment, antennae, and structures.⁶

⁶ See: Jack Anderson, and Ian Rutherford, "Mountaintop Repeater Stations Bring TV, Radio To Valleys," 60 Days, Department of Communications, Ottawa, April 1976, p. 4.

Supplying adequate electrical power to these facilities has also posed difficulties. Since access to power lines is usually not possible, other sources of power must be substituted. As a result, power is usually supplied by batteries or propane. The replacement of these power supplies must be completed, usually every three to six months.

At certain times of the year, however, even access to these areas is made impossible due to weather conditions. Consequently, this sometimes results in the inability to inspect and to maintain the facilities and finally leads to total or partial disruption of service.

Provincial regions where such obstacles have commonly required constant vigilance over facilities, in an effort to maintain and improve the distribution of CBC programs, include the Skeena, Chilcotin, Slocan, Kootenay, and Vancouver Island regions.

The obstacles imposed by the mountainous terrain have, however, by no means solely contributed to the existence of poor television reception throughout the Province. In some cases, radio interference has been blamed for disruption of television transmission and reception, while in other cases, electrical interference from B.C. Hydro's power lines crisscrossing or running adjacent to towns has been noted. When such interference occurs, officials from the Department of Communications, whose responsibility it is to see that such radio or electrical interference does not disturb broadcast

signals, have usually been successful in tracing the source of interference and in having it eliminated entirely or reduced to a minimum.

Another problem common to some areas is the excessive distances that a signal must travel from its original source (usually a private affiliate's station transmitter) to the viewer's receiver. Often, the signal, by the time it reaches the receiver, has become weakened and/or distorted. Sometimes, as in the case of the community of Wells, the signal has travelled over a distance of seventy miles.

In other cases, the problem lies in the excessive distances between the affiliate's station transmitter and its or the community association's repeater. Unlike CBC's repeaters, which are primarily linked and fed by strong, reliable micro-wave signals, these repeaters have to be placed so that they are in a line-of-sight path to the station whose signal they receive directly out of the air and retransmit to other areas which cannot receive the direct signals. If the repeater is located too far away to receive a strong "healthy" signal from the station's transmitter, no matter how good the repeater's working order may be, nothing can be done to restore the inferior signal. Such is the situation encountered during retransmission of one of CBC's affiliate station signals, CFTK-TV; from Terrace to Mt. Parizeau on Aristazabal Island, the signal must travel an estimated 130 miles. Despite attempts to correct this by placing another rebroadcasting transmitter between

these two points, the distance is still too excessive to provide any substantial improvement in service. Other areas have experienced similar difficulties.

...In a Port Alice study, where people report an average viewing time of 12 hours a week, a survey indicated that close to 85% expressed willingness to watch more if there was better reception...Port Alice is one of the towns in British Columbia which has only one service - a poor "snow-storm" quality repeat of the CHEK-TV signal from Victoria. Most people who visit the town from Vancouver find the quality of the signal so poor they cannot watch it. The residents, however, since that is all they have, find it adequate.⁷

Returning for a moment to the CFTK-TV system, to illustrate some other transmission difficulties, it is perhaps, noteworthy to mention first, the extent to which this station's signal is relied upon. In Northwestern British Columbia, this one main TV station serves the entire area by a system of 39 rebroadcasting transmitters which are owned and operated by CFTK-TV and various TV cooperatives and associations. Combined, this system provides CBC television coverage to a total estimated area of 16,867 square miles, and as such is one of the largest television systems in North America. Because of the terrain, it also have one of the greatest distribution problems.

Aside from the degrading effects of excessive distances upon the signal originating from its main transmitter, as outlined, distance has posed itself as a similar problem elsewhere

⁷ Telecommunications Research Group, Final Report: Third Television Station Study, Simon Fraser University, June 30, 1974,
p. 16.

in the CFTK-TV system. In these cases, the problem has manifested itself in the form of either an excessive distance between one repeater and another, where one is used to feed the other with a signal, or in the form of an excessive distance from the repeater to the viewer's receiver. In both instances, the signal eventually arriving at the viewer's receiver although perhaps poor in quality, often has been transmitted by repeaters in good working condition.

Any technical system is usually only as good as its weakest link. Television, in many areas of B.C., is no exception. Aside from signal problems, imposed primarily by environmental considerations, poor television reception can often be attributed to systems which have too many repeater links. In some cases, the only method of providing a television signal to viewers has been through rebroadcasting a signal received from an adjacent repeater. This latter repeater however, may be rebroadcasting the signal it has received from yet another repeater, and so on, down the line, until the signal can finally be traced back to the original transmitter of the affiliate. To receive television programming in South Bentick Arm, for instance, the CFTK signal has first to be relayed through five rebroadcasting transmitters before arriving at the viewer's home television receiver. Other areas within the system, such as Granisle, receive their signal in a similar fashion. The main drawback of such a system is, that if for any reason, whether due to environmental factors or to a malfunction in equipment, the signal arrives at one repeater in

an impaired condition, the subsequent retransmission and reception of such a signal cannot be improved. There is every reason to believe, in fact, that the signal quality will actually get worse.

This further degrading of the signal is generally due to the inability of the repeater to distinguish between the desired "signal" and other undesired interference or "noise" elements that it receives out of the air. Both are therefore rebroadcast. Along the path that the television signal travels from one repeater to another, certain other noise signals become added while the desired signal, itself tends to become attenuated. Moreover, imperfections in the design, construction, and working conditions of existing rebroadcasting facilities will add further noise and cause certain forms of distortion to the desired signal. As the original television signal or the desired signal becomes rebroadcast a number of times, this signal-to-noise ratio or difference in levels, measured in decibel-millivolts (dBmV), between the desired signal and the noise signals diminishes. Sometimes, after several rebroadcasts, the noise level, usually seen on the television screen as "snow" becomes stronger than the desired signal level, eventually impairing the viewer's quality of reception.

The CBC itself, when utilizing rebroadcasting transmitters, generally will not provide service to an area unless the signal-to-noise ratio is above minimum prescribed levels as established by the Department of Communications. To ensure

the maintenance and upholding of this ratio over long distances, the Corporation has solicited the aid of the British Columbia Telephone Company's microwave services. Microwave telecommunications systems essentially maintain the signal integrity through a re-creation process which, through stations at approximately 30 miles apart, receive, process, and broadcast a new identical signal.

In addition, where terrestrial microwave services are not available, the Corporation now relies upon the services of Telesat Canada. In Cassiar and Fort Nelson, the television signal is relayed from an Anik satellite. Both methods, however, may require substantially larger outlays of capital and operating funds than those generally available to affiliates or communities.

This availability of funds, more so in the case of community organizations who operate their own facilities⁸ than in the case of private affiliates, perhaps constitutes one of the most serious problems contributing to poor-viewer television. Despite their good intentions, many community associations are unable to ensure even adequate television reception because of limited financial resources. The operating and capital funds of television associations, societies and co-operatives in British Columbia, traditionally have been dependent almost

⁸ Such facilities account for 42.3%, or the greatest single proportion of B.C. rebroadcasting transmitters relaying CBC programming.

exclusively upon membership fees.⁹ The quality and reliability of their initial television facilities were often a reflection of the amount of funds members were willing to contribute. Once the facilities began their operation, however, annual collection of these membership fees usually become progressively more difficult. In essence, there was really no effective method for enforcing payment, since anyone within the coverage could still receive the signal whether they had paid a fee for it or not. In some cases, even though the majority of members contributed their fair share, the combined funds were not sufficient to cover the overall costs. In the end, these diminishing sums of operating funds have usually curtailed the improvement and maintenance of facilities, such that residents in these areas have eventually become accustomed to even poorer television reception.

Because of the circumstances under which these more sparsely populated areas of the Province have come by their television service, it is perhaps ironic that those who have had to pay the most, for the privilege of viewing CBC's television programming, have, in return, been provided with the least opportunity by which to view it. It is also understandable why people, under such circumstances, and in spite of who is truly legally responsible for the existing quality of

⁹ Unlike the CBC commercial affiliate, community organizations owning and operating their own facilities receive no direct payment from CBC or any of the commercial revenues from advertising relayed through their own facilities.

service, hold CBC ultimately responsible for their dilemma.

It is not the intention of this paper, however, to intimate that everyone in British Columbia receives poor television reception. However, as can be seen by reason of the fact that over 163 rebroadcasting stations (or 53.6 percent of all rebroadcasting stations in Canada, licensed to relay CBC programming are rebroadcasting the CBC signal sent out of seven B.C. station transmitters, the possibility of signal deterioration by reasons already outlined, in some regions of the Province, is not only a probability, but rather a fact.

Although CBC has recognized that television reception of its signal remains poor in many of the non-metropolitan areas of British Columbia, the combined lack of capital funds has postponed more often its attempts to correct such conditions. Over the past three years, the Corporation has provided the greatest degree of technical support through its installation of 13 new rebroadcasting stations in the Kootenays, Vancouver Island, and Prince George - McBride regions of the Province.¹⁰ In addition it has provided some support to the CFTK-TV system in the Prince Rupert and Burns Lake regions. Further to this, the CBC has made some provision for new service to presently unserved regions, such as the Slocan Valley, and improvements to other areas under its Accelerated Coverage Plan.

¹⁰ Canadian Broadcasting Corporation, 1973-74, 1974-75 and 1975-76 Annual Reports, Ottawa.

The long-term prospects for massive upgrading of these systems, however, seem remote. If it is to be assumed that CBC's funding priorities for the next decade must be based upon the implementation of the Accelerated Coverage Plan and the Northern Broadcasting Plan, then it is obvious that little attention can be given to the current overall state of television in B.C. Both plans provide little or no support for updating the existing broadcasting structures which are owned and operated by private affiliates and communities.

The Accelerated Coverage Plan, for example, assures that the coverage area published by a television affiliate is adequately served, even though it is fully aware of a number of cases where, in fact, communities lying within the affiliated coverage area are unserved. It is also aware that, in many cases, the service provided is not of acceptable quality and dependability. Unable to commit additional funds under the ACP to such problems, the CBC has stated that the primary responsibility for resolving such problems must therefore, lie with each affiliate. In special instances where the affiliate is apparently unable to afford the required improvement to service, (as in the case of CFTK-TV) the Corporation somewhat reluctantly has admitted the necessity to recommend some form of assistance from public funds.

For community-owned and operated facilities, the Plan makes no provision for assistance. The Corporation, although recognizing the fact that these communities have shown initiative and public spirit in developing their own broadcast

service, also recognize the fact that they are still entitled to a CBC or commercially-supported station. With a view to somehow relieving the communities involved, of their financial obligations in this regard, the Corporation has, at this point, however, only been able to propose to undertake a separate study of this situation.

As the budgeting constraints on the ACP excludes even CBC itself, from making provision for the development of full service to areas, or for improvements to present CBC stations, as far as possible, such needs have somehow been attended to in the Corporation's overall annual budget.

The Northern Broadcasting Plan, although yet to be approved, makes no provision whatsoever for improving present substandard signals in the Province.

In addition, other financial and technical constraints have prevented CBC from taking a more active role in the B.C. distribution of its service. Some of these include insufficient engineering support, unattainable site locations, and a lack of suitable frequencies.

In terms of engineering support, because of the demands placed upon existing staff for the implementation of new radio and television facilities by the ACP, without additional funds to hire more engineering personnel, little extra technical support can be given to existing facilities.

For actual service extension, the lack of adequate funding has sometimes also delayed leasing arrangements for prime transmitter sites.

Although these problems are essentially financially-related and may persist for sometime, they are perhaps less sedate than the possible exclusion of service due to a lack of suitable frequencies available to CBC. Despite the fact that Section 3 (L) of the Broadcasting Act provides that 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, when decisions concerning the allocation of frequencies have been made by the CRTC, the national broadcasting service has not always drawn top priority. In fact, on occasion, elsewhere in the country, New Brunswick in particular, a CBC affiliate, in order to maintain existing CBC television service, was required to compensate a private broadcasting, Moncton Broadcasting Limited who was previously using the channels and had recently become a CTV affiliate.

The Canadian Radio and Television Commission defended this position by issuing the following statement:

While fully endorsing the importance of the objectives of the national broadcasting service and recognizing that they must be given paramount consideration, the Commission nevertheless interprets Section 3(L) to mean that the public interest must be the deciding factor in resolving any conflict between those objectives and the interests of the private element of the Canadian Broadcasting System. The Commission therefore does not consider this section entitles the national service to any particular channel as of right. Furthermore, even where it is concluded that the public interest requires that a channel be

licensed for the national service, the Commission is not satisfied that it is necessary or desirable in the public interest that a channel licensed to a private broadcaster be appropriated without compensatory arrangements. While the Commission recognizes that channels 12 and 7 have been licensed to Moncton Broadcasting Ltd., for many years and that the company has a considerable investment and identification with these channels.¹¹

On a more recent occasion, an objection by CBC to this new affiliate's application to use channel 3 for a rebroadcasting station at Florenceville, Woodstock, was overruled by the Commission.¹² The Corporation had claimed that the proposed station could preclude the future establishment of a UHF French-language station at Grand Falls, New Brunswick.

In British Columbia, channel allocation problems have existed for as long as CBC has provided it with television service. For instance, originally, initial television service for Vancouver was to be broadcast on the VHF channel 6. When the channels had been formerly allocated to the city, channel 6 was considered the best of the TV channels available. The proximity of such a channel to channel 5 combined with poorly designed TV tuners at the time, meant that transmission of CBC programming on this channel would unavoidably ruin Vancouver's reception of Seattle's KING-TV on Channel 5.¹³ Fortunately, before CBC began broadcasting, it was able to secure

¹¹ CRTC Decision 74-349, July 27, 1974.

¹² CRTC Decision 76-18, January 21, 1976.

¹³ "New TV Channel Assigned to CBC," Vancouver Sun, March 6, 1953, p. 2.

another channel, Channel 2, through a new international agreement on frequency allocations,¹⁴ and thus avoided an early major confrontation with Vancouver television viewers.

It did not avoid similar confrontation with Victoria television viewers, however. At the height of lobbying for a private CBC-affiliated station in Victoria, its residents soon learned that Vancouver's left-over Channel 6 would be made available to them. As predicted, immediately after it (CHEK-TV) began operation in 1956, KING-TV became no longer viewable to many Victoria area residents. "Cheers, Boos Meet New TV Outlet Here" read the local newspaper headlines.¹⁵ Within a month, petitions were gathered protesting CHEK-TV's interference with U.S. channels. Since the channel was originally allocated to Vancouver, CBC was of course openly criticized for causing the switch. By the following year, however, as Victoria area residents were about to receive their 9th TV channel (2 Canadian and 7 American including KING-TV) developments in TV "traps" for sets helped to improve reception of KING-TV's signal. With the subsequent development of cable television in the Victoria area, the problem was eventually resolved.

After CHAN-TV, now a CTV affiliate, was awarded Channel

¹⁴ Working Arrangement for Allocation of VHF Television Broadcast Stations under Canada-U.S.A. Television Agreement of 1952.

¹⁵ Victoria Daily Times, December 3, 1956, p. 1.

8 for a Vancouver private commercial station in 1960, Channel 10 remained available as the last VHF channel to the Lower Mainland-Lower Vancouver Island Region. In 1966, the Canadian Broadcasting Corporation requested the reservation of the channel for its future expansion of full CBC service to Victoria and Vancouver Island. When the Corporation returned seven years later to request a broadcasting licence, however, it found itself competing against three private commercial applications and a request from the Government of British Columbia for the same channel. The result was that no one was granted the channel as all applications, including the CBC's were denied by the CRTC.¹⁶

The Commission's reasons for denying CBC a Victoria licence at this time, centred around its concern over possible duplication of service from the Corporation's CBUT Vancouver station, in addition to an apparent lack of independent programming proposals for Victoria in its application.

On the subject of CBC's request for a priority position, vis-a-vis the Channel 10 allocation, the Commission in its final decision made the following comments.

...(T)he Commission does not agree with the contention of the CBC that channel 10 must be used to service Victoria and at the same time used to correct deficiencies of CBC TV station CBUT now licensed for the Vancouver area...The Commission has studied the coverage of the present channels 2, 6, and 8 and the coverage proposed by the CBC for channel 10. The Commission has determined that channel 3 is available

¹⁶ CRTC Decision 73-398, August 10, 1973.

for television service for the Victoria region. However, channel 3 is restricted in power and coverage because it is presently used by the CBC in Chilliwack B.C.¹⁷

CBC, after conducting tests with Department of Communications officials, determined that the use of channel 3, however, would not provide appropriate signal coverage to fulfill its plans for extension of service. The Corporation subsequently filed with the CRTC, a new application for Channel 10.¹⁸ This latest application still awaits approval from the Commission.

Such channel allocation problems have become important considerations for CBC in its attempts to extend or improve service elsewhere. Since the formation of the CTV network in 1961, public pressure for its alternate service has resulted in a proliferation of broadcasting stations throughout B.C., in a similar fashion to patterns developed earlier by the CBC service. In fact, forty-five repeaters throughout British Columbia currently relay the signal of CTV's affiliate, CHAN-TV. The Canadian Radio-Television Commission has further encouraged this proliferation by attaching as a condition of licence, that CHAN-TV be required to further extend CTV service to the East and West Kootenays and, in addition, to the northern part of Vancouver Island.¹⁹

¹⁷ Ibid.

¹⁸ CRTC Application No. 750360000.

¹⁹ CRTC Decision 75-3, January 9, 1974.

In other instances, residents are utilizing Canadian channels to relay programming from U.S. stations, while in Vancouver, CBC and other private concerns have already begun using the allocated UHF frequencies.

As this trend continues, frequency congestion may become a severe limiting factor for the further extension of CBC television service. In some regions, for example, where several repeaters may be necessary to provide coverage that one or two repeaters will provide in less-mountainous regions, CBC may find itself unable to secure the optimum channels it requires to complete service. In some instances, the extension of existing service has required the off-setting of VHF channels to prevent interference of signals where two or more repeaters in a given geographic area must occupy the same frequency.²⁰ As illustrated by Appendix B, the extension of CBC-affiliate service in the Kamloops-Mt. Timothy and Okanagan regions are areas where such off-setting of channels has already occurred. Fortunately, the chance of interference with each other has currently been reduced because most of the repeaters transmit low-powered signals (generally one to five Watts). If, however, to improve or extend CBC coverage to an area requires a simple increase in transmission power, such may not be possible without disruption of service to other areas, or without an attempt to re-allocate existing channel

²⁰ Off-set channels are normal video-carrier frequencies, plus or minus 10 kHz.

usage.

While the CBC English-language television service now reaches most residents in B.C., the Corporation's frequency problems will not be resolved until the extension of its French-language service is complete. Also, it no longer seems certain where private stations already occupy or will compete for frequencies (VHF or UHF) which CBC may deem more desirable for its own service, that "paramount consideration" will be given to the objectives of the national broadcasting system.

Further to these difficulties, community antenna television or cable television poses yet another problem for CBC planners in B.C. The problem as they view it is essentially as follows:

More and more communities are availing themselves of CATV systems and some of them are receiving CBC programs by cable, and paying for it, before CBC itself can provide service. Here a situation exists where people are paying a fee to receive a service they have a right to receive at no direct cost as a matter of public policy. But if the people of a specific community are paying to receive multi-channel television service through a CATV system which provides the CBC service (a requirement laid down by the Canadian Radio-Television Commission) in addition to program service from other TV networks and stations, is the CBC right to proceed with installation of a transmitter to cover the area when there are other communities which have no television service at all?²¹

This has been, particularly in the Kootenay regions, a major factor in determining priorities for the extension of

²¹ Canadian Broadcasting Corporation, 1969-70 Annual Report, Ottawa, p. 41.

its service; one, that as CATV systems spread across the Province, will become increasingly more important.

Cable television, however, does not necessarily provide service to everyone residing within a particular region. Because of its capital structure, service is usually extended only to those areas that are sufficiently populated to make the service economically viable. As a result, cable service is often not available to residents living in the surrounding, less-populated areas. Consequently, despite the existence of cable television, the maintenance of CBC broadcast transmitters is still required to provide service to the disadvantaged few in accordance with CBC's mandate.

Essentially then, the Canadian Broadcasting Corporation is unable to ensure that all areas within British Columbia are provided with the minimum standard of technical service, as prescribed by regulation, for its English-language television service because the methods currently employed to extend the service are inadequate to counteract the sub-standard signal quality resulting from the following factors:

- a) peculiar geographical and environmental problems posed by the mountainous B.C. terrain.
- b) existing faulty or unsuitable equipment.
- c) a lack of suitable channels of frequencies due to improper radio-spectrum management.

Furthermore, without additional financial support from Parliament, CBC will be unable to make any substantial improvements to the existing situation.

A significant effect created by this patchwork of distribution facilities, is its impact upon the content of what viewers actually watch in their respective regions.

Similar to the development of its nationwide distribution system, CBC within B.C. has become totally dependent upon the carriers to provide network links to its own various stations and to its affiliates. These links, in essence, determine the degree of versatility available for inter-regional programming.

Since Vancouver presently has the only station which has full production capabilities and is CBC-owned and operated, all national network and B.C. regional, CBC-produced programming originates from it (CBUT) and is fed via microwave to five of CBC's six provincial affiliates. This system, since it is one-way, presently makes no provision for any additional intra-regional distribution, such as feeds from the outer regions back to Vancouver. Live coverage of events originating outside of the Vancouver area, on a province-wide scale, is thus essentially precluded.

Private affiliates play a significant role in television broadcasting in B.C., for they hold CBUT in check from becoming a totally centralized CBC Pacific Network. These stations help to off-set Vancouver-oriented news coverage by supplying their own regions with a separate news service and a limited coverage of local events.

Not all B.C. regions, however, because of the nature of their CBC program feeds, are capable of receiving full B.C.

coverage. One such area is the Peace River region. Because of the absence of microwave transmission capability through the Rocky Mountains from Prince George, Dawson Creek's CBC affiliate (CJDC-TV) must receive its CBC programming via Edmonton, Alberta. This means that aside from whatever coverage the local station provides, CBC viewers within the entire Peace River region cannot receive any other B.C. television programming.

Other regions receive CBC's Vancouver programming, but have no local coverage. Again, as shown by Appendix B, all re-broadcast stations which CBC owns and operates in B.C., re-transmit the signal fed to them from CBUT Vancouver via microwave.²² Even though a CBC repeater may be situated within or in proximity to an affiliate's region, because of CBC's policy to provide full national broadcasting service, it does not broadcast the local regional coverage provided by the affiliate. Thus, the rural East Prince George to McBride areas and the southeastern B.C. regions of East and West Kootenay, receive no coverage from their respective affiliates, CKPG-TV, Prince George and CHBC-TV, Kelowna.²³ A similar situation exists within the Radium-Golden-Field regions of British Columbia.

As CBC eventually moves towards provision of full coverage throughout B.C. (as distinct from the partial coverage

²² Excluding Cassiar and Fort Nelson which are fed via Anik.

²³ CHBC-TV is the closest affiliate to the Kootenay regions.

of CBC programming, currently provided by affiliates), the concern for local programming facilities will surely arise. Without such consideration, the national pattern already underway in providing the smaller or less-populated regions with glimpses of Toronto and Montreal-based urban lifestyles, designed to somehow reflect the needs and aspirations of every region, will soon find an appendage in the form of regional program centralization, neither of which will necessarily help CBC fulfill its mandate.

Chapter VI. SUMMARY AND CONCLUSIONS

The present-day statutory mandate of CBC has its roots firmly entrenched in the history of Canadian broadcasting. Although never officially clarified until 1968, certain characteristics of its current national broadcasting service have been shaped and/or reinforced historically by various institutional arrangements. Some of these arrangements include the ownership and control of the national broadcasting service; the methods employed by Parliament to ensure adequate financing of the CBC operations; the methods employed by the CBC to ensure adequate financing of the CBC operations; the methods employed by the CBC to ensure distribution of its service; the organizational pattern of decision-making within the Canadian Broadcasting Corporation and the methods and criteria employed by the CBC in determining programming needs. Often such arrangements have not helped to strengthen CBC's overall position within the Canadian broadcasting system, but rather, have served to detract and restrict the Corporation's ability to participate fully within that system. The repercussions of this pattern of development upon the Canadian Broadcasting Corporation's English-language television service have now ensured that private broadcasting owns and operates the major portion of the service, while not only regionally within British Columbia, but also nationally; the commercial rationale has ultimately displaced the public service motive as the primary

principle of the service.

Clearly, the continued reliance upon commercial techniques to resolve programming and extension of service problems spawned primarily by inadequate government financial support, has inevitably led the Corporation into a scheme whereby it is now unable to actively contribute to "the flow and exchange of cultural and regional information and entertainment", as is required of it by the Broadcasting Act. As shown in preceding chapters, at almost every stage in the development of the CBC English-language television service, through the then-existing institutional arrangements, which almost always were influenced in some way by Government, the CBC inadvertently opted for the commercial model of broadcasting as a way out of its politico-economic dilemmas.

Since the Government, both through Parliament and the CRTC, has noted on occasion that CBC's commercial television activities have, at different times and in varying degrees, affected its programming obligations to such an extent that they have denied and perhaps still do deny CBC the opportunities to complete its programming requirements, one is invariably led to query, "Why has Parliament never moved to end such participation?"

A difficulty encountered in answering such a question is that the interrelationship between the CBC's objectives and its commercial policies has never been clearly defined. Nevertheless, some clues exist as to how various groups and individuals

have viewed its economic role in relation to the entire Canadian broadcasting system.

Before listing them, it is perhaps worthwhile noting that every official investigation into broadcasting in Canada has accepted the notion that advertising in some form or another is a legitimate activity for fulfilling programming commitments. What seems to separate them one from another, and other investigators and critics, is the question of "Who should provide it and for what purpose?"

Historically, there appear to have been four basic viewpoints centred around this question. Although some tend to contain similarities, each still remains mutually exclusive. One viewpoint, moreover, has two variations. Essentially, they are as follows:

- a) a CBC, or state broadcasting system, could provide advertising but only if all private stations not required to operate the system are closed down.
- b) private broadcasting should provide all advertising; CBC should not exist
 - i. at all
 - ii. only as a supplier of programs.
- c) both CBC and private broadcasting should provide advertising.
- d) CBC should not provide advertising; only private broadcasting should provide it; both private and CBC broadcasting should continue to exist.

In reviewing the first concept, it is worthwhile noting that the Aird Commission, supported by Graham Spry and the Radio League, accepted the notion that indirect advertising was a legitimate source of funding, but only as a supplement and not as the main source of broadcasting revenue.

The ideal program should probably have advertising both direct and indirect, entirely eliminated.... Manufacturers and others interested in advertising have expressed the opinion that they should be allowed to continue advertising through the medium of broadcasting to meet competition coming from the United States. We think that this can satisfactorily be met by allowing indirect advertising which if properly handled has no objectionable features, at the same time resulting in the collection of much revenue....Until such time as broadcasting can be put on a self-sustaining basis, we would recommend that the stations' time be made available for programs employing a limited amount of indirect advertising as so much per hour per station.

Aird Commission, 1929

Furthermore, Aird and the Radio League strongly opposed the existence of competing commercial private stations.

The second concept, the view that private broadcasting should provide all advertising and that CBC should not exist as the main component of Canadian broadcasting, was shared by two different camps. The first was of the opinion that CBC should, in fact, be eliminated entirely, and its advertising business be transferred to the public sector. Leading this campaign was a Liberal Member of Parliament, Ralph B. Cowan, representing the interests of the commercial publishing industry and its related broadcast holdings.

. . . (W)e have the Canadian government operating a radio and television service which is drawing off \$26 million in commercial advertising, of which Canadian publishers of newspapers and magazines should be getting a share. But these taxpaying commercial enterprises have to buck the national government for the advertisers' dollar, and we hope in time this situation will be corrected. . . Why are the funds of this nation pitted against taxpaying commercial interests in the community who are printing magazines and newspapers, putting up billboard advertising, engaging in direct mail advertising, private station advertising, and who have to compete with a national competitor who is able to draw on the taxes of this nation? . . . When Mr. Ouimet says the CBC was created three decades ago as a publicly owned national agency and that the Corporation was established as an instrument of national purpose, I should like to give him the facts of life. At that time the radio world was in a state of flux, . . . and Canada was being assigned six channels by the international control commission. Of course there were hundreds of businessmen seeking those channels. They saw this new medium of communication as a sure-fire profit maker. The government of the day and the commentators of the day - I mean those of the newspaper and magazines - maintained that the airwaves were the property of the public, that since they were limited and Canada was being offered six channels, to put them into private hands was the same as giving them a license to print money. . . The CBC was not established as an instrument of national purpose. It was established so that the government could maintain control of these channels, and there was no intention of engaging in a competitive business. . . Over the years changes have come about, and today we have a publicly owned system competing actively with a privately owned organization with both of them seeking advertising moneys. I believe in this day and age the CBC is unnecessary in this country. It is not performing a single function that cannot be performed just as ably and just as well by the private organizations that now exist in this nation. . . I am in favour of selling the assets of the CBC to tax paying commercial interests, and when they have made such a sale will get an income such as we get now in a limited way from the existing stations. I say to the government, get out of the competitive

business of the advertising world.¹

Others have shared a similar position, but endorsed the need for at least a partial existence of CBC. These were essentially the remaining private broadcasters. To them, CBC as a public institution should have been modified and restricted to the role of providing radio and TV programs to private outlets. Such a position, like that of the publishers, was based on the premise that CBC, being supported to a large extent by the Government, possessed an unfair competitive position in competing for sponsorship revenues.

Proponents of the third point of view: that CBC and private broadcasting should continue in existence and both should provide advertising, appear to currently hold the lead. Involved here is apparently an underlying assumption that advertising itself is a form of culture and therefore is a positive factor contributing to Canadian identity.

One writer, William Preshing, sums up CBC's commercial role in the promotion of culture as follows:

The crux of the matter is that CBC and generally, those concerned with the study of CBC, have failed to visualize goods and services and the advertising thereof as a means of creating a Canadian identity. The "reaching out" of the CBC to service sparsely settled areas provides a truly national vehicle which can be useful in disseminating product information about goods common to Canadians. This can be equally important in a cultural context as well as in a purely economic context. For a culture, in Bronislaw

¹ Remarks by Ralph B. Cowan, Debates, August 16, 1964, p. 6470 - 6471.

Malinowski's terms, "...is the integral whole consisting of implements and consumers' goods, of constitutional charters for various social groups, of human ideas and crafts, beliefs and customs." Advertising reflects and is a part of the culture and the mores of a society. It is part of the public's experiences.²

Others have also lent similar support to CBC's commercial activities. The Massey Commission, for example, while automatically accepting the private sector's role in advertising, felt that on the one hand, the national system should not become dependent on commercial revenue, but on the other hand, felt it was impracticable to eliminate advertising entirely from the national networks. One of the reasons given was that "it would deprive the Canadian advertiser of his national audience."³

One should not forget that the Fowler Commission in its 1957 Report, similarly extolled the cultural benefits of advertising.

We regard the commercial activities of the CBC as a proper feature of the Canadian system, not only because they make an important contribution to the support of radio and television and thus reduce the drain on the public treasury, but also as worthwhile in themselves. This is a legitimate function of radio and television. Advertising is a positive contributor to the living standards and economic activity and should not be regarded as a regrettable, and even deplorable, feature of our

²William Anthony Preshing, "The Canadian Broadcasting Corporation's Commercial Activities and Their Interrelationship to the Corporation's Objectives and Development," Ph.D. Thesis, Urbana, University of Illinois, 1965, p. 102.

³Massey Commission, Report, p. 291. Underlining is immediate author's emphasis.

public broadcasting system.⁴

Eight years later, Robert Fowler and his new Committee continued this support for CBC's economic activities.

Having weighed all the facts and arguments, we can see no reasons for the adoption of a public policy that would eliminate all commercial activity from the public sector. On the contrary, we believe that there are compelling reasons to justify the continuance and development of the present mixed system....Whether we like it or not, we are part of a North American socio-economic system in which Canadian tastes are influenced by the flood of entertainment and advertising emanating from the United States.⁵

It is perhaps not surprising that since CBC's inception, many of the findings of the Royal Commissions and the Fowler Committee support the commercial activities of Canadian broadcasting in general, and CBC in particular, for many of their members, as seen by studying Appendix C, were active members of the Canadian business community. Although the Massey Commission appears to be an exception to this, it is worth noting that its only business member took exception to many of the anti-business remarks made in the final report. Mr. Arthur Surveyor, an engineering consultant whose clients included some of the largest corporations in Canada, such as RCA Victor, Imperial Oil and the CPR, included his own reservations and recommendations as a separate appendage to the Report. His recommendations, for the most part, supported the private

⁴ Fowler Commission, Report, p. 174.

⁵ Fowler Commission, Report, p. 216-217.

broadcasters' concerns that CBC's regulatory powers gave it an unfair commercial competitive advantage over the private sector.

Not only Preshing, Royal Commissions, and committees on broadcasting have stated this common viewpoint, however. Canadian Broadcasting Corporation officials themselves have supported the notion of advertising as culture.

... (A)vertising is still important to the CBC... by accepting advertising the CBC Networks are made available to the Canadian business community which has no similar national advertising outlet available.⁶

The CBC carries sponsored programs on its networks for three main reasons: to help defray public costs; to get programs not otherwise available; and to play its role in the economic life of Canada.⁷

The CBC must carry sponsored programs on its networks for several reasons, some of which are:

To get the distribution of its programming to the largest possible number of Canadians, through not only its owned and operated stations but also through private affiliated stations who depend to a degree on the revenue paid to them from the network for carrying network service;

To reduce public costs;

To obtain programs which would not be available unless commercially sponsored; and

To play its role in the economic life of Canada.⁸

⁶ Alphonse Ouimet, President, Canadian Broadcasting Corporation, Memorandum on Broadcasting, May, 1964, p. 42.

⁷ Canadian Broadcasting Corporation, 1965-66 and 1967-68 Annual Reports, Ottawa.

⁸ Canadian Broadcasting Corporation, 1971-72 and 1972-73 Annual Reports, Ottawa.

Moreover, since 1968, the Broadcasting Act appears to have provided a basis for the legitimization of commercial activity in Canadian broadcasting. Section 3(b) of the Act declares:

(T)he 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;

The Act also declares that the Canadian broadcasting system is a single system, "comprising public and private elements".

Finally, the group most supportive of this viewpoint is the private affiliates whose earnings are largely dependent upon CBC national network advertising.

The fourth viewpoint that CBC should continue to exist alongside the commercial private sector, but eventually should not be engaged in commercial activities, is the one supported most by the Canadian Radio-Television and Telecommunications Commission (CRTC).⁹ It's strongest plea for such came in 1974:

The Commission has concluded that the CBC should undertake immediately a serious consideration of its commercial policy in order to assess what changes are required in the light of changed and public attitudes. Should this entail the eventual complete withdrawal of the CBC from commercial activity, this must be faced and planned for now.

The proposition that the CBC withdraw partly or completely from commercial activity has been criticized by some on the grounds that it would simply result in increased profits for competing private stations. The Commission entirely rejects this argument and states its conviction that increased

⁹ The Canadian Radio-Television Commission's name was changed April 1, 1976.

earnings of the private broadcasters could well be employed to extend alternate broadcasting services and to increase the quality and quantity of program production...The Commission has already indicated its intention of working out with private television broadcasters ways of improving the programming of commercial messages on television... But the Commission does not agree with those who say that the Commission should first change the commercial climate in the private sector and then address itself to the problem of commercialism in the CBC. In the opinion of the Commission, a responsibility of leadership in this area is definitely incumbent upon the CBC.¹⁰

The private non-CBC-affiliated stations also have been supportive of this position since much of the additional revenue given up by CBC would revert to them.

The decision as to which of these points of view or some new variation of them will succeed in determining CBC's commercial role in broadcasting, ultimately will rest with Parliament itself. In light of current broadcasting conditions, however, it is possible to speculate as to how each of the above suggestions may relate to the Canadian Broadcasting Corporation's attempts to fulfill its statutory mandate, both nationally and regionally.

A. National CBC: English-language Television Service

Firstly, due to the historical development of the system, both the private and public broadcasting components are now permanent features of the overall Canadian broadcasting system.

¹⁰ Canadian Radio-Television Commission, Radio Frequencies Are Public Property. CRTC Decision 74-70, Ottawa, March 31, 1974, p. 39.

The current Broadcasting Act in fact, now guarantees each other's place in the system. As such, any arguments supporting either the first or the second viewpoints today, no longer seem valid.

Secondly, the essential difference between the third and fourth concepts is one involving government funding of CBC. Currently, due to a lack of government funding, CBC must rely upon commercial advertising revenue to supplement its operating income. Because of this, the Corporation has adopted a marketing approach to its programming operations and, as illustrated earlier, this has restricted its ability to serve the special needs of geographic regions, to contribute actively to the flow and exchange of cultural and regional information and entertainment, and to extend the national broadcasting service to all parts of Canada, as required by its statutory mandate. Therefore, if the Government chooses not to provide the additional funding, the Corporation will not be able to abandon its commercial activities and thus, will be unable to fulfill its mandate.

Even if the Government chooses to provide CBC with the additional funds to enable the Corporation to suspend its commercial activities and allow the private sector to absorb the additional advertising revenue, questions such as the following relating to whether the Corporation can or will be able to finally complete its mandate, remain unanswered.

a) Will Parliament provide additional guaranteed funding to allow the Corporation to eventually own and operate

either the major portion of or the entire national television broadcasting system?

b) Will such funding ensure the Corporation's independence from political interference?

c) Will Parliament or the CBC continue to use current marketing techniques to evaluate CBC programming and extension of CBC service commitments?

d) Will existing regulatory and Government policies ensure that the national broadcasting system's position in the overall Canadian broadcasting service will remain paramount?

The answer to most if not all of these questions is probably no. In the Corporation's forty-year history, neither the Conservative nor the Liberal Government has ever guaranteed long-term financing of CBC's operations despite strong recommendations for such by virtually every major official enquiry into CBC's financial affairs. Secondly, no Government in CBC's history has ever undertaken to clarify and/or separate the Corporation's programming and general operating functions from its capital requirements. Because of this, CBC officials are annually pre-occupied with balancing financing-needs for programming against its needs for distribution facilities, neither of which currently is sufficiently financed. The end result is that neither need can be successfully met and the compromise required often becomes a source of unrest and criticism from Canadian citizens, politicians, regulatory authorities, and even the Corporation itself.

To obtain full Government support in aid of CBC's financial dilemma would probably require a major reorganization of Parliament's own economic and political priorities. The current use of Canadian television to promote urban lifestyles, complete with commercials, in the rural regions of Canada, including Mid and Northern Canada, seems to point to a form of economic determinism used by Government to persuade its residents to accept affluence, resource development, and industrialization as requirements for becoming "better" Canadians. The fact that these residents for the most part, have no production facilities or skills of their own to counteract this form of persuasiveness, makes CBC itself a powerful political weapon for industry-minded politicians to wield.

Therefore, to ask them to undo and/or reverse the historical pattern of CBC's English-language television development in such a way as to give the Corporation back its control (if in fact it ever had such control) would in essence probably be asking Government to alter its own perception of the "cultural, political, social and economic fabric of Canada". With private broadcasting control now firmly entrenched within the English-language television system, both nationally and regionally, such as in the case of B.C., advertising and commercial considerations tend to represent strong, political forces in sustaining and promoting affluence in Canada. Their influence in Canadian public-service broadcasting also tends to reinforce the status quo. Jerry Goodis, a Toronto advertising agency

president, once provided the Davey Commission with the following explanation of how this can take place:

What are the results of the necessity to build an audience of affluent consumers to serve up to the advertiser a more affluent or efficient audience than the next man? Editorial content inevitably comes to serve this end. The measure of editorial acceptability becomes how does it fit, or will it interest the affluent. As a consequence the mass media increasingly reflect the attitudes and deal with the concerns of the affluent. We don't have mass media, we have class media - media for the middle and upper classes.

The poor, the old, the young, the Indian, the Eskimo, the blacks are virtually ignored. It is as if they didn't exist. More importantly, these minority groups are denied expression in the mass media because they cannot command attention as the affluent can.¹¹

Similarly, the answer to the question of "will additional Government funding ever ensure the Corporation's independence from political interference?", is probably no. Firstly, for reasons outlined above, such independence would probably be counterproductive to the "needs" and wishes of Parliament. Secondly, the existing record should speak for itself. The Canadian Broadcasting Corporation has perhaps been held more accountable for its use of public funds, to the public and politicians than any other single, public institution in Canada. Fifteen years ago Graham Spry stated:

The CBC has been maligned, misrepresented, savaged, nagged and subjected to meannesses

¹¹ Davey Committee, Report, p. 245.

and indignities by hostile and sometimes greedy business competitors in ill-informed politicians. A third of the time of the senior CBC officers since the war has been occupied in answering questions for Parliamentary Committees or Royal Commissions.¹²

The situation since that time has changed very little. Every year, as a permanent feature of the Government's ensemble of inquiries, the Corporation must appear before the Standing Committee on Broadcasting, Film, and Assistance to the Arts to seek out its rations. Further to this, virtually every CBC application before a CRTQ public hearing becomes a test and evaluation of the Corporation's overall service. This is not meant to infer that the Corporation should not be held in some way, publically responsible for its expenditure of public funds or for the quality of service provided as a result of such funding, rather, it becomes a question of where does this accountability become used by politicians and other vested interests to interfere with CBC's public responsibilities. One has only to examine Parliament's own accountability for its actions and responsibilities related to public broadcasting in Canada in order to find the answer.

As to whether or not Parliament or the CBC will continue to use current marketing techniques to evaluate its programming and extension of service commitments, will remain a critical factor in CBC's ability to fulfill its mandate.

¹² Graham Spry, Ibid., p. 218.

The acceptance of the commercial model both by Government and by CBC, has inevitably led to a lack of alternative methods being developed to measure the effectiveness and responsiveness of Canadian television programming. Viewer-market statistics, furnished by the A.C. Neilson Company of Canada Ltd.'s¹³ Bureau of Broadcast Measurement (BBM) surveys, in addition to its own CBC-Toronto Research Department's surveys, currently form the basis on which CBC defends its programming record before Parliament, the CRTC, and the public. Thus, CBC programs, although perhaps well-produced and wholesome in content, often die at the switch, while other programs with higher ratings, take their place.

The result is that CBC regional programming, other than light entertainment, is virtually denied access to scheduling in national prime time, when the greatest number of Canadians can share a unique glimpse of each other's culture.

To abandon such an approach would require a willingness on the part of Parliament to allow the exemption of CBC from the traditional North American model of broadcasting. For the most part, CBC's performance has been evaluated by Parliament on the basis of comparison between its budget and the number of people its programming reaches, and between similar data furnished by the private sector. To remove this basis for comparison would be to challenge Parliament's perception of

¹³ A.C. Neilson of Canada Ltd., a heavily-relied-upon service, is a subsidiary operation of the U.S.-based, A.C. Neilson Co. of Chicago.

broadcasting. Furthermore, to discontinue such a pattern would also require recognition by Parliament that the criterion for the funding of television service extension and improvement should not be based upon population, market size or "head counts" and, as such, every community or populated region in Canada should probably have equal priority for service. The economic consideration of this factor alone is likely to persuade the keepers-of-the-public-purse against such a move.

For the CBC, even if it was able to suspend its commercial activities, to remove audience measurement as its centre of focus would initially require the development of new techniques and strategies for defending its performance record before Parliament. In addition, the actual ability to free itself from this commercial mode and the degree to which it could promote new ideas and forms of programming, would depend, as usual, largely upon the amount and nature of funding it received from Parliament.

Recent remarks by its President, A.W. Johnson, however, indicate that Corporation officials are in no hurray to alter its modus operandi; if anything, they wish to reinforce the current patterns. Speaking before the Canadian Club in Toronto, Mr. Johnson explained that English Canadians now are spending more than two-thirds of their television time watching U.S. programs. Just under thirty percent of their viewing time is spent on U.S. channels; about fifty percent on Canadian channels showing fifty percent U.S. content; and slightly less than

twenty-five percent of the time is spent watching the CBC, which itself televises U.S. programs, roughly thirty percent of the time.¹⁴ To counteract this trend, Johnson contends that the challenge to Canadian broadcasters, simply stated, is as follows:

...(O)ur programming should become so good, and so worthy of being scheduled in prime time, that at least 50 percent of the viewing time of Canadians will come to spend watching Canadian programmes rather than American ones...The CBC's part in any such objective is obvious. It is our mandate to lead the Canadian broadcasting industry in the production of distinctively Canadian programmes. That is why the Parliament of Canada created the CBC, and why we are financed in such large measure by public funds. So we must lead the way in the achievement of this goal: we must develop and enrich, as we have been doing, the pools of talent required, we must create and maintain the environment within which creative Canadian talent can flourish; and out of this we must produce the distinctively Canadian style of broadcasting which, along with the quality of CBC programming, will draw Canadians to it. As we do this, private broadcasters will join the CBC in producing and scheduling more appealing Canadian programmes in prime time, and find it profitable to do so.¹⁵

Therefore, as Johnson himself points out, much of the Corporation's time will continue to be taken up fighting the ratings battle for "prime time viewing" in an effort to recapture Canadian viewers. Not surprising then, was the total absence of any discussion in his talk of CBC's other responsibilities to provide attention to local and regional needs of Canadians

¹⁴ A.W. Johnson, President of the CBC, "The CBC and Canadianism", A talk delivered to the Canadian Club in Toronto, April 12, 1976, p. 5.

¹⁵ Ibid., p. 8.

throughout the country.

Finally, there is the question of will existing regulatory and Government policies ensure that the national broadcasting system's position in the overall Canadian broadcasting system remain paramount? Once again the record should speak for itself. As Spry in 1961 so aptly stated:

In a generation of conflict between the local private interests of two or three hundred businesses and the national instrument, the CBC, the ordinary forces of money-making have carried the day.¹⁶

Today, the conflict between the local, private interests and the CBC is a generation older. It is no longer restricted to CBC and local, private interests, but also includes large and powerful national and multinational private interests. The desire to extend and increase markets for saleable goods and services has made broadcast advertising an indispensable part of the economic systems of North America. In fact, radio and television marketing has now become a major industry in itself. In 1974, total agency billings for all advertising in Canada amounted to \$657,209,000.¹⁷ Of this amount, radio and television advertising accounted for 60.3 percent.¹⁸ Television's share alone was 40.9 percent of the total billings.¹⁹

¹⁶ Graham Spry, "The Decline and Fall of Canadian Broadcasting," *Ibid.*, p. 218.

¹⁷ Canada. Statistics Canada, Advertising Agencies, 1974 Cat. No. 63-201, Ottawa. Latest figures available.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

Actual revenue from sale of air time on Canadian radio and television for the year prior was \$358,818,000, with television again accounting for the greater portion, 55.3 percent.²⁰

The CBC's participation in this "industry" since the development of television service has become the lesser and declining sector of the Canadian broadcasting system. When CBC began its first year of television operations, it earned over \$518,380 in commercial revenue, which combined with \$21,513,714 earned in radio advertising, accounted for 17 percent of its total income.²¹ Within two years, its revenue from advertising was almost twice as great for television as for sound broadcasting. However, from a time when the Corporation held monopoly rights over all television advertising, CBC now, as it does in numbers of stations, falls far below the private sector. Private television broadcasting now accounts for 78 percent of all revenue derived from sale of air time on Canadian TV.²² Furthermore, private broadcasting, for the most part, in Canada, is now controlled by a relatively few, large holding companies. Their economic and lobbying strengths have combined to sway both Government and its regulatory authority into believing that the quest for profit maximization as the main determinant for improved Canadian television is indeed

²⁰ Canada. Statistics Canada, Radio and Television Broadcasting, 1973, Cat. No. 56-204, Ottawa. Latest figures available.

²¹ Canadian Broadcasting Corporation, 1951-52 Annual Report, Ottawa, p. 41.

²² Canada. Statistics Canada, Radio and Television Broadcasting, 1973, Cat. No. 56-204, Ottawa.

in the public interest.

The acceptance of the notion by Government and its regulatory authority that the continued reliance upon American programming helps, through increased advertising revenue, to promote and extend Canadian television further complicates problems associated with public broadcasting in Canada by obscuring the major issue, which is how such a rationalization inevitably leads to an even greater cultural dependency upon U.S. programming as an acceptable form of "entertainment and persuasion."²³ The major attraction of the U.S. system of course, has been its easily accessible and virtually unlimited supply of inexpensive syndicated light entertainment video programs and films. With the production costs already eliminated through its own domestic sales, the American entertainment corporations now have established a world-wide market for the same programs and films but available at reduced rates.

Few countries, including Canada, initially saw any inherent danger to their own cultures from using such programs. Instead they chose primarily to look at how the economic benefits of the U.S. system could provide the necessary means to easily extend their own broadcast time. The international market for these U.S. programs, however, has now expanded to such an extent that their low prices continuously undercut

²³ Wilson P. Dizard, "Television A World View" as quoted in Herbert I. Schiller, Mass Media and American Empire, New York, Augustus M. Kelley, 1970, p. 95.

the economic viability of other countries' competing domestic productions. Even those successful domestic attempts, when used to compete for advertising revenue, usually produce imitations of American programming and, in the end, simply create more of the same kinds of programming.

When Canadians and their broadcasting systems allowed themselves to be drawn into such a scheme, either willingly or, as in the case of CBC, through political and economic pressures, a major consequence resulted. The Canadian system now became unable to counter the flow and imposition of American values and propaganda. The contemporary reliance upon such programming for commercial purposes further places the independence of Canadian television and culture in jeopardy.

In 1974, for example, "All In The Family" cost the CBC \$2,000 a week from which it was able to derive a weekly revenue of \$24,000. Its own production, "The Beachcombers", by comparison, was reported to have cost \$65,000 per episode to produce, yet took in the same \$24,000 in commercial revenue.²⁴ The table below further illustrates this problem:

²⁴ Morris Wolfe, "Progress Report On the CBC: Better and Still Improving," Saturday Night, December, 1975.

U.S. TELEVISION EXPORT PRICES TO CANADA²⁵

	Price Range 1/2 hr. episode	Price Range feature film
CBC	\$2,500 - \$4,000	\$8,500 - \$12,000
CBC (French Network)	\$2,000 - \$3,500	\$4,500 - \$ 5,500
CTV Network	\$1,500 - \$2,500	\$10,000 - \$40,000

CTV, like CBC, has also been unable to beat the U.S. system cost-factor with its own programming. A 1974 study showed that when one of CTV's affiliates attempted to develop a Canadian pilot series called "Harbour Patrol", the costing per half-hour-long program was estimated at \$65,000 to \$70,000. Recovery from sale to the CTV network however, was expected to be only \$15,000.²⁶ Similarly Americans spend \$200,000 to \$300,000 on a one hour episode; the Canadian private sector, based on revenues available to them, cannot spend more than \$60,000 per hour.²⁷ The only hope for a greater recovery would entail the sale of Canadian programming to another network outside Canada. With a multitude and variety of U.S. programs available at a fraction of this cost, there seems little doubt where the

²⁵ "Variety", October 22, 1975. In William H. Read, "Global TV Flow: Another Look", Journal of Communication, Summer, 1976, p. 71. Note: One-hour episodes generally cost twice the half-hour price.

²⁶ Telecommunications Research Group, Final Report: Third Television Station Study, Burnaby, Simon Fraser University, 1974 p. 7.

²⁷ Robin Quin, Canadian Association of Broadcasters, "The Cost of Private Broadcasting", Notes for a Talk at the Canadian Broadcasting League (CBL) Conference, St. Mary's University Halifax, August 10, 1976.

Canadian program production's relative importance rests in the thoughts of the television financial planners. In fact, in terms of economies of scale, Canadian television can never expect to compete with the U.S. cost ratio, unless, by some strange means, it can somehow increase the Canadian population by some 180,000,000 or increase its viewing audience in line with that of the U.S. stations. Even if this was possible, competing with U.S. programming would again simply lead to more of the same kind of programming and would lead to less distinctive Canadian production.

Further to this, over 45 percent of the Canadian population is already able to receive U.S. programming directly through U.S. stations, either via cable television or through-the-air reception, the odds against financial recovery grow even greater.²⁸ This does not, however, pressure Canadian commercial stations to withdraw from the battle for the Canadian audience. Instead as shown in earlier discussion, these Canadian stations buy local rights to the same or similar programs, attempting to split and gain a portion of that audience.

Canada is not alone in this struggle. Few western countries have been able to resist the influence of U.S. television. Furthermore, the inviting of these programs to enter their citizens' homes has also invited other cultural intruders. These are manifested in the forces at work in the international

²⁸ Les Brown, "Millions being siphoned off by U.S. stations - Juneau," Province, June 19, 1975, p. 25.

marketplace. As Herbert Schiller points out in Mass Communications and American Empire:

...Nothing less than the viability of the American industrial economy itself is involved in the movement toward international commercialization of broadcasting. The private yet managed economy depends on advertising. Remove the excitation and manipulation of consumer demand, and industrial slowdown threatens. Broadcasting magazine puts it this way: "In this country, where production capacity exceeds demand, advertising has become more than an economic force - it is an influence on our quality of life."

The continuing and pressing requirements of United States manufacturers to reach annually higher output levels to sustain and increase profit margins activate the process that is relentlessly enveloping electronic (and other) communications in a sheath of commercialization. What happens, of course, is a continuing interaction. The direct intrusion of American influence catalyses developments in the affected nations. Also, those countries with similar industrial structures and organization feel corresponding, if at first weaker, impulses themselves in the same direction."²⁹

The role of Canadian broadcast regulation therefore, has not been to neutralize the economic and political power of these private interests, but rather has been to strengthen it. Private broadcasting's growth in Canada has been so phenomenal that past and present regulatory authorities have generally been overwhelmed by its influence and power. So much of their time has been spent dealing primarily with the economic problems of private broadcasting, that little time remained to resolve the problems of the national broadcasting service.

Moreover, when the CRTC was first established, a new

²⁹ Schiller, p. 95.

chapter was added to the growth of private capital in the Canadian broadcasting system. Cable television, almost one hundred percent privately owned, since 1968 has demanded equal time to their private broadcasting counterparts before the Commission. The resulting impact upon the CRTC's workload and CBC's ability to retain an important position with the regulatory authority has been staggering. During the CRTC's 1974-75 fiscal year, for example, the Commission deliberated on nine hundred and forty-six applications for new licences, renewals of licences, and licence amendments. Of this total, eight hundred and fifty-eight alone were for private applications, while of the remaining eighty-eight decisions for CBC, only forty-three or five percent of the total applications actually dealt with matters pertaining to the national television service. Further to this, by the end of that year, one thousand three hundred and four additional applications had yet to be processed by the Commission.

The effects of this kind of pressure upon the CRTC's policies and regulations can be easily seen in its attempts to integrate cable television into the Canadian broadcasting system. Cable television, with its ability to import distant Canadian and/or U.S. signals into a local broadcaster's viewing area, through its audience-fragmenting effect, has challenged the success of Canada's imitation of the American commercial broadcasting model. Because of this, a new conflict has emerged between private cable television operators and private commercial operators who seek to maximize advertising

revenues. The Commission, given the responsibility of regulating and supervising all components of the broadcasting system, so as to "safeguard, enrich, and strengthen the cultural, social, political and economic fabric of Canada", through accepting the legitimacy of commercial broadcasting, has, therefore, sought ways to minimize the economic impact of CATV on the over-the-air components of the system and thus maximize the financial opportunities of the commercial broadcasting.

As a result, almost all of the CRTC's cable television regulations are based upon supporting the traditional model of North American commercial broadcasting. Requirements by cable television operators, for instance, to remove an American station's signal on cable channels with a Canadian signal providing identical American programming so that all the commercials are Canadian, or to directly delete American commercials on U.S. cable channels and to substitute them with Canadian commercials, only serve to further replace the national motive of public broadcasting with the commercial rationale as the primary principle of the Canadian system.

The CRTC's ultimate hope is that somehow, private broadcasting interests will spend a proportionate amount of advertising revenue on encouraging more Canadian production. To this end, the Commission has even imposed Canadian-content regulations on television commercials.³⁰

³⁰ Canadian Radio-Television Commission, "Canadian Production of Commercials", Public Announcement, January 12, 1976.

Similarly, recent amendments to the Income Tax Act by the Government of Canada, to disallow expense deductions for money spent by Canadian firms advertising on U.S. border stations, in order to lure more advertising into Canadian television, further points to the desire of Government to strengthen the economic power of private broadcasting.

It is perhaps ironic that for public broadcasting in Canada, these types of regulations and policies now provide the only effective basis on which CBC can defend its own existence. It has thus inherited yet another and perhaps more severe contradiction preventing it from fulfilling its present statutory mandate.

B. CBC English-Language Television Service Within British Columbia

Examining once again how the repercussions of this national pattern of political and economic arrangements effect the fulfillment of CBC's mandate for providing English-language television within a specific region such as British Columbia, the commercial rationale behind current CBC decision-making invariably seems to resurface as a major issue for discussion.

Firstly, as in the case nationally and given existing legislation, both private and public broadcasting components are now permanent features of the overall B.C. portion of the Canadian broadcasting system. As such then, any arguments supporting the viewpoints that:

a) a CBC or state broadcasting system could provide advertising but only if all broadcasting stations not required to operate the system are closed down;

or

b) private broadcasting should provide all advertising; CBC should not exist

i) at all

ii) only as a supplier of programs

no longer appear valid in the present context of Canadian broadcasting within British Columbia.

The other points of view, however, that:

c) both CBC and private broadcasting should provide advertising

and

d) CBC should not provide advertising; only private broadcasting should provide it; both private and CBC broadcasting should continue to exist; do remain as valid points for discussion within the present context of CBC television broadcasting in B.C.

Again as indicated for the service nationally, the essential difference between the latter two viewpoints is one involving government funding of CBC. The historical and current lack of government financial support has forced CBC to continue to rely upon commercial revenues to supplement its operating income and, as it does elsewhere in Canada, to

continue to rely upon privately-owned, fully-commercialized broadcasting stations to provide much of its service throughout the Province. To this avail, both CBC and the private affiliates can be seen as supporters of the Corporation's commercial activities, since both groups depend upon each other to justify each others' existence.

This reliance by CBC upon the commercial rationale to extend its service within British Columbia, however, has failed to provide assurances that its statutory mandate can or will be fulfilled. The existence of community organizations who provide as much as 44 percent of the broadcasting facilities required to relay CBC English-language television service clearly points to the inadequacy of these present arrangements. The commercial rationale behind such arrangements has in this case shown that the use of advertising markets to gauge priorities for service extension has not only restricted such extension but also penalized citizens not "qualifying" for service.

Since these areas historically, were considered to be too small to represent appropriate "markets" for sponsors, affiliates given the responsibility for providing coverage to them, reneged. CBC unable to provide the necessary support to ensure service to these same areas, either because of its loss of regulatory authority or because of its own limited financial resources, also has been unable to meet the responsibility. These areas thus, became and still are penalized twofold for their residents attempting to provide CBC service themselves.

First of all, these residents must maintain facilities primarily at their own expense, whose coverage the affiliates and CBC use when claiming their own market coverage for the purposes of local and national advertising. In return, however, these residents do not receive a share of the advertising revenues derived from their areas' contributions. In this way, these community organizations can perhaps, be viewed as subsidizing both the private affiliates' and CBC's commercial activities.

The second way in which these area residents are penalized is through the present methods used by Government to finance CBC operations. In 1974 (latest figures available) personal income tax accounted for approximately 41 percent of the Corporation's Parliamentary appropriation for capital and operating expenditures. During that same year, tax-paying residents in these areas on a per capita basis,³¹ therefore, paid an average of \$7.86 each towards the support of a CBC operation from which they received no direct television service.

Similarly, the present 2.9 percent³² of the B.C. population yet unserved by CBC television also pays taxes for a service it does not receive.

Furthermore, since community-owned facilities are not legally recognized as CBC affiliated stations, areas served

³¹Based on 1971 census figures.

³²Canadian Radio-television and Telecommunications Commission, 1975-76 Annual Report, Ottawa, p. 29.

by them are still officially entitled to service either directly through CBC or through one of its affiliates. Under the existing arrangements, this indicates that the Corporation is unable to fulfill its mandate not only by not extending service to 2.9% of the B.C. population, but also by not extending service to the remaining portion of the B.C. population served currently by community-owned facilities.

The reliance by CBC upon a commercial rationale in its attempt to supply an English-language programming service for B.C. television viewers, as shown earlier for the overall Canadian service, has similarly failed to provide assurances that its statutory mandate can or will be fulfilled. This issue, like the issue of service extension, presently constitutes a major source of unrest among many B.C. residents who desire a more local CBC presence within the B.C. portion of the national system.

A major factor contributing to this issue is the effect of national distribution or network arrangements currently used by CBC upon regional and local CBC production autonomy.

The technical limitations of providing coast-to-coast broadcasting network have led the CBC to centralise not only the engineering decisions but also the programming decisions. The budgetary control exercised by Toronto over all program production in the English language TV network is extremely strong and, as a result, the development of regional production has not followed from the establishment of what are now called regional production centres across the country.³³

³³ Telecommunications Research Group, Research Project on Regionalisation of CBC-TV Programming, Final Report, Burnaby: Simon Fraser University, March 31, 1975, p. 70.

Since CBC opened its new Vancouver programming facilities in November, 1975, and despite improved technical facilities little progress has been made in regionalising production facilities. Decisions made on program content and program production are still made in Toronto. To this extent then, Vancouver has merely become a more effective production arm of CBC Toronto operations. Also, since CBC's Vancouver station currently represents the sole production and programming centre for the B.C. portion of the national service,³⁴ the actual CBC English-language television service provided within the province ultimately becomes itself an extension of CBC Toronto.

This type of distribution system complete with the existing decision-making process for program production is obviously in conflict with CBC's prescribed mandate to provide a service:

"in English and French, serving the specific needs of geographical regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment",

and to:

"contribute to the development of national unity and provide for a continuing expression of Canadian identity."

When combined with the existing commercial practices of CBC, this conflict becomes more intensified. Since "prime time" represents the greatest opportunity for maximizing

³⁴ Excluding the Peace River, Cassiar and Fort Nelson regions.

advertising revenues, the replacement of potentially high quality and diverse regionally or nationally originated Canadian programming in exchange for primarily mass appeal, light entertainment, American programming³⁵ further erodes the social effectiveness of CBC's service. With CBC television now engaged in the business of selling audiences to sponsors at X dollars per thousand viewers, again, little can remain within such a system to enhance the social worth of the individual viewer or groups of viewers within a particular region such as British Columbia.

Decisions made by CBC Toronto affecting program production and scheduling, with Toronto and Southern Ontario representing the single largest English-speaking "market" in Canada have tended, therefore, to reinforce the process of centralization. The consequences of this pattern for B.C. viewers is that CBC produced programs designed to provide for "a continuing expression of Canadian identity: for the most part tend to represent the cultural values of metropolitan Toronto and not those of other regions or their own.

Finally to be examined are the effects of commercialization upon CBC's ability to fulfill its "local" regional programming duties, resulting from the Corporation's continued reliance upon private affiliates. Although "regional" programs are programs produced in any of the seven regional production

³⁵ According to CBC's 1975-76 Annual Report, 83 percent of all foreign programming shown on its English-language television service was U.S. in origin.

centres across the country and intended for showing on the full CBC network, "local" programs are programs produced by the regional production centres to be shown exclusively within their respective regions. For B.C. residents receiving CBC service via an affiliate rather than a CBC owned and operated station, they often are able to get none or little of the local programming produced by the Vancouver centre, since the affiliate is required to carry only network programming during certain specific time periods each day. Not only does this condition prevent the CBC from fulfilling its mandate for "serving the specific needs of geographical regions and actively contributing to the flow and exchange of cultural and regional entertainment", but it also prevents this portion of the national broadcasting service from becoming "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".

Returning again to the discussion of the four points of view concerning television advertising in Canadian broadcasting, it is perhaps noteworthy that in defense of the CRTC's position favoring the notion that:

CBC should not provide advertising; only private broadcasting should provide it; both private and CBC broadcasting should continue to exist;

much of the additional support for this contention came from B.C. residents and evolved out of the CRTC's 1974 public

hearing into CBC licence renewal applications.³⁶ Of the 305 interventions received by the CRTC, 95 were from B.C. B.C. residents also provided the greatest number of interventions from any province. One of the B.C. interventions written and submitted by a group called the "B.C. Committee on CBC" was based on a collection and summary of opinions from letters of 350 people who had written to the group.

Although only 2 B.C. interventions directly supported the above viewpoint, 16 other interventions requested that CBC refrain entirely from advertising practices,³⁷ without specifying what the commercial role of private broadcasting should be, while another nine requested a reduction in CBC advertising.

More recently, another campaign has emerged aimed at repatriating the B.C. portion CBC English-language television service from its current commercial activities and its Toronto domination. A committee of well-known British Columbians calling itself "The B.C. Committee for CBC Reform", was formed early in 1976, whose intention is to "save the Canadian Broadcasting Corporation from itself".³⁸ Deeply concerned about the general decline, during the last few years, in programs and services

³⁶ This was the most recent major CRTC public hearing into CBC's English-language television service.

³⁷ These included the intervention by the "B.C. Committee on CBC" where 91% of the 305 correspondents opposed CBC's advertising activities.

³⁸ "B.C. Committee of one hundred damns CBC", Vancouver Sun, March 11, 1976, p. 6.

provided by CBC in the Pacific region, the Committee has adopted the following position:

In no way do we suggest that the CBC in B.C. should sever all its ties with Toronto, but we do urge that:

1. The CBC abandon its Toronto-oriented policy of progressive centralization and restore programming and financial autonomy to regional broadcasting centres.

2. CBC-TV should cease competing with the private sector for ratings and sponsors, and instead should provide a genuinely alternative television service reducing its on-air time if necessary and leaving mass-entertainment to other broadcasters.

3. The CBC should develop an interprovincial exchange of programs to create a Canadian mosaic (sic) as a full realization of the phrase "interpreting Canadian to Canadians."³⁹

Thus efforts continue to place pressure on CBC in attempts to ensure that the Corporation fulfills or moves more quickly towards fulfilling its mandate.

However, even if Parliament now chose to provide CBC with enough funding to enable the Corporation to suspend its commercial activities, to correct the other existing institutional arrangements which currently prevent CBC from providing the prescribed standard of English-language television service within B.C., certain nationally-related questions, such as the following, must again first be answered:

a) Will Parliament provide additional guaranteed funding to allow the Corporation to own and operate either the major portion or the entire national television broadcasting service operating

³⁹ Ibid.

within British Columbia?

b) Will Parliament or the CBC continue to use current marketing techniques to evaluate CBC programming and extension of CBC service commitments?

c) Will existing or future regulatory and Government policies ensure that the national broadcasting system's position in the overall B.C. portion of the Canadian broadcasting service will remain paramount?

As already indicated in the immediately preceding section of this chapter, the answer to these questions is probably no. At stake for British Columbia is: "How can the centralized process of decision-making and commercialization of CBC English-language television services be broken up to ensure that the critical judgments made by CBC and Government are not only accounted for by the Corporation's policies but also are reflected in its service to the country as a whole and to the Province, in particular?"

Without the necessary alterations to present institutional arrangements which affect the control centre of the national service, the repercussions of the national pattern of development upon the service in British Columbia are certain to continue to restrict the Corporation's faculty to complete its mandate.

The President of the CBC, Mr. A.W. Johnson, has said that the CBC needs the support of all Canadians. "We need their sense of commitment to Canadian cultural survival and the central part

of the CBC and national broadcasting in it", said Mr. Johnson in his speech to the Canadian Club in Toronto on April 12, 1976. We agree with that wholeheartedly but we do not agree that Canadians must accept his following observation that "arguments over regionalism...must be balanced with the imperative of cultural survival". Cultural survival depends on the cultural vitality and participation of all regions of Canada and cannot be detached from arguments over regionalism...repatriating the CBC means returning the ownership and control of the CBC to all of Canada, wresting (sic) the English language networks from the iron grip of the Toronto hierarchy and establishing a program production system in which all regions of the country can participate freely and effectively.⁴⁰

Thus, the history of broadcasting in Canada appears to be completing a full cycle. From a period when the combination of private broadcasting and the commercial rationale stifled the opportunities for Canadian cultural growth through the medium of radio in the early 1930's, to the present then, where a similar combination now prevents similar opportunities for Canadian television, CBC's ability to maintain a strong position within the Canadian broadcasting system has become more of an historical point than an item of the present day. With the advance of cable television and the subsequent emergence of new cable services such as pay television looming over the horizon and dedicated to serving the commercial interests of the country, without major reorganizations of CBC, Parliamentary

⁴⁰ Gail M. Martin, Telecommunications Research Group, "Repatriating the CBC" Burnaby: Simon Fraser University, June 15, 1976, pp. 21-25. Paper prepared for the Canadian Broadcasting", Halifax, August 10-12, 1976.

financing, Canadian communications policy and both the Public attitude and private broadcasting attitude towards CBC, the effectiveness of the Corporation's English-language television service will surely continue to diminish.

Even if the CBC's existence could now be guaranteed and its service rectified so as to complete its statutory mandate within certain prescribed limits, public television broadcasting in Canada may be able to occupy no more of a commanding role than the Public Broadcasting System does in the United States vis-a-vis the remaining broadcasting institutions of the country. If the Canadian Broadcasting Corporation truly represents the single most important purveyor of Canadian culture and values, as legislators have led us to believe, one cannot help but stop and query, "What can the fate of this institution tell us ultimately about the fate of our nation?"

C. Final Conclusions

In a country which has a relatively small publishing industry, no national daily newspapers, and no thriving motion picture industry with which to employ and propagate Canadian creative talent, Canadian broadcasting (television and to a lesser extent, radio) has become the prime promoter and reflector of Canadian culture and national unity. Because of this, certain principles, which have become the cornerstones of modern Canadian communications policy, were laid down early in the development of the Canadian broadcasting system.

One of the first principles established was that airwaves are public property and since they are limited, only a public agency can best decide what use may be made of them.

A second principle established was that "Canadians have a right to a system of broadcasting from Canadian sources equal in all respects to that of any other country" and to ensure such, Canada "must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence."⁴¹

Thirdly, "no scheme other than that of public ownership can ensure to the people . . . without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting."⁴²

These principles are thus the basis for the present Canadian broadcasting policy, and moreover, still remain as major considerations for the fulfillment of CBC's mandate as the purveyor of the national broadcasting service.

In a country that also has no other major national media to propagate affluence and consumerism, television, and to a lesser extent, radio has similarly become the prime promoter and reflector of the Canadian marketplace.

The history of Canadian television, therefore, is a history of struggle between the defenders of public broadcasting

⁴¹ Remarks by the Honourable R.B. Bennett, Debates, Ottawa, May 18, 1932.

⁴² Ibid.

and the promoters of commercial broadcasting.

As part and parcel of this struggle, the Canadian Broadcasting Corporation has lost command of its role in the development and articulation of Canada, Canadians, and Canadiana.

Perhaps, nothing could be more fitting than the following remarks made recently by the President of the CBC, himself, and of particular note, the manner in which they illustrate how the stresses and strains of economic pressures imposed within and upon the Canadian colonial structure have pushed the head of Canadian public broadcasting not only to put forth such a statement but, moreover, to, in fact, believe in it.

We now are in direct competition with these four American networks. Fifty percent of all Canadians are now able to receive directly, by way of licensed cable companies, anywhere from two to four of the U.S. networks. And the number is growing year by year. On top of this Pay-TV is seeking to make inroads into our major cities and the technological developments of the future promise to make the situation more, not less difficult.

How could we have failed in the development of the broadcasting industry to have learned the lesson of Canada's economic history - that in the development of transportation and communication and energy, or any of the infrastructure of such a sprawling nation, we not only cannot (sic) afford a fragmented industrial structure, we cannot even leave the private sector to fend for itself. We need both public and private sector participation. And we need cooperation between the two, if a great and truly Canadian industry is to grow and to flourish.⁴³

Canada's economic history, however, also reveals the way

⁴³ A.W. Johnson, Excerpts from a "Talk to the Canadian Association of Broadcasters", Ottawa, April 26, 1976. In "Where Do We Go From Here?", Telenation, Volume 4, No. 4, 1976.

in which the centralized control over east-west transportation and communication links has merely contributed to shifting the axis of Canadian economic growth from dependence upon Britain to dependence upon the United States, with Toronto now the centre for Canadian economic activity. The continuing rebellion of Western provinces over resource policies and freight-rate structures, established by the federal government and designed to maintain and strengthen central Canadian control through these links, the election of a separatist government in Quebec, the Constitutional battles between the provinces and the Federal Government, and even the fight for regionalism within the CBC, all appear as symptoms of why the overall Canadian system requires change. Surely, even the history of CBC shows that the pre-occupation of Canadians with the belief that competition against American influence using Canadianized American influence cannot provide the means by which Canadians can seek this reorganisation and reconstruction of a Canadiana.

The purpose of this paper has been to illustrate how and to what extent the historical pattern of different political and economic arrangements has affected the Corporation's ability to provide the English-language television portion of its national broadcasting service, with particular reference to British Columbia, in such a way as to fulfill the requirements expected of it under Section 3 of the Broadcasting Act.

In essence, the CBC is not able to fulfill this mandate for the following reasons:

1) although under the Broadcasting Act, the onus is on the CBC to extend this part of the national broadcasting service to all parts of Canada, it directly controls only that part of the service which it owns and operates. Due to the historical development of the system, much of the legal responsibility for the extension and technical quality of the service rests upon private broadcasters who own and operate the major portion of the CBC service within Canada and B.C. in particular.

2) the methods used to finance CBC's programming operations and to distribute its service have combined to prevent the English-language service from serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment.

3) the historical pattern of political interference has restricted CBC's ability to exercise independence in the planning and development of its service.

4) the methods currently employed to extend the service are inadequate to counteract the sub-standard signal quality resulting from the following factors:

- a) existing faulty or unsuitable equipment,
- b) peculiar geographic and environmental problems created by mountainous terrain.
- c) a lack of suitable channels or frequencies due to improper radio spectrum management.

5) existing Government and CBC policies do not ensure the necessary financial and technical support to extend the

required standard of service to all areas of Canada, and B.C. in particular, presently unserved and/or to improve the existing standard of service already provided.

The major argument put forward in this study was:

The CBC is not able to ensure under present political and economic arrangements that all areas within Canada in general, and within British Columbia in particular, are provided with the minimum standard of service, as prescribed by regulation, for its English-language television service.

From the evidence presented in the summary and in the preceding sections upon which both the summary and conclusions were based, it is clear that the Canadian Broadcasting Corporation cannot ensure the provision of a minimum standard of service for its English-language television service within Canada as a whole or within British Columbia in particular.

From the evidence presented it is also clear that without major reorganization of CBC, methods of financing CBC, Canadian communications policy and changes in both the Public and private attitude toward CBC, the situation will remain significantly unaltered.

D. Recommendations

As already indicated earlier in discussions, it is unrealistic at this stage of the development of Canadian and

international television to expect major changes in the administrative and economic organization of the present CBC national television service. To make recommendations of the magnitude required to affect the overall operation of CBC English-language television service would therefore be equally unrealistic.

Some lesser recommendations, which could be implemented, might, however, alleviate some of the problems of CBC's English-language television service.

These recommendations are as follows:

1) That CBC renegotiate existing contracts with affiliates to carry more programming originated within regions.

Since affiliates are usually contractually obliged to carry only national network programming, as indicated on pages 240 and 241, the objective of this measure is to provide assurance that at least some locally produced regional CBC programming (not intended for national network showing) is available to all residents within their respective regions. Additionally, this measure would provide a means for improving coverage of provincial events and public affairs, arts, music, etc. of a regional nature.

2) That CBC more clearly articulate publically its financial problems.

Careful consideration must be given by the Corporation to correct misconceptions concerning the actual costs of its operations. If the Canadian Broadcasting Corporation's officials wish to regain public support for services which the Corporation

provides, they must first move out from behind the Corporate veil and seek to inform the public about the nature and extent of the CBC's financial problems. This could be facilitated, in part, through a greater participation of CBC personnel in public debates and discussions of Canadian communications and cultural issues, improvements within its information services and a series of special television programs devoted to explaining the characteristics of its service.

Additionally, as part of this process, to clarify its financial dilemma, the Corporation must provide a clear distinction between its costs of general operation and distribution, and its costs of program production. It is therefore recommended:

3) That CBC publically distinguish more clearly the difference between its capital requirements and its operating costs.

This distinction, in particular, would provide a means to measure the extent to which capital requirements and their maintenance usurp the operating funds necessary for actual program production and would provide an indication of the extent to which current funding is adequate or inadequate in accommodating both forms of financial need.

Finally, immediate attention must be given to improving the overall technical level of English-language television service. In particular, greater effort must be made to assist in the improvement of service provided to those rural residents

who have made above average personal sacrifices to receive CBC television service through their own television rebroadcasting facilities.

In cases where existing conditions prevent the Corporation from providing direct financial assistance towards the maintenance and/or improvement of services in those areas it is recommended:

4) That CBC provide more direct engineering assistance to improve community-owned broadcasting facilities which relay CBC programming.

and

5) That new and improved financing methods be devised to assist in the operation of those community-owned broadcasting facilities where CBC or private affiliates are unable to contribute to their upkeep.

Whatever changes may be used in implementing an improvement of the CBC English-language television service, one factor will continue to challenge their effectiveness.

Broadcasting which operates as an auxiliary to advertising must treat man as essentially a consumer, a buyer of goods; and the programs are subservient to that end. A full broadcasting service operates on quite another principle, appealing to man as an active and creative person, Aristotle's "political being," with a potential for growth. National control, then, is not an end in itself, and never has been in Canada. It is the necessary condition for a system designed, in the North American context, to assist Canadians to know the changing society around them, and adapt successfully to it. The framework for such broadcasting was established in Canada

forty years ago. The struggle to improve, even to maintain it, is greater today than ever before, and more crucial still to our survival as a nation.⁴⁴

⁴⁴Peers, Politics, p. 450.

APPENDIX APOLITICAL SUPPORT OF CBC

Although the establishment of the principle of national broadcasting had received unanimous support from all federal political parties in 1932 and in 1936, and near-unanimous support within both the Liberal and Conservative parties, their members could not unanimously agree upon the actual role of public ownership and control.¹ During the early war years, confusion and dissension erupted both within and without the CBC administration over CBC's role in providing support to the Government in its war effort. Because of wartime censorship imposed upon CBC programming, some feared this measure would be used by the Liberal Government to suppress anything that even closely resembled partisan programming and would therefore be used to effectively curtail the Canadian public's "right to know" about major political issues facing the nation.

It was not long before these concerns became the subject of a bitter dispute between the Conservative Party and the Liberal Government of Mackenzie King, the results of which are visible even today. The dispute first centred around the refusal by the CBC board in 1942 to nationally broadcast Arthur Meighen's speech at the upcoming Conservative Leadership Convention in Winnipeg. After two years had passed, the bitterness

¹The Liberals in establishing the CBC in 1936 appeared, however, more committed to it than their Conservative predecessors.

was rekindled, this time over the refusal by CBC to air a speech of the Conservative's national leader, John Bracken, on the grounds that it was too "political". The broadcast was instead carried over private radio.²

For the private broadcaster and related newspaper interests, this was the chance for which they had been waiting.

The commercial interests were able to persuade first some of the members from Toronto, and then other leading Conservatives, that their cause was just, that the CBC was a menace to free speech, and that the stations suffered under a system in which the regulatory authority was "cop and competitor."³

Whatever general support the Conservatives had given to combined public control and ownership of broadcasting, it had now all but disappeared. Individual members, swayed by the private broadcasters' arguments, soon broke rank to openly question the validity of CBC's regulatory powers.

Mr. Rose (St. Paul's):

In view of the situation as we find it and the evolution which has taken place in broadcasting, it becomes a matter of public importance that there must be set up some independent body, such as the board of transport commissioners, free entirely from the control of government, publicly owned enterprise and privately owned enterprise, which will have the authority to control radio and act impartially. This body would formulate the general principles upon which broadcasting shall be carried on in Canada so that both private and public enterprise will carry on their business according to their own policies, subject only to the control of the board. The position today is that decisions are given by an official

² Debates, February 3, 1944, p. 172.

³ Peers, Politics, p. 447.

who is under control and his decisions therefore cannot possibly be impartial. He has to make decisions and decide how much power they shall have. Imagine all that being decided by a man who is running a radio system in competition with the private stations!⁴

Soon the Social Credit Party joined forces with the Progressive-Conservatives to help promote a separate regulatory body. Even Liberal members occasionally broke rank to cast their support against CBC.

And so, as the 1940's unfolded, this pattern of support for commercial enterprise in broadcasting repeated itself over and over again. Although the private stations and their newspaper allies pushed the issue in public whenever they challenged Government policies, they could always count on support from the Conservatives and Social Creditors in Parliament. As the issue gained momentum, other organizations such as boards-of-trade and chambers-of-commerce, enlisted their support.

When Parliament announced its policy for Canadian television service in 1949, certain political pressures against CBC were thus, already established.

⁴ Ibid.

APPENDIX B

BRITISH COLUMBIA REGIONAL DISTRIBUTION OF CBC

ENGLISH-LANGUAGE TELEVISION SERVICE : LEGEND

Facilities Owned and Operated by CBC

Facilities Owned and Operated by Private CBC affiliates

Facilities Owned and Operated by Community Organizations

Facilities Linked by Microwave



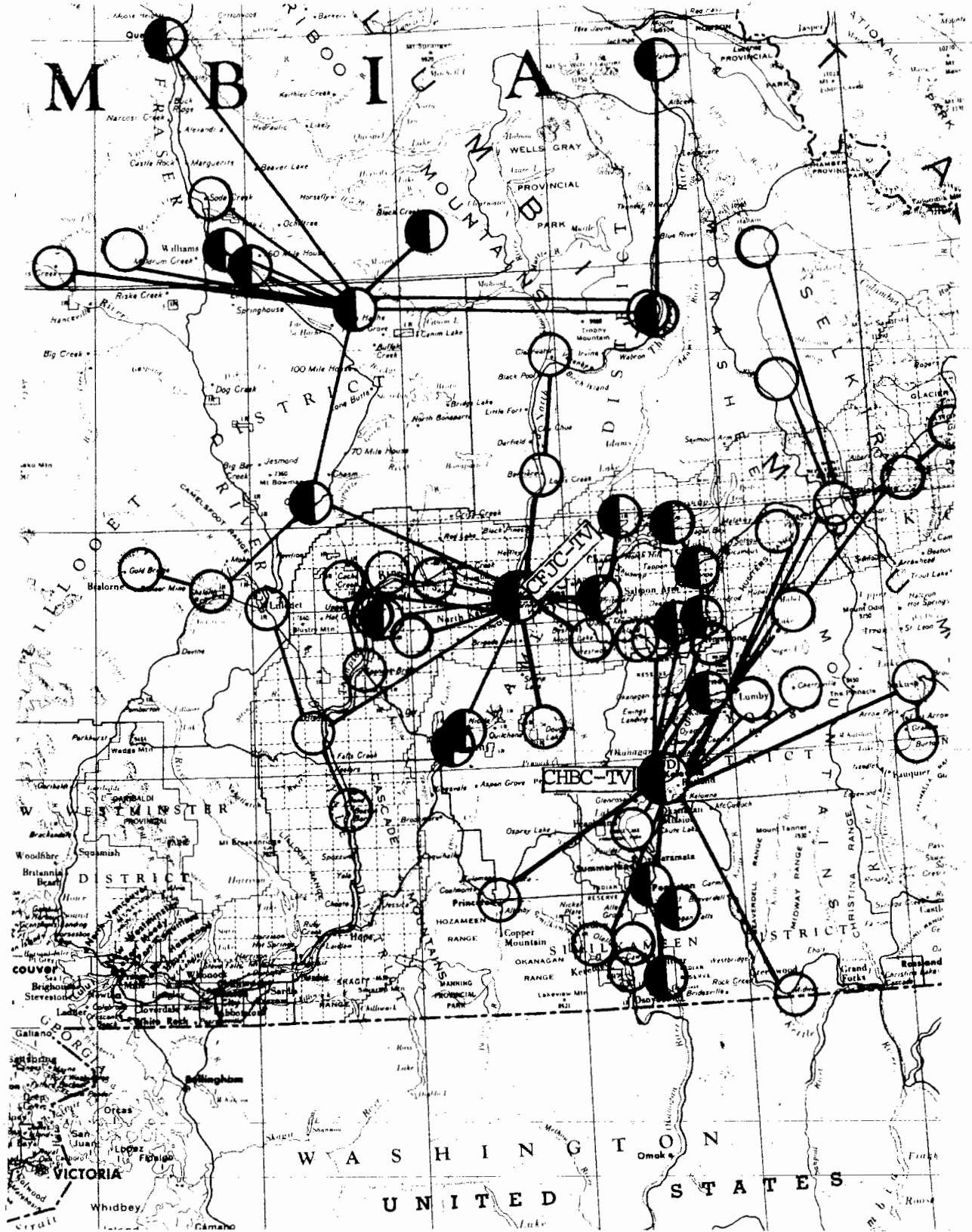


Figure 3. CBC English-language Television Service Via CFJC-TV (Kamloops) and CHBC-TV (Kelowna)

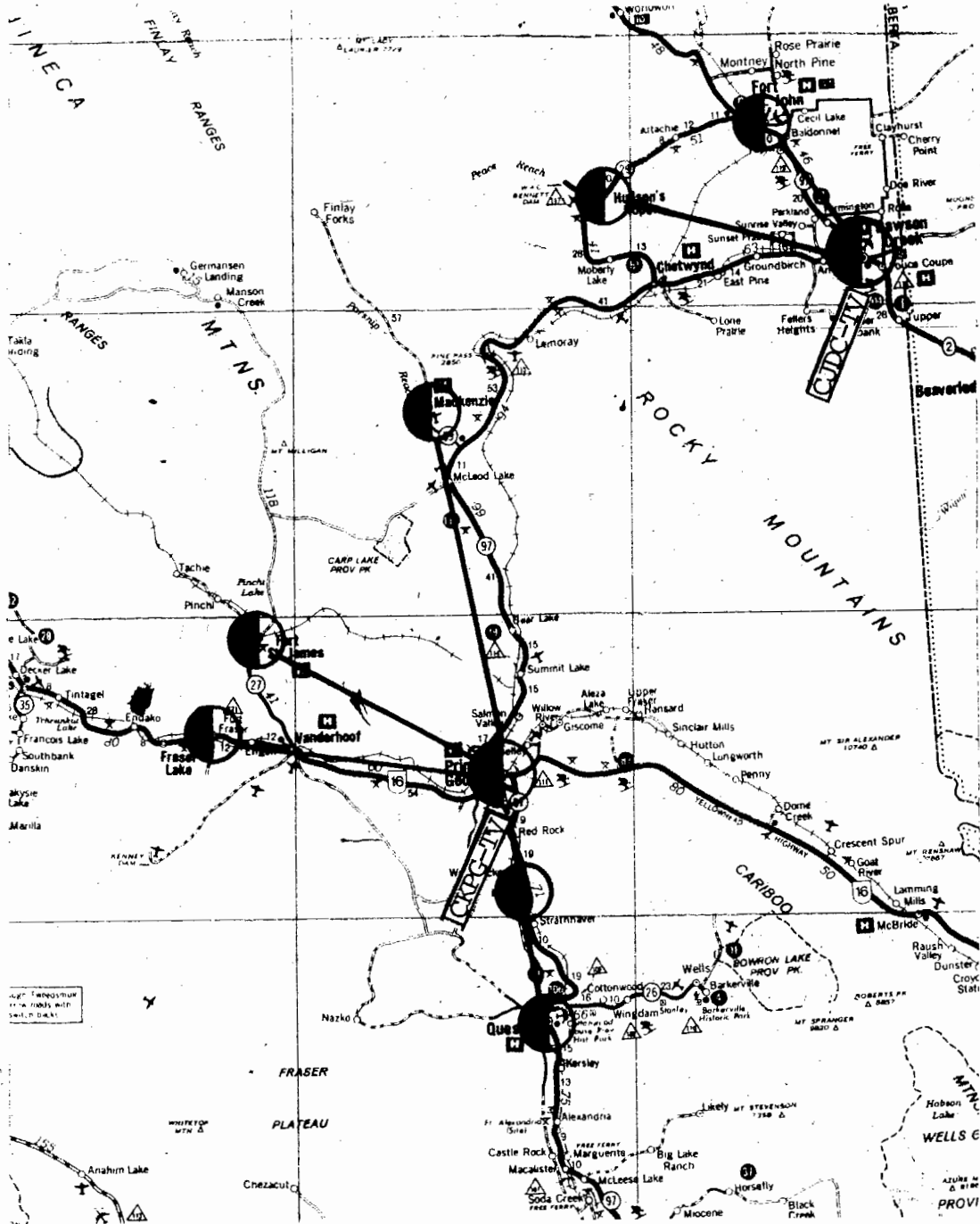


Figure 4. CBC English-language Television Service Via CKPG-TV (Prince George) and CJDC-TV (Dawson Creek)

APPENDIX C

BIOGRAPHY

Massey Commission 1949-51

The Rt. Hon. Vincent Massey, P.C., C.H.
Governor-General and Commander-in-chief of Canada¹

- Governor: Upper Canada College¹
- Director: Royal Ontario Museum¹
- Chairman: Massey Foundation¹
- Hon. Chairman: National Gallery of Canada¹
- President: National Liberal Federation of Canada
1932-35²
- Director: National Trust Co.²
- President: Association of Canadian Clubs 1950-51²

Norman Archibald MacRae MacKenzie, C.M.G., M.M. and Bar,
Q.C., B.A., LL.B, LL.M, LL.D., D.C.L., F.R.S.C.
President, University of British Columbia¹

Reverend Georges-Henri Levesque, LL.D. (R.C.)
Dean: Faculty of Social Sciences, Laval University²

- Director: Les Cashiers de la Faculte des Science
sociales²
- Foundateur de la revue "Ensemble!"²

Dr. Hilda Neatby
Associate Professor of History: University of Saskatoon²

Arthur Surveyer, B.A., B.ASc., C.E., LL.D., D.Eng.
Senior partner: Surveyer, Nenniger & Chenevert,
consulting engineers, Montreal¹

- Director: Credit Foncier Franco-Canadien¹
Cromium Mining and Smelting Corp.¹
Confederation Development Corporation¹
Canadian International Investment Trust¹
The Shawinigan Water & Power Co.¹
Holland Canadian Mortgage Co.²

Fowler Commission 1957

Robert MacLaren Fowler

President: Canadian Pulp and Paper Association, Montreal,
Que.³
Newsprint Association of Canada³

Edmond Turcott: Canadian Ambassador to Columbia

James Stewart, E.B.E.

President and Director: The Canadian Bank of Commerce,
Toronto³
Dominion Realty Company Limited³
Vice-President and Dir: Canadian Land and Investment
Co. Ltd.³
Director: The Impérial Life Assurance
Company of Canada³
Canadera Limited³
Maple Leaf Gardens Limited³
Central Canada Investments
Limited³
The Toronto Savings and Loan
Company³

Glassco Commission 1960

J. Grant Glassco, O.B.E., C.A., F.L.C.A.O.

Executive Vice-President and Director:
Brazilian Traction, Light and Power Co. Ltd., Toronto⁴
Director:
Canadian Cottons Ltd.⁴
The Imperial Bank of Commerce⁴
National Trust Co. Ltd.⁴
The Southam Co. Ltd.⁴
Manufactures Life Insurance Co.⁴
Canadian Corporate Management Co. Ltd.⁴

Robert Watson Sellar, C.M.G., C.A.

Public servant (Retired)⁴
Auditor General of Canada 1940-59⁴

Eugene Therien, D.S.P., F.C.B.A., M.A.I.

Real Estate Appraiser⁴
Past President: Montreal Real Estate Board⁴

Fowler Committee 1965

Robert MaLaren Fowler, L.L.D., B.A.

President: Canadian Pulp and Paper Association⁵
Newspaper Association of Canada⁵
Director: Chemcell (1963) Ltd.⁵
Canadian Enterprise Development Corp. Ltd.⁵
Automobiles Renault Canada Ltd.⁶
Regent Fund Ltd.⁶
Templeton Growth Fund of Canada Ltd.⁷

Marc Lalonde, L.L.D.

Granville George Ernest Steele, B.A.

Under Secretary of State since 1964⁶

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