

A SYSTEM DIVIDED:
A POLITICAL ECONOMY OF CANADIAN BROADCASTING

by

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ABSTRACT

Since the inception of broadcasting in Canada, policy makers, scholars, and social activists have wrestled with the problem of foregrounding the representation of Canadian ways of life - or Canadian "culture" - in broadcast programming. Yet with every technological advance, every regulatory adjustment, the difficulties in meeting this goal seem to multiply. Employing a critical political-economy of mass communication, this work locates this problem in the institutional structure of regulation. It illustrates that the institutional relationships deployed in broadcast regulation are derived from an historical set of relationships between the Canadian state and private capital and that, through time, these relationships have come to be expressed in the regulatory apparatus that gives form to the broadcasting system.

Generally focusing on broadcasting in Anglophone Canada, the growth of the system is examined in several historical periods, ranging from the 1920's through the 1990's. In each of these periods, the process of regulation is seen as engendering a dynamic web of relationships between the state's regulatory instruments, domestic private enterprise, foreign capital, and technological innovation - relationships that, taken together, produce a set of circumstances that constrain Canadian cultural expression within the system. Because the difficulties of creating space for the representation of Canadian culture in the broadcasting system are demonstrated as running from the institutional heart of the Canadian state, no easy answers to this problem are forwarded. However, the analysis does point to some avenues of action for realizing the public purposes for which the system was founded.

To my Father

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Introduction

Since the inception of broadcasting in Canada, policy makers, scholars, and social activists have wrestled with the problem of foregrounding the representation of Canadian ways of life - or Canadian "culture" - in broadcast programming. Yet, with every technological advance, every regulatory adjustment, the difficulties in meeting this goal seem to multiply. Employing a critical political economy of mass communication, this work locates the problem of representing Canadian culture in broadcasting as a feature of the institutional structure of regulation. I argue that the structures of broadcast regulation have been shaped by a complex and changing set of relationships between the Canadian state and private capital.

My primary focus is on broadcasting in English Canada in several historical periods, ranging from the 1920's through the 1990's. In each of these periods, I attempt to illustrate the relationship of broadcasting to changing national and transnational practices and relations of industrial production. From this perspective, it is possible to illustrate how a shifting set of assumptions concerning the role of state intervention, definitions of Canadian culture, and the "problem" of commercialism in broadcast programming have combined with the structure of regulation to engender a dynamic web of relationships: between the state's regulatory instruments, domestic private enterprise, foreign capital, and technological innovation (cf. Miege, 1989:30). Together, these relationships have set limits and have exerted significant pressures on broadcasting as a vehicle of Canadian cultural expression.

In the early development of the Canadian system, private profit-motivated broadcasters were seen to serve local needs and interests. Later, as they became increasingly profitable, these broadcasters were charged with reinvesting at least part of their income in the production of programs that offered broadly defined "Canadian" perspectives on the world. However, few recognizably Canadian programs other than those in the genres of news, current affairs, and sports were ever made. And while the production of Canadian programming by private profit-motivated broadcasters has accelerated in recent years, as in the feature film industry, these

programs have been tailored for maximum currency in a North American or international markets, leaving little, if anything, recognizably "Canadian" in their content (Magder, 1989:290). As a result of these circumstances, the Canadian broadcasting system has been drawn into increasing dependence on the American system, and Parliament's cultural goals for broadcasting have been generally subordinated to private -- albeit usually "Canadian" -- capital accumulation.

Largely because of the persistent, overwhelming presence of American programming, Canadian broadcasting has been the subject of myriad public and private studies and enquiries. The mainstream of this literature frames the development of broadcasting as a struggle between more or less rational actors competing for the representation of their interests within a system that is governed by a relatively transparent political process, scarce material resources, and dynamic technological change. Weir (1965:449) highlights the general tenor of both the historical and contemporary literature in this vein:

Broadcasting has been a history of struggles - between two great railway systems; between railway and telephone transmission interests; between provincial and federal authorities as to jurisdiction; between small community and large regional privately owned stations for a share of limited revenues; between the hucksters and the intellectuals; between artists demanding adequate remuneration for their talents and stations occasionally struggling to make ends meet... between aspiring amateurs and trained professionals; between various program elements, regions and language groups seeking places in the sun as well as their share of available dollars; between bureaucracy and creativity - and, encompassing all of these, between public and private broadcasting.

Frank Peers' (1969, 1979) two volumes are generally acknowledged as the most thorough and rigorous representatives of this body of work, charting the history of broadcasting to 1968. More recently, Raboy (1990) has provided a more nuanced, contemporary contribution to this broad history. In addition, writers such as Prang (1965), Weir (1965), Babe (1979), McFadyen et al (1980), Dewar (1982), Audley (1983), Rutherford (1990), Collins (1990), Vipond (1992), Eaman (1994), and Jeffrey (1996) are just a few of those who have made more focussed contributions in

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this area. As well, a wide variety of M.A. and Ph.D. theses add both depth and breadth to these writings (cf. Carscallen, 1966; Saunderson, 1972; Anderson, 1976; Blakely, 1979), while a veritable mountain of both publicly and privately sponsored studies and inquiries develop issues and set terms for debates.

There are, of course, vast differences in both the sites of analysis and research methods employed in these works. Still, while for the most part this body of work is comprised of nuanced, well crafted, and rigorous historical analysis, it generally displays one or another of three difficulties for coming to terms with the larger set of social forces that have shaped the broadcasting system: i) at the level of individual action, analysis tends to focus on the ways in which specific contexts and considerations frame the decisions of social actors rather than the ways in which broad, often common, ideological assumptions underlie and animate the actions of different interests; ii) at the institutional level, analysis tends to focus on individual institutions, or treats institutions as relatively separate entities, rather than considering the ways in which the material and discursive relationships between these institutions animates and informs the character of the system at large; iii) often for practical reasons, the analysis tends to focus on the broadcasting system itself, downplaying the ways in which, historically, a larger set of political and industrial interests and processes, often at the transnational level, have set the terms and conditions within which the system operates. In their theoretical and methodological orientation most studies have generally framed the public and private sectors as antagonists, locked in a battle to exert their influence in an arena that is to a degree isolated by regulation, but has its parameters dictated by a burgeoning American broadcasting industry and a scarcity of resources in the Canadian system.

This perspective underplays two important aspects of the development of the Canadian broadcasting system: i) how transnational relations of production have nuanced and determined not only the parameters of the field of broadcasting but have also extended into the heart of its

organization and development, directing and helping finance the growth of both the public and private sectors; ii) how the larger set of institutions deployed in the field of broadcasting have worked together, in a complex and contradictory manner, to construct a common "systemic" response to changing conditions. In the process, this perspective comes to view what is perhaps the most consistent feature of the system -- an escalating presence of foreign programming imported to benefit private Canadian capital accumulation -- as either wrought by forces or circumstances outside of the system's control, or as the product of successful strategic action on the part of specific private interests. Consequently, prescriptions for action based upon these analyses generally centre on increasing regulation or public subsidy, or simply abandoning the system to market forces, rather than addressing the dynamics of the system that have encouraged today's situation. This is not to say the broadcasting system has simply evolved as the product of some larger, underlying plan or logic. On the contrary, the system is indeed the product of social struggle, but it is a struggle that has taken place across a field of institutions and social assumptions that, in the march of history, has played to the advantage of one, particular interest - private profit.

Some significant exceptions to the analytic tendencies described above can be found in the work of a much smaller group of writers who have used elements of critical political economy to analyze and explain the dominance of private capital within the system. For the most part though, these works have also tended to focus on the dynamics between specific interests, organizations, or institutions, and they have not adequately explained how the system as a whole works to foreground the promotion of private economic interests and to marginalize interests not directly responsible to capital (cf. Dewar, 1982; Salter, 1981 & 1988). In other instances, the critical political economies employed are too economically deterministic, and thereby fail to account for the often contradictory role that the state and its instruments have played in this process of development (cf. Smythe, 1981, Hardin, 1985). In still other instances, the analytic

perspective is similar in focus to the one employed here, but the broader historical forces and relationships that underlie the events described are not elaborated, and the field of broadcasting itself are only briefly considered (cf. Crawley, 1988; Berland, 1990 & 1994; Berland and Straw, 1995; Dorland, 1996).

In an attempt to bridge these gaps, I draw on Thompson's (1990:23) distinction between "three object domains of mass communication:" i) "the production and transmission or diffusion of mass-mediated symbolic forms;" ii) "the construction of media messages;" and iii) "the reception or appropriation of media messages." Focussing on the institutional level of the first domain, it is my hope that the analysis at hand will contribute to the literature on Canadian broadcasting in several ways. First, following Magder's (1989:292) suggestion, my research seeks to "uncover the specific economic, political, and social dynamics that attend" the cultural practice of broadcasting in Canada, illustrating how cultural subsumption and commodification in this field are implicated in a complex web of often contradictory social relationships that are structured between these different levels or areas of social practice.

Second, by illustrating how the relations of production underpinning the Canadian broadcasting system have worked to flood the system with foreign programming and to marginalize Canadian expression, I attempt to offer insight into "the ways in which the particular organization of cultural markets determines the range of forms circulated and the social groups to whom they are made available" - a project that Garnham (1991:11) argues is long overdue (cf. Golding and Murdock, 1991:15).

Third, by tracing some of the key institutional relationships that inform the processes of cultural commodification in Canadian broadcasting, I try to provide a "concrete sense of the actual organization of the political, institutional and policy fields" that cultural theorists and practitioners must negotiate to successfully intervene in this cultural policy field (Bennett, 1989:11).

Chapter I lays out a series of debates and concepts that provide a theoretical point of departure for the analysis. Based on this review I conclude that the relations of production underpinning mass communication systems are complex sites of social struggle, and that it is in the interplay between often contradictory forces that their growth and character are given form. In the shifting field of social process, rarely does one interest win hegemony over a contested system simply on its own merits or strength. Rather, such dominance is necessarily negotiated in a field of conflicting forces and differing resources.

Because the state has played a central role in the development of the Canadian broadcasting system, Chapter II briefly traces the history of government intervention in the Canadian economy. Here, I argue that specific forms of intervention are the product of the larger commercial and industrial development of the Canadian state, and note how the early development of Canada's mass communication systems have been a constitutive part of this larger political and economic growth.

Chapter III traces and compares the early institutional development of broadcasting with that of other Canadian communication systems. I discuss how Canadian communication systems have been dependent upon the importation of American technique and capital for their formation. Moreover, in these different sites of development state intervention has taken a similar form, although the different circumstances and assumptions of the social actors involved in each case eventually led to different outcomes and different relations of production in each industry. However, in all cases, the Canadian elements of the communication industries retained a high degree of dependence on their American counterparts.

Chapters IV and V focus on the development of the broadcasting system from 1929 to 1948. They situate the system's growth in the larger context of industrial development and illustrate how a complex set of social forces set the state's treatment of broadcasting apart from other media forms. Set within a system whose parameters were largely determined by

transnational relations of production, the institutional relationships established between the public and private sectors during this period drove the public element to the commercial margins of the system, where it undertook responsibilities that differed in character from those assumed by the private sector. Thus, while the broadcasting system was envisioned within public policy as a "single system," a division of responsibility developed between the public and private elements that would later both nuance and guide the development of television broadcasting. From this perspective the system has some peculiar and contradictory qualities not generally acknowledged in the literature. I argue, for instance, that the public element not only subsidizes the growth of the private sector, but it does so by aligning itself with the transnational relations of production that are claimed to be the source of the national system's problems.

Chapters VI and VII trace the institutional development of English television broadcasting in Canada from its inception to the legislation of the 1968 Broadcasting Act. By highlighting a series of chapters in the history of broadcast regulation, I argue that the "lost opportunities" for public expression within the system noted by some commentators were largely the product of an historically conditioned set of institutional forces. Moreover, despite efforts to institute regulatory structures that would enable the representation of diverse cultural interests and groups in broadcast programming -- in combination with changing political, economic, and technological conditions -- the structure of regulation continued to create and encourage a division of responsibility between different elements of the system. Key to this division is the fact that the public sector was charged with programming and distribution responsibilities that were seen as necessary to the growth of the system as a whole but were to a large degree both unprofitable and unpopular. By contrast, the private sector was encouraged to develop transnational relations of production.

Chapter VIII examines the development of the English language television system from 1968 to the present day. Here I argue that recent changes in regulation since 1968 have generally

built upon the established historical pattern. However, in combination with a broader set of political and economic forces, since the late 1970's these changes signal subtle shifts in the economics of both the public and private elements of the broadcasting system, including a fuller integration of the Canadian and American broadcast systems. In this process, social interests and representational practices not directly focussed on capital accumulation are increasingly left to founder on the economic margins of the system, and the possibility of harnessing Canadian broadcasting to provide "a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity" seems to be an increasingly elusive goal (Canada, Broadcasting Act, 1991, Sec. 3.1,d,ii).

All of this raises serious doubts as to whether the broadcast system can be harnessed to fulfill broadly conceived cultural goals under the present form of governance. In the conclusion I suggest how the analysis developed in this dissertation points the way toward some controversial solutions for encouraging the production of "distinctively" Canadian broadcast programming.

Chapter I

The Analytic Framework: Rethinking the Political Economy of Communication

The theoretical point of departure that guides my analysis of Canadian broadcasting builds on a number of key ideas and themes in the literature on the critical political economy of communication. While this field draws heavily from a larger field of critical political economy based upon the Marxian legacy of historical materialism, it is distinguished by its attention to the relationships between the material and symbolic constituents of the process of mass communication. Here, the focus of analysis is on the ways in which political and economic structures and processes impinge upon the production, dissemination, and appropriation of symbolic forms (cf. Smythe 1960, 1984; Murdock and Golding 1973, 1991; Mattelart and Siegelau, 1983; Mosco, 1989; Garnham, 1991; Meehan, 1993).¹ As Murdock and Golding (1991:15) put it, the critical political economy of communication "sets out to show how different methods of financing and organizing cultural production have traceable consequences for the range of discourses and representations within the public domain and for audience's access to them."

Materialism and Reductionism in Critical Political Economy

In recent years, the larger theoretical underpinnings of the critical political economy of communication have been subject to intense criticism. For example, there has been a widespread rejection of class relations as the singular "engine of history" and/or of modern society as the result of the progressive expansion of the forces of production. This has prompted a reconsideration of the role of political and economic forces in determining social structures and relationships. At the same time, the linguistic turn in social theory has given increased importance to the role of signification in social life, to a "politics of the sign" (Wetherford and

Gruneau, 1993). This has prompted concern for a variety of issues ranging from: examining the ways in which the power relationships inherent in political economy as a theoretical system represent social relationships, to questioning the utility of analyzing the constraints upon symbolic production in a social system claimed to be governed by the free play of signifiers, Stuart Hall (1989: 50-51) summarizes the substantive elements of these critiques:

the reflective model of ideology that the 'political economy' approach conceals is a source of its continuing crudity and reductionism... Its model of class relations and of the class origin of ideology is out of date; it is inherited, not produced as genuine scientific knowledge of present realities. Its view of the conspiratorial and class-originated source of ideology, which does not match the necessity of a theory of articulations, is itself woefully inadequate. Its notion of the ideological field being already prescribed, in place, by the givenness of a class structure is exposed to the critique of teleology. It has no concept of the struggle for meaning. It has no idea of how ideology constructs social subjects or positions them in relation to social and political practices. It still believes that hegemony is another word for the incorporation of the masses.

Hall's criticisms point to a series of epistemological and theoretical problems in the ways that relationships between capitalist relations of production and other social institutions and practices are often configured in the critical political economy of communication. By focussing on the way that capitalism's drive to produce a privately appropriated surplus constructs a broader set of social and cultural conditions, the critical political economy of communication has tended to view history as the immanent product of the pursuit of surplus value (cf. Smythe, 1983; Pendakur, 1990). Capitalist relations of production tend to be privileged as the primary social relation -- the "raison d'etre" of the social totality -- and thus become the ontological starting point of analysis.

From this perspective, the form and function of media institutions are often viewed as simply both given by, and giving form to, the larger reproduction of capital. The structure of the state and the fields of regulation it constructs, the media institutions those fields contain, and the products those institutions produce are all viewed as the seemingly necessary products of capital and largely functional to the purposes of accumulation -- the linear unfolding of a process over

which only a privileged few, if any, human agents are able to exercise control. Thus, while many analyses rooted in a political economy of communication illustrate that the pursuit of surplus value imposes form and direction upon the ways media institutions "construct" and "distribute" media messages, few critically consider how the larger social system itself foregrounds the growth and reproduction of capitalist relations of production within the field of mass communication. Consequently, the complexity and struggle that characterize the creation of the conditions of capital accumulation in the field of mass communication -- the conditions which frame both the construction and consumption of media products -- are reduced to epiphenomena of a larger, all pervasive economic process, and these institutions and their products are seen as largely functional to the reproduction of the larger capitalist system (Hall, 1989:51). Hence, as Hall argues, many such analyses are teleological, and they contribute little to understanding how media institutions come to be driven by capitalist relations of production in the first place, the ways in which capitalist forms of financing impact their growth and the products they generate, or how these relations might be reconfigured to actually increase the "range of discourses and representations within the public domain and audiences access to them" (Golding and Murdock, 1991:15).

Because these criticisms call into question the ways the critical political economy of communication configures the relationships between the material and symbolic constituents of mass communication, they strike at the heart of the project. Thus, drawing upon some of the recent work done in the larger field of critical political economy, the following sections of this chapter trace out some broad epistemological and theoretical considerations that must be incorporated in the political economy of communication if it is to avoid these reductionist tendencies.

Retrenching the Ground

Building on work that has already been done in the field, a number of writers working with the political economy of communication have already begun to address these theoretical challenges. In an effort to recover the claim that material conditions impact upon the production and consumption of symbolic forms, these writers distance themselves from both the abstract idealism of mainstream economics that tends to abstract the economy from other social relations (cf. Babe, 1993), as well as what Garnham (1990: 1-2) calls the "bacillus of romanticism" inherent in text based versions of post-structuralism and post-modernism that tend to dissolve social relations into a system of "unanchored, non-referential signification." Instead, they anchor both the epistemology and methodology of the political economy of communication in what might loosely be termed a marxist "philosophy of praxis," (cf. Bottomore, 1983:384-389). As Meehan et al (1993: 109) note:

Political economy starts from the view that research is a form of both labor and social intervention. Therefore, research is enmeshed in the very social totality that it aims to examine... and thus can not avoid, even if it were to try to, the value questions that saturate this totality. The goal is therefore more than a simple reflection of social totality but a self-reflexive process of questioning and acting on the object of analysis.

From this perspective, theorizing is both a form of social interpretation and intervention. It is an interpretive act that recognizes the historically contingent nature of knowledge and empirical research while, either explicitly or implicitly, issuing a program of social action or reform. Here, the double articulation between theory and the object of contemplation contained within the "practice" of analysis avoids reducing complex social phenomena to fit static or economistic theoretical precepts (cf. Slack, 1989). In other words, by recognizing the historically contingent nature of knowledge, and the social conditions that give it force, such analysis refuses to simply impose meaning or interpretation on the social world. Rather, the "proof" of the

analysis is located in its social effectivity and the avenues of progressive social action that the wedding of theory and practice elucidate.

Several assumptions underlie this approach. The first, as Murdock and Golding (1991:17) note, is "a realist conception of the phenomenon it studies, in the simple sense that the theoretical constructs it works with exist in the real world, they are not merely phenomenal." In other words, despite the inevitable vagaries and ambiguities of language and discourse in describing the world, political economy attempts "to discern the real constraints which shape the lives and opportunities of real actors in the real world".

This assumption is grounded in political economy's focus on the production and disposition of the material resources that constitute society and shape social action. At this level, the observation that there is an unequal distribution of social resources and services as compared to the range of demands or desires put upon them, leads political economy to examine the mechanisms through which social resources are both produced and allocated, (cf. Smythe, 1960; Enzensberger, 1974; Mattleart, 1983; Jhally, 1989). In societies dominated by capitalist relations of production, the mode of production plays a key role in this process through providing a central principle for organizing productive relationships - namely, the production and private appropriation of an economic surplus.

These considerations lead to a second assumption: the demands of creating and realizing surplus have specific effects on the ways in which resources are deployed and production is organized. As Garnham (1990:8) puts it, political economy "starts with the assumption that the historically observable unequal distribution of the surplus product... is the result of the specific structure of the mode of production. That is to say a different set of production arrangements would produce a different pattern of distribution and the existing structure cannot be assumed to be optimal." In other words, capitalist relations of production deploy the wealth and labor of the community at large to ends which primarily serve the interests of a few. This is not to say that

there is any singular way of organizing capitalist forms of production toward achieving the production of surplus. On the contrary, in accommodating contradictions between capital accumulation and other social processes, as well as responding to crises in the accumulation process itself, capitalism has proved to be a remarkably fluid system of production. (cf. Lipietz, 1988; Harvey, 1989). Rather, the point is that different methods of organizing and financing the social resources employed in production, or the "factors of production," will yield different forms of access to both production and consumption. Similarly, different methods of organizing production and consumption will have an impact on the range and character of the products available. However, within capitalist forms of production, only those products that meet with, or are economically responsible to, the demands of creating and realizing surplus will be produced and/or circulated.

It is at this level that political economy can be seen as ultimately "material," in that it focusses upon the ways in which forms of production put demands upon the allocation of social resources, as well as both the character and disposition of the resulting product. This is not to deny that there is an ideological or discursive component to this process. The ways in which social resources are both defined and represented within the process of allocation and production have a determinate effect upon the ends to which they are put. Rather, in this context, materialism implies that "ideas and things... always have to be looked at together in complex kinds of interactive relationships" (Streeter, 1986: 23-24). At the same time however, this perspective on materialism adheres to what Hall (1983:84) describes as the "correct" Marxist insistence "that no social practice or set of relations floats free of the determinate effects of the concrete relations in which they are embedded."

Although materialist in focus, critical political economy also has a normative component. As an analytic strategy it is itself a way of "representing" the world that "goes beyond technical issues of efficiency to engage with basic moral questions of justice, equity and the public good"

(Murdock and Golding, 1991:18). Through investigating the ways in which widely held normative claims and assumptions relate to, or articulate with, material social conditions, political economy claims to be both self-reflexive and progressive. (cf. Babe, 1993:31.)

In the critical political economy of mass communication, these assumptions focus enquiry on the ways in which the demands of creating and realizing surplus impact upon the material and symbolic constituents of mass communication. More particularly, there is a focus on how such demands inform the ways in which material and symbolic constituents are allocated toward specific social purposes or ends (eg. private profit or public communication). Such impacts might be traced at various levels: i) the general structure of mass communication systems; ii) access to those systems at the levels of both production and consumption; iii) the range of discourses and representations available within them. Because, as Garnham (1990:6) argues, the process of mass communication is central to our knowledge of the world, "the understanding we have of the world, and thus our ability to change it, will be in their turn determined by the ways in which access to and control" over these communication resources is structured.

The Mode of Production and the Totality of Social Relations

If the critical political economy of communication is to avoid the charge of economic determinism, it must account for the ways in which diverse sets of social circumstances both enable and constrain the growth of capital. For if the pursuit of a privately appropriated profit from production processes works to nuance the ways in which media institutions construct symbolic forms -- which certainly appears to be the case -- then coming to terms with the ways in which the larger social system itself foregrounds, or contributes to, the growth of capital is a key step in coming to terms with how "the logic of development of these... productive forces may be

hampered" and more egalitarian representational practices instituted in their place (Mattleart, 1983:47).

In attempting to trace the larger determinants of capital growth critical political economy takes an "holistic" focus. It seeks to contextualize production as part of a larger social totality. To illustrate this point, critical political economy is often contrasted with its ~~mainstream~~ neoclassic counterparts (Garnham, 1990; Murdock and Golding, 1991; Babe, 1993). Generally, neoclassical economics takes the market as the central object of investigation. The market is seen as the primary social institution and the most efficient and effective mechanism for allocating both the resources necessary to the production process and the products resulting from that process (Garnham, 1990:8; Golding and Murdock, 1991:18-19; Babe, 1993). Within the institution of the marketplace, Adam Smith's "hidden hand" regulates relationships between both capital and labor, and consumers and producers, to ensure that both the utility of the resources employed in production, and the satisfaction derived from the consumption of the resultant products, are maximized. From the neoclassical perspective, both producers and consumers generally approach the marketplace on equal footing, and both are assumed to possess full knowledge of the circumstances surrounding their participation in the relationship so that they may make rational choices and maximize their individual interests.

Perhaps the most striking problem with this perspective is the ways in which it abstracts the market from larger social relationships. In this way, neoclassical economics "idealizes" exchange relations, analytically separating them from other kinds of social relationships. In the process, the material inequities that circumscribe social actors as they approach the marketplace are ignored, and the ways in which legal, political, and cultural institutions and processes serve to provide an infrastructure that enables the very existence of market relations are excluded from analysis. Similarly, the ways in which the process, or rules, of exchange within the marketplace serve to inform both the range and character of the products offered there, as well as the

"consumer's" access to them, are also overlooked. In this manner, neoclassical economics reinforces distinctions between the public and private social realms, and contributes to the reduction of larger rights of citizenship to simple consumer rights. Moreover, by ignoring the complex relations between the market and other social institutions and processes, neoclassical economics also tends to conflate market relationships with capitalist enterprise. This oversight is evidenced in the discipline's designation of both "externalities" and "market failure," instances where the laws of supply and demand breakdown and social concerns cannot be satisfied under market conditions because an appropriate level of private profit cannot be generated through the production process (cf. Babe, 1993; Rotstein, 1988). However, if one considers that exchange relationships are not necessarily contingent upon capital's accumulation of surplus value -- that there are forms of production that are not necessarily dependent upon the production of a privately appropriated profit - then perhaps the "market failure" is located in the failure of the relations of production to meet with the exigencies of larger social conditions, rather than the process of exchange that arises from those relations.

Critical political economy shifts "attention from the realm of exchange to the organization of property and production," focussing on the ways in which larger social structures, processes, and relationships work to sustain market relationships and the range of products offered there (cf. Murdock and Golding, 1991:18). It does this by analyzing the ways in which this larger system of relationships -- including the state, the legal system, technology, etc. -- sets "limits and pressures" on the mobilization of the social resources employed in systems of production. In doing this, critical political economy strives to trace the impact of institutional and economic dynamics on the range and diversity of both the material and symbolic resources available to different segments of the population. (Williams, 1977:83-89).

Delineating the nature of the relationship between the relations of production and the social totality is key here. For economic relationships - and particularly capitalist relationships -

are held to have a determinate effect on the range and character of the social resources and symbolic forms available in society. However, as we have seen, both the nature and scope of these effects has been the source of considerable debate.

Perhaps the most hotly contested of these concerns is that of "economic reductionism" -- a perspective that tends to draw all social relationships as "epiphenomena" or "expressions" of the capitalist relations of production (cf. Engels in Tucker, 1972:640-642). Such a formulation is not acceptable because within capitalist societies there are many different kinds of social processes and institutions -- and even productive relationships -- that are not simply a reflection of the relations of production or driven solely by the pursuit of private profit. For instance, in the realm of mass communication, neither the institution of various forms of public or not-for-profit broadcasting, nor the implementation of public policies regarding issues of race, ethnicity, and gender, can be regarded as simply functional to the growth of capital, or the product of class struggle.

One way of sidestepping this problem is to conceive the growth of capital as a dynamic and contradictory process, one in which "different social contradictions with different origins" within the social totality interact with capital to nuance and direct its growth (Hall, 1985:92). Within such a theoretical configuration, the relations of production and the larger social structure do not take the form of a binary dualism -- such as "base and superstructure" (Marx, 1970).

Rather, social relationships are drawn in a way that illustrates how productive relationships both arise from, and support, various material and discursive aspects of the larger society. As

Williams (1977:92-93) states:

The social and political order which maintains a capitalist market, like the social and political struggle that created it, is necessarily a material production. From castles and palaces and churches to prisons and workhouses and schools; from weapons of war to a controlled press: any ruling class, in variable ways though always materially, produces a social and political order. These are never superstructural activities. They are the necessary material production within which an apparently self-subsistent mode of production can alone be carried on.²

But while the institutions, relationships, and processes that comprise the social totality are often necessary to the reproduction of capital, they may also present sites of contradiction and/or resistance to that end. For instance, schools, churches, taxes, the government -- all may offer material and ideological resistance or contradictions that "enable and constrain" the growth of capital (Giddens, 1984). Similarly, while many of the institutions and organizations found in the social totality are either directly or indirectly financed from capitalist relations of production, other types of productive relationships may also be found there. Within many predominantly capitalist societies, including Canada, artisanal, communal, co-operative, and self-supporting state enterprises exemplify forms of production that are both self-sustaining and independent of the necessity of producing a privately appropriated surplus. To put it simply, from the perspective of a critical political economy, not all of the institutions and social processes that comprise the social totality can or should be seen as either a product of capital or functional to its growth.

Perhaps more importantly however, within the social totality, the growth of capital must be viewed as an "incomplete historical process" (cf. Harvey, 1989). From this perspective, the process of capital accumulation is an ongoing struggle, as human agents strive to first interpret these larger social conditions in ways that will provide avenues for capital growth, and then struggle to create institutions and relationships that will promote this end. Structured between the temporal interplay of production and consumption, this process is far from being simply linear or teleological. Rather, the relations of capital, particularly corporate capital, must be seen as in constant flux, searching for new avenues of growth. Capital cannot stand still. On one side, it must extract a surplus from the labor process it promotes; on the other, it must realize enough surplus from market exchange relations to both reproduce the conditions of that process as well as feed the constant demands of shareholders for a return on their investment. It is a precipitous

relationship, drawn by demands on all sides. Moreover, this process of reproduction is under siege at all moments, not only by the participants that directly construct it, but also from competing units of capital that seek to undermine its position in favour of their own, as well as external interests that demand a share of the surplus it generates in the forms of tax and "favour," such as "national purpose." Hence, capital seeks advantage. As it forces its way through the social world in search of both intensive and extensive avenues of growth, propelled by the constant hunger for surplus it subjugates those interests and relationships that it can to its purposes. Where it cannot win its ends, it seeks alliance in common cause. At other points of resistance it may draw temporary truce. And from other situations where no accommodation may be found and pressures persist upon it, it attempts to flee. Consequently, as Garnham (1990:24) notes, the growth of capital is marked, not by "determinacy... but on the contrary by a series of shifting relationships between the economic and other instances, each interacting with the other in a process of uneven and contradictory development."

History as Method

The fact that the development of capital is the product of the dynamic interplay between different aspects of the social totality, leads critical political economy to an historical method. Without theoretical guarantees that capitalist development will take place in any particular form or direction, it is only through analyzing the gradual development of economic formations, and the systems of regulation that support them, that patterns of development may be detected and strategies for intervention formulated. But the focus of such histories is not (or should not be) simply the "history of class struggles," nor the contiguous unfolding of an immanent systemic logic. As Murdock and Golding (1991:18-19) note, such directions lead to the twin traps of instrumentalism and structuralism. Rather, it should focus on the historical relationships between

the growth of capital and other social practices, illustrating how that growth is marked by its encounters with both extrinsic and intrinsic contradictions and, in turn, how the inclusion of social practices into capitalist relations of production contextualizes or gives form to their character. In this manner, political economy provides accounts of both the social conditions that give rise to relations of production, as well as the conditions such relations generate.

Within such an historical conception of "totality," the ways in which the myriad of institutions, organizations and social processes act as functional to the reproduction of capital, and/or as sites of contradiction and resistance, is necessarily an empirical problem. Their role in the process of accumulation at either the material or ideological level is never "guaranteed" by theoretical certainty (cf. Hall, 1983). Rather, theory serves as a lens for exposing the ways in which the relations of power constructed by this larger set of social institutions and processes are temporally implicated in relations of capital. Consequently, analysis focusses on the relations between economics, as a key feature of the social landscape, and the social institutions and processes that give it form. As the lynchpin to these relationships in capitalism is the production of surplus, the material constituents of the process through which surplus is both generated and appropriated are of key concern here.

However, stripped of historical necessity, the process of accumulation cannot be viewed as wholly material. The ways in which both the resources employed in production and the resultant products are represented at the discursive or ideological level has play on the ways in which they will be configured within the totality. Consequently, no political economy can avoid the problem of ideology.

Ideology and Discourse

As Hall (1985: 103) illustrates, "Every social practice is constituted within the interplay

of meaning and representation." This "interplay" is an ongoing form of negotiation and struggle as social actors work to represent changing material conditions in ways that subordinate those conditions to particular relations of power or, in this instance, relations of production. Consequently, tracing the ways in which practices of representation and signification, or "language," inform both the reproduction and growth of relations of production is a key dimension of political economic analysis.

The extensive process of capitalization through which material conditions are incorporated into relations of production involves several inter-related steps: i) defining and legitimating or appropriating control of raw resources; ii) once this "property" has been defined and secured, allocating it to specific relations of production; iii) maintaining the conditions necessary for the reproduction of those relationships in the face of historical contingencies.

At each of these levels of social practice, several inter-related forms of "language use" can be delineated: i) "discourse," which following Streeter (1986: 21-22), simply denotes "language in use;" ii) "discursive practice" which, again following Streeter (1986: 21-22), denotes an "historically specific structure of relations between words and events" or words and things; iii) "ideology" which, following Thompson (1990:56), is understood as "the ways in which meaning serves to establish and sustain relations of domination."

Although history provides the context for relations between these different forms of discourse and material social conditions, relationships between them are never guaranteed in advance. Rather, the changing historical currency of words such as "democracy" and "nationalism" illustrates relationships between words and extant social conditions are the product of an ongoing process of negotiation between the agency of social actors and the discursive and material conditions in which they are implicated (cf. Thompson, 1981: 143-146). Consequently, as a component of the antecedent conditions for social action, discourse can be seen to have a range of possible "material effects:" from shaping social systems "that it fails to describe,"

through providing the conditions of possibility for a set of social relations outside of its representational field (Streeter, 1986: iv); to moments of "extreme ideological closure, where "the fact that meaning depends upon the intervention of systems of representation disappears" and avenues of action appear as a "natural" product of historical social conditions, (Hall, 1985: 105).³

However, given the diversity of human interests, few if any forms of discourse or discursive practice can escape the charge of being ideological. As Foucault (1984) illustrates, the act of interpretation, or making meaning necessitates ordering the world and its events in ways that subordinate them to particular relations of power. Further, perspectives on history often have the peculiar quality of changing through time. Consequently, the degree to which a discourse or discursive practice experiences ideological closure at a given temporal moment is, to a large part, an empirical problem - a problem that is given substance by the normative assumptions of the analyst. (cf. Hall, 1993 or 4, 355).

Escaping this potentially tautological trap entails grounding the analysis in a particular set of historically persistent material social relationships -- in this instance, the relations of production -- and illustrating how, through time, the material and discursive elements of history combine to sustain those relations. From this perspective, the constitution of the relations of production is never immutably fixed at any historical moment, rather they are the product of human agents in a complex interaction between the material and the discursive levels. As Garnham (1990:9) puts it, this is a "doubly determined" process "derived from both the structured set of material resources available and from the inherited set of meanings and cultural codes which the actors have at their disposal for understanding their situation and planning their future-directed strategies." Tracing the ways in which these discursive and material elements are historically "imbricated within sets of organized practices" that enable and constrain social action within the totality, and thereby work together to reproduce relations of production, is the next

challenge to analysis (Garnham, 1990:9).

Action, Structure, Institutions: Social Structuration

Because the critical political economy of communication is specifically concerned with social action, tracing the ways in which the broad material and discursive dynamics of the social totality give form to action in the "micro-contexts" of everyday life in ways that help reproduce relations of production in mass communication systems is key to the analysis, (cf. Robins and Webster, 1988: 46-47; Murdock and Golding, 1991). Yet, within the literature, theoretical elaborations of the specific nature of the relations between social structure and action are noticeably absent, again leaving the political economy of communication open to charges of economic determinism through the "critique of teleology" (cf. Connell, 1978 & 1983; Gardner, 1984). Drawing upon the work of Bourdieu, Ricouer, Habermas, and Giddens, Thompson (1981) offers an elaboration of such relationships, thereby helping fill this void.

Thompson (1981: 144-145) distinguishes "three levels of abstraction" in the relationships between structure and action. The first level is that of individual action itself, "whereby agents participate and intervene in the social world." The second level of abstraction focusses on social "institutions", which he defines as "specific constellations of social relations, together with the reservoirs of material resources that constitute them." As he elaborates, this level of analysis focusses upon "the authority relations and capital resources which constitute, for example, the enterprise of the Fords, or the University of Cambridge." The third, and most abstract, of the levels concerns the larger social context within which the other two levels are situated. He names this context "social structure," and describes it as "a series of elements and their interrelations, which conjointly define the conditions of persistence of a social formation and the limits for the variation of its component parts." At the level of the production and circulation of symbolic

forms, critical political economy is primarily concerned with the ways in which social structures and processes support particular relations of production: Consequently, this analysis will focus on the latter two levels.

Thompson (1981:174-175) argues that institutions are characterized by a variety of discursive and material "schemata which define the parameters of permissible action." These schemata both inform and provide form to action, regulating "practice without presupposing a conscious or collective orchestration of action." Instead of focussing on either the motive or cause of an action, "the concept of schematic generation points toward a stable and efficacious inclination which eludes this sharp alternative." Schemata are transmitted to social actors "through trial and error, imitation and concerted inculcation, enabling the agent to negotiate the routine and novel circumstances of everyday life." In this manner:

schemata generate action in a way which is not deterministic, establishing flexible boundaries for the negotiation of unanticipated situations; and one must not preclude the possibility that under certain circumstances, subjects may reflect upon and transform such schemata in accordance with their collective interests.
(174)

The level of "social structure" provides a further context for action. Here the focus is on relations between the elements of the larger social system, and the ways in which these relations and elements conjointly produce boundaries and conditions for the reproduction of the system as a whole, and provide limits and pressures on the variation accorded to its constitutive elements.

As Thompson continues:

Among these elements are those which are necessary conditions for a particular type of social formation, and which specify the limits for the alteration of a certain kind of institution. It is these elements which endow institutions with their peculiar structural features, predetermining their degree of stability and infusing their schemata with the colours of social class. To investigate these elements is to study what I shall call the 'social structuration' of institutions.

Thompson goes on to describe the relations between "social institutions" and "social structure:"

not only is action circumscribed by structure through the medium of social institutions, but structure is reproduced by action through the process of schematic generation; and yet action may also replace a particular structure, in which case the social structuration of institutions gives way to the active transformation of social structure.

Through employing these concepts in analyzing the ways in which a particular field of discourses, institutions, and social relations in the social totality work to enable or constrain particular forms of social action, political economy may produce non-deterministic accounts of the ways in which these micro-contexts support particular relations of production. This model provides a way of mapping the complex ways in which the different elements of the larger social system work together to both nuance and guide the growth of particular institutional and organizational sites of production within communication systems. In this context, the model is particularly compelling, as it guides analysis toward how relations both within and between institutional schemata work together in complex, and perhaps contradictory ways to reproduce a larger set of productive relationships.

At the same time, such a perspective allows that there is no necessary correspondence between the elements of the larger social structure. Rather, correspondences that result in the reproduction of a particular set of productive relationships are always historically contingent - not 'fixed and frozen in time.' Similarly, within the totality, there may exist different forms of production that may be either: i) complexly related to larger relations of capital in that they are at some level responsible to the production of surplus; or ii) independent, in that while they are implicated in a larger set of exchange relationships, of themselves they are not dependent upon the production and private appropriation of surplus from the labor process.

Consequently, a critical political economy of communication that employs such a theory of "social structuration" may account for the multi-faceted complexities of the field of social institutions and relationships that comprise the social totality detailed above. In the process it

may also produce accounts of the ways in which that field might be utilized, or reconfigured, to support a different set of productive relationships in the process of communication.

The State

This concern with institutional form and social structure leads political economy to the maze of institutional relations and infrastructures that lie at the centre of productive social relationships - the market and the modern state. As Held (1989: 11) illustrates, "The state - or apparatus of 'government' - appears to be everywhere, regulating the conditions of our lives from birth registration to death certification." In economic development in general, and the development of electronic communication systems in particular, this observation is particularly relevant as in practically all western democracies the state has taken a central role in the institution and maintenance of productive relationships within its boundaries.

Over the last several decades, critical political economy has devoted a great deal of attention to the role of the state in capitalist development. Debates have been both wide ranging and heated, as theorists have attempted to uncover the multi-faceted ways in which the modern liberal democratic state has been implicated in the growth of capital. Yet, despite broad similarities in the patterns in which different states have met with both the growth of capital and its crises, theoretical and epistemological differences have left analysts divided in their conceptions of its structure and operation (Jessop, 1991; Rose and Miller, 1992). Complicating this problem is the fact that the abstractions of political theory often lose their explanatory power in the face of the play of differences found at the level of individual states and/or regions, (Harvey, 1989:226-239). In historical process, the structure of the state is fluid, often changing to meet the demands of shifting historical conditions at local, regional, national, and transnational levels. Thus, theories of the state offer only abstract and partial explanations of the operation of

any particular state apparatus.

To develop a theoretical purchase on the complex and often contradictory ways in which the Canadian state is implicated in market relations surrounding the allocation and production of social resources, I weave together concepts and arguments from a number of different theoretical fields. From debates regarding whether the state should be conceived as either a relatively independent set of organizations and institutions or as an expression or manifestation of broad social forces, I take the stance that it is best seen as a combination of these configurations. I view the state as a relatively independent set of social relations and institutions that, over time, both expresses and responds to changing relations of social power. At the same time however, the state also possesses its "own interest." It is this "field" of interest that conjoins the state with the larger shifting set of diverse social interests that comprise the social totality in both temporal and spatial dimensions. Hence, from the developing literature on "governmentality," I want to borrow the idea that the state's "interest" is located in the project of "governance" - that is, maintaining order among a complex and contradictory set of social interests (cf. Rose and Miller, 1992). And from the work of the "regulation school" of political economy I want to adopt the idea that the state is but one part of a larger "mode of regulation" that provides form and substance to relations of capital through time, (cf. Lipeitz, 1988a&b).

According to Jessop (1991:91-92), the state is best conceived not as a static, monolithic edifice, but as a dynamic ensemble of diverse institutions and organizations that, in conjunction with the larger set of social relations that comprise the totality, work together to shape the spatial, temporal, and social order of society. Within this ensemble, political power is exercised "through a profusion of shifting alliances between diverse authorities in projects to govern a multitude of facets of economic activity, social life and individual conduct" (Rose & Miller, 1992: 174). Here, the powers of the state are not a simple reflection of either the state's structure, or the interests of a particular class. Rather, in keeping with a theory of social structuration, they arise from the

actions of "specific sets of politicians and state officials located in specific parts of the state system and confronting specific resistances from specific forces beyond the state," (Jessop, 1991:93). In turn, the interplay between these different elements of the social system "both activates and limits specific powers and state capacities inscribed in particular institutions and agencies," (Jessop, 1991: 93).

From this perspective "state power is an institutionally mediated condensation of the changing balance of (social) forces" (Jessop, 1991:93). In other words, within the larger social totality, the state operates as both a specific structure and as a dynamic relation between diverse and competing interests -- interests located both within and outside of its boundaries. As a relation, the state's role of governance places it between these interests. Through time, these relationships become expressed or sedimented into a diverse set of sometimes competing, or even contradictory, institutional and organizational schemata, all conjoined in the common purpose of governance. In the ebb and flow of history, changing social conceptions of governance, in concert with limits and pressures imposed by both the state's structure and forces external to the state, work to change the balance of interests represented by these state institutions, as well as to enable and constrain state action within the totality. However, neither the institutional schemata that comprise the state, nor its relation to different social interests is ever "neutral." Rather, it is "selective," in terms of both the structure of its relations between larger social forces and the "character of the balance of forces" in which it is located, (Jessop, 1991:93).

In the project of governance, the state is often positioned at the intersection between the market and other social institutions and processes, both regulating and providing infrastructure for the exchange relationships constructed within it. In this context, the state is both a site of, and arena for, struggle between competing social interests as they strive for access to social resources both deployed in, and resulting from, productive relationships. This location often enmeshes the

officials, institutions, and organizations that comprise the state in contradiction, as they attempt to satisfy the diverse demands placed upon them.

In adjudicating these different demands, a key responsibility faced by the state is the definition, assignation, and defense of property relationships - regardless of whether those relationships are devoted to either public or private ends, (cf. Marchak, 1985). But in a social system dominated by capitalist relations of production, much of the growth and maintenance of the larger system are dependent upon the growth of "private property" - that is both productive and non-productive material assets over which designated individuals or organizations have particular rights of ownership and/or utilization. Hence, through history, the balance of social forces in which the state is implicated provide pressure to both produce and reproduce private property over public property. Moreover, once private property has been established and entered into capitalist relations of production, through intensive and extensive forms of growth, the investment of the surplus that it generates "naturally" increases its purview in the social realm.

Through time, the complex pressures visited upon the state in the struggle over the definition, assignation, and defense of property rights have become expressed in its structure, yielding a diverse set of institutional schematae that reflect both a normative dependence upon, and a predisposition to, the production of private property. This predisposition is reflected at myriad levels of the state's operation: from its dependence on tax revenues that are primarily generated from various elements of capitalist relations of production, to its defense of existent property relations in the cause of the "rule of law," to its self-legitimation as an arbiter of competing interests, to its defense of the rights of the "private" individual," to its regulation of working conditions and wage relations, to the superior position that economic advantage affords in policy processes -- as a social relation, the institutions and processes of "governmentality" that comprise the state are largely, in the Althusserian sense, "always already" implicated in both producing and reproducing private property.

In this definition and defense of property rights, "the state comprises an ensemble of centres which offer unequal chances to different forces within and outside the state to act for different political purposes" (Jessop, 1991:93). But the relationships in which these centres are implicated are not simple class relationships. For in its production and defense of property rights the state does not directly serve the interests of a particular class or class fraction as is often argued by political economists (cf. Poulantzas, 1978; Mahon, 1980). Rather, its defense of general property rights and intervention in the production and distribution of wealth is held to be in the interest of "all" citizens. Only when the property produced through the state's definition of property rights is implicated in capitalist relations of production are class relationships realized.

Hence, as both Mahon (1980) and Jessop argue, the state is indeed an "unequal structure of representation" in that its role as a social arbiter often results in foregrounding capitalist relations of production. But this 'result' of state intervention is the product of a combination of its location in the social totality as a system of governance and the relative historical strength of the array of social forces that are brought to bear upon it, not the necessary product of an inherent class structure within the state itself. In other words, the position of the state in the totality, in conjunction with the relative strength of the forces brought to bear upon it, make the state an "asymmetrical" relation of power, (cf. Williams, 1981). This asymmetry is illustrated in the complex set of relations the state occupies within the system. For instance: on one side the state protects the property rights of all individuals; on another, it is dependent upon a portion of the proceeds of the labor process for its own revenues (ie. taxes); and on another front, it is a site of negotiation between capital and labour.

While these social circumstances that shape these relations are, to use Marx's phrase (in Tucker, 1972: 437), "directly found, given and transmitted from the past," they do not operate with any historical necessity. Rather, while both the institutional schemata and material conditions which comprise the state enable and constrain social action, their historical continuity

is dependent upon the actions of social actors which, in turn, is hinged upon the interplay between prevailing norms, habits and assumptions, institutional schemata, and larger social conditions. Thus, through the course of history shifting discursive and material conditions may work to change and nuance the relations between the state and the polity.

Just as discursive elements provide the state's institutions with an orientation to things, such elements also provide depth and form to the state itself as, at some levels, the state is an "idea." As Hall (1993:355) argues:

The nation-state was... always also a symbolic formation - a 'system of representation'- which produced an 'idea' of the nation as an 'imagined community,' with whose meanings we could identify and which, through this imaginary identification, constituted its citizens as 'subjects' (in both of Foucault's sense of 'subjection'- subject of and subject to the nation).

Key to this discursive process of constituting and legitimating a liberal democratic nation-state is a discourse of nationalism. As a system of representation, the language of nationalism describes and constructs both a particular geographic terrain in time and space, as well as a set of subjects that inhabit that space. As a discourse, it provides the "raison-d'etre" for state structure and action, erecting in language both a place and things for the state to govern. But as a meta-narrative, such a discourse is always fluid and multi-valent:

It is multi-faceted, disheveled, murky, irreducible to common denominators. It is part actuality, part myth, intermingling truth and error.... Functioning in a milieu of historical paradox, nationalism produces strange myths which are accepted uncritically as normal and rational. It can never be reduced to a simplistic formula, for it has shades and nuances, and it encourages improvisation. (Snyder, 1987:3)

Consequently, the material relations in which a particular discourse of nationalism is implicated can range from the democratic to the despotic. While seemingly political by definition, such a discourse comprises an historically shifting field of language use that, at once, both constitutes and is constituted by, a broad set of political, economic, and cultural relations. As a "discursive practice", nationalism is implicated in the realm of "human attitude and action,"

providing a set of "words about things" that, in turn "provide(s) an orientation to things." (Charland, 1986:198). As Anderson (1980:15-16) illustrates however, the "nation" is an "imagined community" (cf. Tomlinson, 1991:79-84). Thus, while the state exists in material form and may impose avenues of action upon the subject, the relationship between the subject and the state as mediated by a discourse of nationalism is fluid and remains the product of the subject's interpretation of her/his relation to that discourse.

As described above, through history, the material effects of such a discourse may be manifold: from providing the discursive ground for a system of representation "that it fails to describe", such as a discursive form of resistance to itself; to moments of "extreme ideological closure," where nationalism leads to forms of aggression by one "people" against others. Perhaps more commonly however, the material effects of such a discourse may be evidenced in institutional and organizational structures where nationalist purpose is embedded or "sedimented" into the schemata that informs the ways in which a particular institution or organization represents social relationships and events, (cf. Foucault, 1972: 41,129). In this manner, a discourse of nationalism may form part of the institutional schemata of government, and legitimate, guide, and conjoin the actions of the state -- as when state institutions work together in the "national interest." At the same time however, the kinds or types of actions undertaken by the state are not necessarily described or inscribed in such a discourse. Rather, the discourse is simply a site for conjoining interests and providing direction to action. The ways in which the actions of the state are undertaken are a reflection of the normative assumptions held by the state, its institutions, and its subjects.

This has been the case in the constitution of "Canada," where Canadian nationalism has represented the distinct regions and peoples that comprise Canada as a single nation, conjoined in a particular political and economic project. In this way, this discourse has been central to the mode of "social and political regulation" in this country, contributing to both the spatial and

institutional dimensions of the Canadian economy. And, in this process, rising from normative assumptions concerning the legitimacy of capital in assuming productive relations, nationalism has been deployed to create and foster capitalist relations of production. However, the production of Canada has not been simply an economic project. It has had distinctive political and cultural dimensions - dimensions that have been expressed in both the relations and schemata of governance that comprise the Canadian state and have given form to both the relations of production the state has generally forwarded, as well as those that have given form to its mass communication systems.

Summary: A Political Economy of Mass Communication

These epistemological and theoretical precepts provide the groundwork for a renewed political economy of mass communication. This approach has four distinct features.⁴

First, this approach is holistic in that it strives to illustrate how a system of mass communication is situated within a larger set of political, economic, and social relationships. The approach is particularly concerned with the dynamics of these relationships, charting the ways in which the structure of the communication system both informs, and is informed by, the interplay of forces in the social totality. Second, the approach is historical in that it strives to illustrate how this interplay of forces has given institutional and organizational form and function to the communication system through time, thereby demonstrating how particular interests have both constructed and exercised positions of power within the system. Third, the approach is material, in that it subscribes to a realist epistemology and seeks to describe the concrete social conditions that circumscribe and determine social action both within and around that system. Here, discourse may act as a determinant of social action, but only in terms of the ways in which existent social conditions are signified. Social action is ultimately determined by the material

context within which it is constituted and the social resources available within that context.

Finally, the approach is informed by a concern for the ways in which a social system allocates, produces, and distributes material and symbolic resources to particular interests or groups in the context of a mass communication system.

My discussion of the history of Canadian broadcasting is framed by these four distinct features of a renewed critical political economy of communication. In the next chapter, I deploy these ideas to trace some of the key historical dimensions of the Canadian state -- or the social totality -- that have contextualized the growth of broadcasting. In the following chapters, these features provide the theoretical basis for a broad political economy of mass communication that focusses on the definition, allocation, production, and distribution of the "social resources" realized in the Canadian broadcasting system. The analysis and discussion in these chapters is drawn along several, inter-related lines.

The first line of analysis charts the general growth of the broadcasting system, delineating the ways in which growth is articulated with particular institutions, organizations and social interests, as well as larger forces and institutions in the social totality such as domestic private capital, the state, and transnational political economic forces. This sketch of the macro-context of the system forms the backdrop for more detailed levels of analysis in the micro-context of the system.

A second line of analysis focusses on the different institutional and organizational forms of production and distribution within the system. Attention is centred on the ways in which production within these structures is financed, and the different avenues and opportunities for growth they afford. Here a number of different forms of finance are delineated such as: public and private subsidy (where production is not directly dependent upon market mechanisms); not-for-profit commercial (where production and or distribution is dependent upon a market mechanism but any surplus generated is automatically returned to the production process);

commodity (where production and/or distribution is expressly focussed upon producing a privately appropriated surplus) (cf. Salter, 1988). These different methods of generating and distributing revenue provide different relationships to the market and, thereby, realize different patterns of production and distribution. Tracing the ways in which these different relationships both enable and constrain institutional and organization behaviour helps delineate the ways in which corporate reach and the commodity form are extended through the system, (cf. Murdock and Golding, 1991). Similarly, it identifies the economic conditions under which particular institutional forms of production are sustained in the micro-context of the system, and thereby illustrate the demands those forms of financing place on products.

A third level of analysis traces the historical effects of these different institutional and market forces upon the broad character of the symbolic forms circulated within the system. Here, the concern is not centred on content analysis or the organizational and professional parameters of production. Rather, it examines how variables such as subsidy patterns, institutional and organizational mandates or schemata, regulatory practices, and market relationships interact with symbolic production to facilitate broad patterns of representation in media products for particular social interests or groups. Of particular concern are the different representational opportunities that different forms of financing and institutional structure afford.

A fourth line of analysis includes the role of the state in governing the broadcasting system. Here the concern is how the changing role of government intervention at the levels of allocation, production, and distribution has affected the growth of different forms of financing within the system. Of particular interest here are the ways in which the state and its instruments have been implicated in the growth of different institutional forms of media production, the forms of financing these productive units, and the subsequent impact of this intervention (or non-intervention) on broad patterns of representation within the system. Among the variables considered are: the discursive strategies employed in legitimating and constructing intervention.

and the ways in which these strategies position both the state and different social interests in the development of the system; the institutional forms and policy rationales employed in intervention; the ways in which the institutional schemata constructed through intervention treat particular social interests or groups; differences between the ways social interests are treated in policy discourse and actual practice; changing patterns or forms of intervention and their treatment of different social interests; and tracing the ways in which larger social forces, located both within and outside of the state's boundaries, have contextualized and contributed to the state's actions in this venue.

A fifth line of analyses focusses on how different institutional arrangements, and their attendant forms of financing, impact upon the circulation of media products and audiences' access to them. With the rise of "niche" marketing by corporations, and the escalation of "user-pay" forms of financing in broadcast markets such as subscription and pay television, the abilities of particular social groups to access a full range of media products is changing. These changes in patterns of distribution and circulation raise important issues of representation.

Finally, a sixth line of analysis examines technological innovation and development within the system. It traces the ways in which different political and economic forces have nuanced and directed the adoption of specific technologies and, in turn, the ways in which the implementation of these technologies has impacted symbolic production within the system.

Taken together these lines of analysis provide a non-deterministic framework for analyzing the historical effects that different forms of financing media production and distribution have had on patterns of representation within the broadcasting system.

Endnotes to Chapter I

1. Vincent Mosco published a rigorous and comprehensive review of this field in late 1996. Unfortunately, this work came too late to be incorporated here. (cf. Mosco, 1996)
2. Drawing from a somewhat different theoretical legacy, Lipietz (1988b:32) makes a similar point: "regimes of accumulation do not create themselves, as if they were Platonic ideals fallen from a heaven of schemata of reproduction. Rather they arise from specific coercive effects of institutional forms which manage to create a coherence of strategies and expectations among agents living in a capitalist market economy." Or, as Drache and Gertler (1991:xv) put it, "Markets for labour, capital, land, commodities, and services are grounded not in the inviolable laws of supply and demand, but in institutions that have their own logics and history."
3. This question of ideology becomes key in the early development of the Canadian state where private capital is, as a matter of course, given first priority in industrial development (cf. Panitch, 1981; Bliss, 1970).
4. Murdock and Golding's (1991) formulation is based upon similar features or assumptions. The approach outlined here is somewhat different in the way it defines each of these features, as well as the dimensions of analysis it describes.

Chapter II

The Development Context of Canadian Communications Policy: The Economy, The State, and The Regulatory Tradition

In the wake of the industrial revolution, changing patterns of political and economic organization swept across both Europe and North America. Fuelled by the production and investment of surplus capital, the growth of industry gave rise to increasingly complex social relationships as both migration and urbanization stamped the geography with the spatial and temporal rhythms of industrial production (cf. Leiss et al, 1988: 67-86). Industrial production demanded the coordination of social action across ever increasing physical distances, as both raw materials for factory processes and foodstuffs for rising populations converged upon burgeoning urban and metropolitan centres. Industrial production also increased the schism between public and private social activities, as increasingly specialized divisions of labor reformulated definitions of family and community life. Finally, industrial production shifted both the form and temporal patterning of social activity, as the demands of industrial time drew a distinction between work and leisure.

It was in this context that the most visible forms of modern communication media took form. In combination with the larger diffusion of industrial social form and technique, the media developed as a "specialized means" to close the geographical and social distances created by industrial society and to serve new social interests and needs:

the press for political and economic information; the photograph for community, family and personal life; the motion picture for curiosity and entertainment; telegraphy and telephony for business information and some important personal messages. (Williams, 1979:22-23)

It was within this array of social forces that broadcasting "arrived" and was itself forged to "specialised means," as what began as "a set of scattered technical devices became an applied technology and then a social technology" (Williams, 1979: 22-24). Beginning with radio, and

then with television, a technique that was first conceived as "wireless telephony" developed into an abstract means of sending a message from a centralized source to a widely dispersed set of relatively anonymous audience members. In this guise, harnessing electro-magnetic waves to the transmission of messages is a definitively industrial technique. Its invention and adoption depended upon both a broad set of disparate audience members -- in this instance, the private homes of the "nuclear" family -- and the industrial techniques of serial production and "mass" consumption.

In its early stages, this process of development was driven by equipment manufacturers who consolidated their control of the technology in an effort to derive a profit from the manufacture of transmission and receiving sets. Programming was simply an expense, a way to sell equipment. However, as markets for radio equipment developed, broadcasting became seen as a technique for bridging the gap between the newly developing, private home centred way of life and the larger set of social circumstances that animated industrial society at large. Almost immediately though, there were differences of opinion about the purposes or uses of broadcast program content: for instance, over the comparative advantages of deploying programming to construct markets or to address non-commercial communities of interest. But program production, and consequently program content, has always been dependent upon a sustaining set of economic relationships. Consequently, the history of broadcasting is largely the history of the struggle to create an economics of broadcast production, as different social interests have vied to harness the social features of the technology to particular purposes or ends.

Still, the economics of broadcasting have been shaped and nuanced by significantly different social conditions at the national, regional, and local levels. For instance, as radio broadcasting gained application in Canada, signals from the United States spilled over the border often overpowering Canadian stations, and domestic interests struggled with both technical and economic impediments to implement the technology. In the face of these problems, nationalist

sentiments gave impetus to state intervention. From a nationalist perspective, broadcasting offered a technique for overcoming both the geographic and cultural differences that characterized the Canadian state. It offered a means to conquer space, in that it opened up an arena for public communication within which the disparate voices of Canada might, at once, both speak and be heard (Aird, 1929; cf. Beale, 1988; Harvey, 1989:258; Lefebvre, 1991:85).

In this context state policies emerged to support a set of economic relations that would sustain both the production and dissemination of broadcast programming. However, neither the rationale that legitimated intervention -- a nationalist discourse that represented broadcasting as a means of conjoining a widely dispersed population, -- nor the chosen form of intervention -- government ownership and state regulation of private undertakings -- were peculiar to the field of broadcasting. Rather, these social forms were forged in Canada's early commercial and industrial development. In that process, they came to issue a particular set of relationships between the state, the diverse social interests of the Canadian "public," and private capital.

Thus, from broadcasting's first encounter with regulation, to its representation as a technique of national import, to the institution of government ownership, to the introduction of an independent regulatory board, to the growing interdependence of the Canadian and American broadcast markets -- the growth and structure of the broadcasting system has been nuanced and guided by social forms that were forged through the political economic formation of the Canadian state. As these "accumulated conventions of the past" were carried into the social formation of the broadcasting system, they not only set the development of the system and the practices of representation within it on a distinctive path, but they also worked to bring the practice of broadcasting in concert with the larger institutional matrix of the emerging Canadian state. In this process, broadcasting developed as a micro-context of the larger process of Canada's industrial development and, through this process, it assumed a distinctive "national" form as a "Canadian" social technology.

To develop a purchase on the ways in which these regulatory forms have provided focus and direction to the development of broadcasting, we must examine their role and development in the formation of the Canadian state. For it is in this larger process of historical development that they were themselves forged to "specialised means" and what Thompson (1981) might refer to as their "institutional schemata" took form.

State Intervention and the Development of a "Canadian" Economy

To a large extent, the history of the Canadian state is the history of government intervention in the economy. Even before Confederation, the state was a central vehicle in organizing and financing the development of commercial and industrial infrastructure (Innis, 1956). From both the direct and indirect financing of canals and railways, to the implementation of the tariff, to the institution of monetary and competition policy, "(t)he creation of a national economy in Canada and, even more clearly, a transcontinental economy was as much a political as an economic achievement" (Aitken, 1967:184). But located on the margins of both the British and American industrial systems, the governments of the British North American colonies, and later the Canadian government, had little control over the transnational economic currents that determined the demand for the largely staple products that provided the basis of their economies. Consequently, industrial strategies were formulated in reaction to larger political economic events and there appears to be little overall unity or coherence in "Canadian" industrial policy either before, or since Confederation (cf. Tucker, 1936; Bliss, 1982; Albo and Jensen, 1997.) However, amidst these diverse social and economic currents, a larger, historically evolving matrix of relationships between the state and domestic economic development has emerged. To a large extent, it was by developing these relationships that some form of regulation and control was issued over the fragmented social, political, and economic interests that inhabited the

northern half of North America.

Led by the expansion of railways, and a subsequent extension of the tariff to support their operation, the growth of industry in both the middle and late nineteenth century was accompanied by "a remarkable transformation in the scope and nature of governmental activity" (Curtis, 1992:104. cf. Craven and Traves, 1987; Greer and Radford, 1992). At one level, these changes in the regulation of social life were symptomatic of a larger shift in the political "mode of regulation" - or "norms, habits, laws and regulating networks... that ensure the process of accumulation" -- that accompanied the process of industrialization (Harvey, 1989:122). At another level though, they marked the emergence of a distinctive set of institutions for both managing and governing development.

Four features of the social schemata that developed between the emerging Canadian state and the social interests that fell under its purview are described below. Through time, they have worked together -- in a mutually constitutive manner -- to form the contours of a set of productive relationships that not only shaped the development of the Canadian economy, but broadcasting as well.

i) The state as an economic buffer

From the direct and indirect financing of canals and railways; to the implementation of the tariff; to undertaking, granting, and regulating monopolies in transportation, communications, and other forms of industrial infrastructure -- the state has always played a central role in the development of the national economy in Canada (cf. Innis, 1956; Aitken, 1967; Armstrong and Nelles, 1986). In this process, evolving state institutions have played a particular role: both the colonial and dominion governments have positioned themselves between private economic interests and the exigencies of an often volatile economy and uneven economic development.

Treading a path blazed by Harold Innis (cf. Innis: 1933, 1946, 1954; cf. Drache, 1995), C.B. Macpherson (1957:200) draws the character of this relationship:

This embrace of private enterprise and government is not at all unusual in new countries. In Canada it is the direct result of the fact that the natural resources, abundant but scattered, have always afforded the prospect of highly profitable exploitation and could most rapidly be made profitable by concentrating on the production of a few staples for export... This required a heavy import of capital and heavy government expenditure on railways, power developments, irrigation, land settlement and so on. To support such investment, governments have been driven to monetary and other regulatory policies to offset the swings of an economy so dependent for its revenue on the unstable demand for and prices of a few staples, and so burdened by the fixed costs of interest on its capital indebtedness.

From the Act of Union (1840), to Confederation (1867), to the institution of the the National Policy (1878), the central motive in enlarging the structure and purview of the state was to guarantee and enhance the conditions necessary for the continued, generally private, exploitation of the resources of British North America (cf. Innis, 1956; Gagne, 1976; Baskerville, 1992; Piva, 1992). Each of these chapters in Canadian history was to a large degree forced upon the governments and peoples of the region as they struggled to maintain their economies and interests in the face of shifting economic conditions (cf. Innis, 1956; Bliss, 182; Greer and Radford, 1992). However, as the state became increasingly embroiled in promoting and securing private capital to the purposes of economic expansion, it set the conditions for the emergence of what might be seen as a distinctly Canadian system or "regime" of accumulation, bounded on one side, by state production of the conditions necessary for accumulation, and on the other, by the growth of private capital and social interests (including the state itself) dependent upon those conditions for their reproduction. As Innis (1956:229-231) illustrates, for most of the nineteenth century the dependence of this productive system upon foreign markets, the importation of American technique, and British finance capital left it exposed to fluctuations in the market economy. But under the shepherding of the state and its instruments the geography of Canada

was forged to a distinctive political economic form (cf. Innis, 1956:252-272).

Railway subsidies and tariff policies of the last quarter of the nineteenth century both broadened and deepened this relationship between the emerging state and its polity. At the end of that period, American industrial expansion began to augment British finance capital in stimulating Canadian economic expansion. And, in combination with a wave of immigration that fuelled an agricultural boom on the prairies, the outlines of a transcontinental economy came into focus (cf. Aitken, 1967; Fowke, 1967). Throughout this expansion however, the role of the state remained generally constant: positioned between the exigencies of economic development and private economic interests, state institutions and policies were employed to create the conditions necessary for private accumulation and the capitalization of the Canadian landscape (Albo and Jensen, 1997). In this position, the state assumed both allocative and productive responsibilities.

In combination with private interests, state institutions were employed to both mediate relationships, and bridge distances between the markets of metropolitan centres and the developing hinterland. In this process the state largely served an allocative role: defining, securing, and allocating property rights surrounding the resources under its control. Such "rights" were both defined and allocated not only in terms of raw productive materials such as mineral and timber rights, but also surrounding more abstract kinds of resources, such as transportation and communication "right of ways." Moreover, to support and sustain the economic relationships arising from this early process of allocation, state institutions also acted as vehicles for raising, guaranteeing and servicing much of the capital necessary for the exploitation of these resources, especially in terms of the transportation systems that supported resource extraction.¹

In a productive capacity, emerging state institutions also directly engaged in financing, building, and sometimes operating such economic infrastructure. Again, in these early periods, these projects usually took the form of transportation systems, such as canals and railways. Paid

for with public funds, and often operated at a deficit as rates were held low to encourage traffic, these systems served as publicly subsidized linkages, or "resources," in the private, profitable exploitation of the countryside. (cf. Innis, 1933: 36-37).

In neither of these guises did the state aggressively pursue productive activities that would directly generate a surplus for the public treasury. Although government ownership was sometimes envisioned as a way to increase state revenue, generally large scale government projects were operated at a loss (cf. Tucker, 1936). Rather, undergird by ideological predispositions to both private property and possessive individualism, the resources both defined and created by the state were pressed into the direct service of private individuals and corporations. Capital accumulation remained the preserve of private interests, and the developing state presence served as a buffer between private accumulation and the exigencies of the marketplace (cf. Easterbrook and Aitken, 1956; Innis, 1956: 69-71; Panitch, 1981:17; Corry, 1939&1941).

ii) the state's "own" interest in development

By acting as a "buffer" in economic development, the emerging Canadian state began to develop its own "political" interest in this process. Driven by the political unrest of the 1830's, the Act of Union (1840) provided the legislative framework for responsible government and a general enhancement of the administrative, monetary and fiscal powers of the colonial government. Over the next twenty years, the industrial expansion led by the railways provided impetus and form to the development of these powers (Craven and Traves, 1979; McCalla, 1992). As the purview and responsibilities of the colonial government increased under the pressures of this development, the project of maintaining the political economic system it realized began to force a divergence between its interests and those of the larger British imperial

system.² Slowly, the emergent state's imperial ties were eclipsed and a distinctive, Canadian, political economic system began to develop. (cf. Lower, 1946: 198-200.)

Until the latter quarter of the nineteenth century though, the growing powers of state institutions were exercised in a generally instrumental fashion by politicians and officials who often realized personal or commercial benefit from government legislation, loan guarantees, and subsidies. (cf. Tucker, 1936; Fowke, 1967; Myers, 1972; Piva, 1992). But as measures to build a "national" economy - such as the transcontinental railway, the tariff of the National Policy, and immigration policies - met with belated success in the early twentieth century, the growing rural and urban populations gave rise to a diverse set of social interests that began to exercise a complex set of demands upon these institutions (cf. Aitken, 1967:208-209; Traves, 1979).³ With their fortunes hinged on a fickle, capitalist economy, these interests agitated for political mechanisms through which a more equitable division of social resources might be realized, and across the political and geographic terrain realized by the Canadian state "(i)nterregional, intersectoral, intra-industrial, and marked inter-class conflict prevailed on all fronts" (Traves, 1979:8). In this atmosphere, it became increasingly difficult for politicians and other members of Canada's political and economic elite to harness the state and its instruments directly to their own interests (cf. Noel et al, 1993). As Traves (1979:8-9) illustrates:

Under these circumstances the state could not be either the businessman's abject servant or his all-powerful master... As new issues... began to exercise the public imagination, politicians had to read carefully between powerful corporate interests and outraged public opinion.... Throughout the period from the war to the Great Depression, as manufacturers persistently advanced their claims upon the power of the state, politicians of necessity weighed each demand in balance against standards of national interest and public circumspection, with the latter usually determining the definition of the former. This point is crucial, for despite the ideological sympathies of the leaders and their parties at this time there was never a simple translation of economic might into political power.

Defined by specific geographic boundaries, and pressed by the demands of an increasingly large and diverse population, the Canadian state developed its own interest in

development -- that of "governance." In this process, the federal state and its institutions developed as a dynamic relation between both the diverse, burgeoning interests of the Canadian polity and a larger set of political and economic forces. From this position, state institutions began to focus on ensuring both the legitimacy and continuity of the political economic system of which they were a part (cf. Curtis, 1992: 106-107). And, in this position, state institutions became a site of struggle, as different Canadian social groups strove to realize their interests through its institutional forms.

As the Canadian state entered the twentieth century, although it was often situated between the economic exigencies of the market and the diverse interests of the Canadian polity in the process of development, its interests were not simply commensurate with private capital.

Establishing this point is crucial. For it illustrates that while the state may be implicated in creating the conditions for the reproduction of private capital, both the process and direction of government in Canada are informed by a set of considerations that differ from those of private capital. Further, this history illustrates that the institutions and relationships realized through the process of governance are the product of real social struggles - not simply some all-pervasive teleological process. Thus, while in exercising their "interests" state institutions may realize "unequal power relations," the larger interests of the Canadian state are, within historically defined limits, open to contestation and cannot simply be read as the product of instrumental or structural design (Jenson, 1989:85; Laxer, 1989).

iii) nationalism

In part, the rise of the state's "own" interest in economic development was given form by a "discourse of nationalism" -- a meta-narrative that represented the diverse peoples and geography of Canada as a distinct political economic entity.⁴ While various visions of a pan-

Canadian nationalism began to emerge prior to the 1870's, as Underhill (1964:24) argues, they "lacked the basis of an effective political movement because they spoke for no particular social groups whose economic ambitions were to be furthered through the activity of a national government,... for no discontented groups who might form the basis of another Grit party... (and) they did not speak for the most solid group of all, the French-Canadians" (cf. Underhill, 1964:24-33). However, set against the political and economic uncertainty of the early 1870's, John A. Macdonald's Conservative Party moved to articulate this sentiment with "the interests of the ambitious, dynamic, speculative or entrepreneurial business groups, who aimed to make money out of the new national community or to install themselves in the strategic positions of power within it." and a nationalist vision of Canada took form in the political arena along side of the new tariff (cf. Brown, 1966; Aitken, 1967; Brewis, 1968:52).

In the face of a fragmented polity, Macdonald's government set out to "create the idea of a commonality among Canadians as a transcontinental nation rather than... describe one already in existence" (Zeller, 1987:267). From this perspective, the disparate interests of the former colonies were, for the first time, represented as unified in a common economic project. At what Thompson (1981) calls the "level of social structure," the discourse provided a linguistic schemata for both constructing and legitimating state action. It positioned ideas about the cohesion and strength of the Canadian state in particular relationships with political and economic conditions, postulating intervention as a necessary step to creating a set of social conditions that would both construct a "people" of Canada and bestow benefits upon them, as well as waylay the political and economic threats that non-intervention presented (Aitken, 1967). As a practice of representation, this meta-narrative provided a way of thinking about, or "an orientation" to, the geographic terrain assembled through the political union of the colonies (Charland, 1986:198). By positing a "national interest," the government empowered the state to create a national economy -- to construct a "national" mode of political and economic regulation

that would sustain a regime of accumulation across a large and diverse geographic and social terrain -- and, thereby, conjoin the provinces and territories in common cause.

While in this initial formulation Canadian "nationalism" was primarily an economic project, with the political and economic consolidation of the northern half of North America through the late 1870's and early 1880's, the ideological dimensions of this project were, to a degree, given material form (cf. Charland, 1986). In this process the discourse itself was legitimated and a new way of representing Canada was set in play within the political arena. Once constituted, the discourse remained "spoken" and throughout Canadian history it has been articulated -- both successfully and unsuccessfully -- with both broad social movements and the policy process to legitimate and/or provide form to state action (cf. Foucault, 1971: 220).⁵ As Bashevkin (1991:14) argues this discourse

defined what would become a basic parameter of this world view for at least the next one hundred years. The... vision of an assertive federal state that shaped economic development and, through its ties with the railway and industrial interests, functioned essentially as the architect of economic life, created a virtual identity between federal state action and national interest.

Here then, we can locate the initiation of a trans-historical version of what was identified earlier as a "discursive practice" - that is, "an historically specific structure of relations between words and events" (Streeter, 1986: 21-22). By drawing upon the notion of a single nation the Canadian state was empowered, through time, to both allocate resources and institute particular relations of production - all in the name of a vaguely defined "national interest." In this way, the discourse both legitimates and provides form to the state's own interest and the exercise of governance (cf. Breuilly, 1993).

This is not to say however, that the notions of "nationalism" or the "national interest" have ever been undisputed concepts in Canada. Even in this initial formulation the meta-narrative was multi-valent and irreducible to either "common denominators" or fixed with specific forms

of social action, as many of the economic interests that comprised this "national interest" had very different reasons for undertaking this "union." In Canada the concept of nationalism has always been disputatious as the various regional, linguistic and ethnic, and cultural interests that comprise the Canadian state have all struggled to forward their individual interests in this larger forum of the "national interest." Rarely, has a singular ideological vision served to unite the disparate peoples and regions of Canada in common cause or purpose (Underhill, 1964). Rather, the point is simply that the emergence of this "idea" of nationalism provided a conceptual space or site within which these different interests were conjoined in a struggle to press their concerns.

The terms of the "national" economy enabled by this emergent nationalism were also somewhat paradoxical, as the tariff barrier created to forge this "national" economy was not sensitive to the nationality of capital.⁶ While the tariff provided a means for stemming the influx of foreign, mainly American manufactured goods and encouraged the development of a national regime of accumulation, it also worked to attract and encourage foreign investment in the form of American branchplant companies which sought to profit from both the emerging Canadian market and Canada's access to British markets.⁷ Driven by burgeoning capitalist enterprise in the U.S., American direct investment in Canada grew rapidly under this arrangement through the late 19th and early 20th centuries. By "1913 it was estimated that 450 offshoots of American companies were operating in Canada" (Bliss, 1970:97). (cf. Innis, 1956: 404-405; Bliss, 1970; Levitt, 1970; Smythe, 1981; Drache, 1995).

Thus, from the outset, the project of Canadian nationalism was a project riddled in contradiction. In its initial formulation as an "economic" project, nationalism provided the ground for the political project of federalism to proceed amidst an array of competing regional and cultural interests - particularly those of Anglophone and Francophone Canada. Later though, as this branchplant logic of national economic development encouraged increasing American investment in Canada, these changing "material conditions" would inspire a series of turns in the

way the discourse was employed as a lens for interpreting these productive relations, and provoke a series of resistances to this foreign investment.⁸

At this point however, it is sufficient to note how the emergence of nationalist discourse provided the Canadian state both a rationale for uniting the increasingly diverse interests that comprised Canada in common cause, as well as a way of enabling, or "legitimizing," the institution of specific forms of state action. The institutional character of several common types of state action initiated to give form to this "national interest" in the economy is the fourth dimension of the institutional matrix we will examine.

iv) regulatory instruments

As nationalism and industrialization gave rise to a complex physical and social geography, specific kinds of organizations or "instruments" were forged for dealing with the ensuing complexities of governing or "regulating" development. Two of these instruments which have played major roles in both the Canadian economy and the broadcasting system are the regulatory commission and the crown corporation.

Thompson's (1981) theory of schematic generation suggests that the institutional character of these instruments both informs, and gives form to action. They provide a set of material and discursive conditions "through which the accumulated conventions of the past impinge upon the actor and govern the creative production of the future" (Thompson, 1981:174). In that these policy instruments are constituted to undertake specific social and economic responsibilities, the conventions they embody provide form to a particular "institutional rationality" - a particular way (or ways) in which these institutions represent social conditions and, in turn, nuance and direct social action (cf. Mosco's PhD). Consequently, set in a particular policy field, and focussed by institutional imperatives other than capital accumulation, these

instruments work at what Thompson (1981) calls the level of "social structure" to shape and define that field. They interact with private capital to provide both form and stability to the pattern of accumulation in that field.⁹ In this way, they provide direction to processes of extensive and intensive capitalization.

- the regulatory commission

Throughout the 19th century capital accumulation remained the preserve of the private sector and the state was generally positioned between private interests and economic uncertainty. Born of government support for the orderly growth and maintenance of private capital accumulation through the operation of the railways, both the regulatory board and the crown corporation were forged in this environment.

Through the second half of the nineteenth century, political and economic development was largely equated with the expansion of railways. State institutions played a central role in creating the conditions under which this expansion occurred, issuing charters, subsidies, loan guarantees, land grants, etc.. As the railways became central to the operation of the economy, they became the site of heated social struggles, particularly regarding rates.¹⁰ While a series of quasi-judicial bodies were created for dealing with these problems through this period, amidst escalating controversy over the railways' financial operation S.J. McLean, a lawyer and economist, was appointed by the federal government to study the situation in 1899. In his report, McLean argued that the railway "is not only a body organized for gain, but also a corporation occupying quasi-public position and performing public functions," and that as an economic monopoly, "the prices charged... will be on a monopoly, not on a competitive basis" (in Baggaley, 1981:77). Consequently, he found that regulation of the railways could only "be met in one of two ways, State ownership or Commission regulation. There is no middle ground." As

Baggaley (1981:77) notes, "(h)is case for regulation was almost a restatement of the traditional textbook justification: to correct or control the improper allocation of resources caused by monopoly as a means of public interest." Thus, under conditions created by the state, the railway monopoly itself became a key facet of the relations of production, creating conflict between the capital that gave it form and the blocks of capital and other social interests that were dependent upon the road. Thus, the state was pressured to institute a secondary mechanism for allocating the benefits that the railway itself provided and take up the role of arbiter between these competing interests.

After some debate over the merits of public ownership versus regulation, the Railway Act was amended in 1903 and the powers of railway regulation were transferred from government to the Board of Railway Commissioners (BRC). Because the BRC was composed of private individuals and/or experts rather than politicians, and because it was provided a wider latitude of powers than similar organizations before it - including legislative, judicial, and executive functions - it is often considered Canada's first "independent" regulatory board or commission (cf. Hodgetts, 1973; Privy Council, 1979; Baggaley, 1981; Nelles, 1986).

Such regulatory agencies can have far reaching effects on "the allocation of resources, on the organization of production and consumption, and on the distribution of income" (Schultz, 1982:93). The decisions of the BRC potentially had such impacts. The rate of return on capital invested in the railways, patterns of investment along railway lines, and the incomes of those dependent upon the lines for their livelihood were all dependent upon the Board's decisions. Lacking both investment capital and the capacity to undertake productive activities itself, the Board focussed toward defining, developing, and instituting the "public interest" in the face of competing claims on railroad operation. Thus, while the Board's decisions had an impact on the "organization of production and consumption," its role was generally confined to defining property rights (eg. setting rates) and responsibilities, and dispensing privileges upon private

interests, all in an environment shielded from "natural" market forces through state support of the rail system.

From this beginning the commission form has been applied to a wide range of tasks at the federal level, making it difficult to generalize its function.¹¹ However, in policy fields where it has been employed to supervise productive activities, it is often argued that the commission plays a three fold function of "policing, promoting, and planning" that field (Baggaley, 1981:82).¹² In other words, playing an "adjudicative role," it works to "dispense privileges, usually amongst competing interests - and arbitrate rights" (Privy Council, 1979: 110). In these capacities, the commission provides stability to capital formation, and helps ensure the maintenance and orderly growth of the field that it supervises. However, generally lacking the power to either directly raise or invest capital, this adjudicative function is performed through the allocation of perceived rights, privileges, and responsibilities within that field, with this process itself hinging upon the commission's operationalizing some broader definition or conception of the public or national interest (cf. Salter and Salter, 1997: 314-315).

In Canada, the expression of this "national interest" almost immediately became focussed around planning, promoting, or policing nationally based relations of production -- a practice that had significant implications for the regulation of broadcasting later in the twentieth century. Rarely noted however, is the fact that the at least partial protection of the commission's field of operations from the larger economy is key to its operation. Creating such conditions has often been required to induce private investment and/or harness economies of scale. Thus, in the creation of these conditions the state also constructs an economic "micro-context" which then requires regulation to ensure the smooth allocation of the "resources" created through its capitalization.¹³

In summary, the rationale embodied in this regulatory form is an extension of the allocative role played by the state in the nineteenth century development of the economy. As

competition over the resources and infrastructure created by the state's allocation of public resources to private exploitation grew, pressure mounted for the creation of allocative mechanisms shielded from direct political influence. But because state institutions were key in creating the conditions under which this new "field" of competition operated, the field could not be abandoned to market forces, lest the productive relationships that supported it collapse. Thus, through a process of social struggle, an "arm's length" method for both allocating and controlling economic growth was introduced, and the state's "interest" in the continuity of the political economic system was realized.

But while the general focus of the commission as a policy instrument has been relatively consistent through time, interpretations of its relations with the interests within its purview have not. Writers approaching the subject from a liberal economic tradition, tend to stress a public interest or "market failure" interpretation, arguing that such interventions "correct the failures of the marketplace, enhance the quality of life, and ensure economic efficiency" (Armstrong and Nelles, 1986: 187).

More recently, a more critical "capture" theory has been forwarded. From this perspective, "regulatory agencies almost invariably become servants rather than masters of the industries over which they preside, and that in the rational pursuit of its longterm security, business actively sought regulation to escape the travails of the market" (Armstrong and Nelles, 1986: 188). Building upon a structuralist vision of the state, Mahon (1980) offers a third perspective. She argues that the regulatory agency is an "unequal structure of representation," which derives its character from "an issue whose resolution demands a modification of the 'rights of capital'" in the larger interest of maintaining accumulation.¹⁴ In this context, the regulatory agency deploys its powers to ensure that competing units of capital conform to a larger "national interest" which, in turn, is constructed in the "long-term political interests of the hegemonic fraction of the dominant class" (Mahon, 1980:166,161,154).

All of these interpretations are problematic. Public interest and market failure perspectives overlook the ways in which this instrument has functioned to both legitimate and encourage the growth of largely private capital, while capture theories subscribe to an instrumentalist vision of the state, as well as overlook the ways in which the very structure of the instrument is focussed toward encouraging or shepherding capital growth. Indeed, as Salter and Salter (1987:313-314) point out, "Of course regulatory boards and tribunals are captured. They are set in place precisely to fashion compromise; they are often created by request from industry; they establish regimes of co-management."

Mahon's notion of the regulatory agency as an "unequal structure of representation" offers an improvement over these interpretations in that she illustrates that the process of regulation favours the representation of particular groups or interests. However, her reduction of the board to an expression of class forces reduces the complexity of those interests to simple class interests and thereby occludes both the particular interests of the Canadian state itself in the process of regulation, as well as the possibilities of progressive social action presented by the divergence of those interests and the interests of the different blocks of capital occupying the field (cf. Jenson, 1989: 75; Laxer, 1989).

- crown corporations

Although government owned corporations were created as early as the mid-1800's, these were basically administrative in structure and their productive activities were confined to supplying and maintaining commercial and industrial infrastructure, generally in direct support of private capital (cf. Gracey, 1982). It wasn't until the creation of the Canadian National Railways (CNR) in 1919 that the government invented what the Privy Council (1979:125) calls the "first entrepreneurial Crown-owned company - meaning a company that provided goods or

services in a competitive market, or on a financially self-sustaining basis." This latter type of crown corporation was distinguished from its predecessors in that it was structured to undertake productive activities, including the production and "entrepreneurial" disposition of capital.

The path to this form of government ownership was an extension of that trodden to the creation of the regulatory board. The allocative structure of state support for railroads held few checks on construction as long as it was perceived as stimulating economic growth and, consequently, garnering political support. Coupled with economic prosperity, state support of the extensive capitalization of the system eventually led into areas where market forces were unable to support the railway's operations and contributed to an overbuilding of the railway system (Innis, 1933:48).

Fuelled by this unsubstantiated economic optimism of the federal government in the first decade of this century, and the travails of war in the second, the debts of two of Canada's three transcontinental railroads grew beyond the management of the private sector by 1917. After much deliberation, nationalization seemed the only way to prevent bankruptcy and the damage this would incur to both private investors and "Canada's credit in foreign capital markets" (Easterbrook and Aitken, 1956:443).

Still, given the record of political abuses that had accompanied government supervision of such enterprises in the past, direct state ownership was not viewed as a viable option. The 1917 Royal Commission to Inquire into Railways and Transportation in Canada (1917:1i) strongly recommended that the railways should be owned by the state but "handed over to a board of trustees to control and manage on behalf of, and on account of, the people of Canada." From these recommendations an Order-in-Council constructed an independent "nonpolitical, permanent and self-perpetuating corporate entity" and over the next several years a variety of unprofitable roads were acquired by the government and entrusted to that company (Innis, 1933:49).

As a structure for the consolidation and public appropriation of private debt the new corporation was quite a success, investors were largely protected and the railways were maintained. But, as a competitor in the marketplace, the structure of the corporation left much to be desired. First, the corporation was a loose agglomeration of what had been disjointed and competitive railway operations that were extremely difficult to coordinate as an organized, competitive whole. Second, it was saddled with a tremendous debt, a burden which it carried for decades to come. Third, because the tasks it was charged with were largely unprofitable, it was dependent on Parliamentary appropriations and experienced great difficulty for most of the 1920's and 1930's in securing capital. Consequently, as Innis (1933:58) notes, in relation to both railway markets and the advances of new transportation technologies and techniques the CNR appeared to be subordinate to its major competitor, the CPR, and over time would "tend to become a buffer between the Canadian Pacific and the vicissitudes of railway earnings in Canada." Thus, the abilities of the CNR to compete in the marketplace, or provide an economic return for its "owners," were heavily circumscribed by both its structure and responsibilities.

Like the first regulatory commission, the first "productive" crown corporation was born out of pragmatic necessities in the maintenance of private capital accumulation. In this instance intervention was structured to serve private economic interests in several ways: on one hand, safeguarding future accumulation on the parts of both private investors and the state; on the other, posing little threat to private accumulation because of disadvantages in the marketplace. However, historically state ownership represents more than a simple extension of the allocative rationale found in the regulatory board. Innis (1933:80-81) provides a summary of the operational imperatives of early government ownership in this country:

Government ownership is fundamentally a phenomenon peculiar to a new country, and an effective weapon by which the government has been able to bring together the retarded development and the possession of vast national resources, matured technique, and a market favourable to the purchasing of raw materials. It was essentially a clumsy, awkward means of attaining the end of immediate

investment of tremendous sums of capital, but it was the only means of retaining a substantial share of the returns from virgin natural resources. Canada's development was essentially transcontinental. Private enterprise was not adequate to the task, although the success of government ownership has tended to obscure the paramount importance of its contributions during the early stages of capital development.

In other words, through both subsidy and direct ownership, the early Canadian state was able to extend communications, rapidly secure territory, and develop resources while deferring the cost of that development through legislative structures. With the Act of Union, Confederation, and the National Policy, the state constructed a political framework for the support and encouragement of private investment capital. State ownership, direct subsidies and loan guarantees were the means through which this support was carried out. In effect, these institutional arrangements acted as vehicles for mortgaging the resources of the country against the future returns of the private sector. However, in the face of stilted economic growth, the emergence of a diverse set of vocal social interests, and an increasingly complex array of issues requiring national attention, public ownership took on new proportions. The crown corporation was the result of the state's efforts to meet with the exigencies of this new environment - a formal structure for financing the rapid development of resources and a further extension of the bridge between the state, private capital, and resource development. While the creation of the CNR seemingly reversed this logic in that it was created after development had taken place, its institution follows this larger pattern. Thus, historically, the crown corporation was based upon an expansionist rationale, providing a vehicle for focussing investment in a particular direction or project.

More recently however, some critics have argued that the institution of "new" types of crown corporations -- such as those employed to maintain employment in "failing private firms and industries" or those that operate in a directly "competitive" environment -- call into question "the traditional interpretation of Crown corporations as vehicles for the stimulation of economic

growth in an underdeveloped polity" (Tupper and Doern, 1981:12). However, if one considers that crown corporations, like the CNR, have also played an important role in sustaining economic relationships, then this criticism loses much, if not all, of its force. For while such instruments have not always been directly involved in "rapid exploitation," they have played an important role in maintaining productive relations, and even encouraging growth in the larger field of relations within which they have operated.¹⁵ Moreover, like the CNR, crown corporations deployed in economic development, even those in "competitive" fields, have not generally presented a threat to private accumulation. As Chandler (1983:209) illustrates:

Public enterprises designed to foster economic development are not challenges to the private sector. On the contrary, they involve the use of public resources to supplement and support the private sector. The view that business is always against public enterprise is based on a misperception that intervention always poses a threat to the private sector.

Writers working from a marxist tradition have often taken the analysis of this relationship between the state and the private sector a step further, arguing that it is a case of "private enterprise at public expense" (Whitaker: 1977:43; cf. Panitch, 1977). Yet, it would appear that while many crown corporations have worked to sustain, and even promote the development of private capital, since the early twentieth century few have been employed to directly serve specific private interests (cf. Armstrong and Nelles, 1986). Rather, following the path worn by nineteenth century state intervention in the economy, they have been set on the economic margins of profitable enterprise, working to sustain a larger set of productive relations -- relations that are not necessarily in the direct interest of capital (or "capitals") alone.

Because of this propensity and the perception of economic "inefficiency" that arises from it, crown corporations have also suffered criticism from a wide spectrum of political and economic perspectives (cf. Hodgetts, 1973; Tupper and Doern, 1981; Prichard, 1983). To some extent, these criticisms overlook the fact that crown corporations have often been deployed at the

federal level to further the state's own agenda - the development of transcontinental political and economic relationships. As is illustrated in the history of the development of the canals and railroads, the hegemony of private capital has never been guaranteed in this process. Rather, the development of private capital in Canada has often been prodded and sustained by state intervention, and crown corporations have often been instituted to "fill-in the gaps" in this larger productive system. They have provided either a bridge between pockets of private capital in the extensive process of capitalizing a "national" system, or they have undertaken projects perceived to be in the "national interest" that, for one reason or another, are beyond the reach of legitimate forms of private capital. Thus, while crown corporations have given form to a "productive" rationale, this rationale has not necessarily been focussed on creating a profit from their operations.

To recap: Through the late 19th and early 20th centuries, a burgeoning set of commercial and industrial interests drove the Canadian state to a complex role of "governance." Given substance by a nationalist vision of Canada as a distinctive economic unit, these new industrial interests provided impetus for a reformulation of ways in which the state governed economic growth. Two institutional forms -- the regulatory commission and the crown corporation -- emerged as a result. Within this political economic system, private investment was generally considered the legitimate or "preferred" means of production. At the federal level, these instruments were developed under conditions where market forces and private capital were unable or unwilling to meet with what were perceived as "national" development imperatives. Led and pushed by both foreign and domestic capital, pressures to accumulation provided substance to their growth and character, and nuanced the production of the schemata they realize. Both the institutional schemata and/or the deployment of these regulatory instruments seemingly reflect these pressures. While they have their own place and interest in economic development, they also work in conjunction with private capital, rather than directly against it or independently

of it. It was in the context of this set of political economic relations that state policies in the area of electronic communication were introduced and developed,

Endnotes to Chapter II

1. By the mid-nineteenth century public authorities had borrowed "the staggering sum" of \$350 million "to pay for the first wave of railway and canal construction in Central Canada.... (Later) (t)hey borrowed more than \$1 billion of foreign capital to finance the construction of the Canadian Pacific Railway and the opening of the West" (Drache, 1995:xxiv).
2. The enlargement of the tariff in the late 1850's marks a key point in this process: With the onset of a depression in the 1857, servicing the debt grew beyond government control and the tariff had to be both raised and broadened in order to stave off bankruptcy. This action raised the ire of British manufacturers, who saw the tariff as simply a protective measure on the part of Canada. While Alexander T. Galt, the minister of finance, made an argument that the tariff actually acted as a subsidy to the internal transportation of imports, its implementation was an important step in distinguishing the interests of the Canadian state from those of Britain. For not only did it encourage a closer relationship between the state and capital formation within the country, but it also had the effect of "developing manufactures, trade and traffic" along emerging trade routes between the northern colonies (Innis, 1956:71; cf. Easterbrook and Aitken, 1956: 373-375).
3. Perhaps the most vivid illustration of this growth of a diversity of interests, and the emergence of the state as a "site of struggle" between these interests, is to be found in the election campaign of 1911 (Bashevkin, 1991:15-16; cf. Traves, 1979:4-8).
4. As Breuilly (1993:36) argues, in liberal democracies the political impetus to nationalism is generally commensurate with the rise of industrialism, "which accompanied the formation of state's as 'public' powers from the late eighteenth century... the development of a free market economy and the construction of a 'private' sphere based upon individuals and families." In Canada's case, it would appear that the late rise of industrialism, combined with the slow emergence of a diversity of forceful political voices, delayed the formation and diffusion of a "popular" Canadian nationalism until the late nineteenth and early twentieth centuries. As is argued, in the interim the idea of nationalism was deployed by a particular power bloc to serve their own economic interests. However, as Zeller's (1987) work illustrates, both the successful deployment of this idea by this bloc, as well as its later popularization, were given impetus by a larger set of material and ideological circumstances that took form through the nineteenth century.
5. This idea of the national interest has served as a frame for creating "interest coalitions" and "class alignments... that have frequently played determining roles at specific historical junctures" through Canadian history (Williams, 1989:59). However, in definition the term has always been fluid and polysemic.
6. As Bliss (1970:40) notes, this contradiction began to become apparent in 1909 as the Canadian Manufacturers Association launched a crusade for the support of Canadian "home industries," among which was included the Coca Cola company.
7. In this way, the emergent logic of these development policies of the 1870's built upon what Innis (1956: 229-231) identifies as the mainstays of Canadian economic development - the importation of American technique, sustained by British investment capital. Only, in a twist encouraged by the British "free trade" policies and the rapid development of American industry after the Civil War,

direct investment capital from the U.S. begins to take the traditional place of British finance capital. As Smythe (1983: 91-102) illustrates however, the path of American direct investment set the Canadian economy on a path of slow absorption into the American industrial infrastructure.

8. Because the concept of nationalism has been deployed in so many different ways in the Canadian context, many writers speak of different Canadian "nationalisms" (cf Bashevkin, 1991:1-38). However, I would suggest that such analytic division works to obscure the multi-valent character of the broader discourse, and that it's ability to cross, and in part conjoin, so many fields of activity is in fact what has allowed the term to maintain its historical currency.

9. The literature on crown corporations and regulatory boards illustrates that, historically, they have been deployed for a wide variety of different purposes, and that their purpose and function in any particular sector of the economy often changes through time (cf. Hodgetts, 1973; Tupper and Doern, 1981; Prichard, 1983; Banting, 1986).

10. Although not always acknowledged in the literature, the board created in 1903 was the product of a long history of struggle between a wide range of social interests over railway operation, including labor, and industrial and commercial capital (cf. Baskerville, 1992: 239). However, it would appear that as policy responsibilities were divided between different levels of government, and the federal state began to rationalize its treatment of emergent social issues, the BRC was focussed to deal largely with the "economics" of railway operation.

11. The discussion in this section is generally applicable to what Hodgetts (1973:145) terms "semi-independent, 'quasi-judicial,' administrative agencies." These are boards which adjudicate between the competing private interests, or private interests and the "public interest" as defined by the board and its terms of reference.

12. Schultz (1982:92) claims that initially regulatory agencies had a "negative policing function," but that their responsibilities have evolved "over the last eighty years to include additional positive, prescriptive functions" such as promoting and planning development as well. He defines the "promotional role" as one of controlling the entrants to a particular policy field and/or determining the "conditions of operation" within that field (92). In turn, "planning" is defined as "setting objectives for a regulated sector of the economic activity, establishing priorities among objectives, assigning responsibilities to the individual regulated entities, coordinating their activities, and resolving any disputes within the regulated sector" (92). However, as Baggaley (1981: 82) illustrates, "in the regulation of railways, the promotional function was not added on, it was there from the beginning." Moreover, it would appear that the Board assumed at least a partial "planning function" in that its basic purpose was to "resolve disputes within the regulated sector."

13. See Parker (1981:130) for a definition of an "open economic system."

14. As Mahon (1980:166) notes, to help ensure that the commission meets with broad economic development objectives or, as she puts it "that it functions as an 'instrument of hegemony'," it is generally subject to control mechanisms by the larger state apparatus, such as the government's control over the appointment of commissioners and the right of regulated interests to appeal the decisions of the board to the Governor-in-Council. However, generally, such mechanisms operate at an ideological level and thereby offer little support for her largely structuralist argument.

15. Babe (1990) illustrates, this has certainly been the case with many federal and provincial crown corporations in the telecommunications industry where they have served as publicly subsidized linkages in larger telecommunications networks.

Chapter III

The Market, the State and the "Problem" of Culture: From Telegraphs to Broadcasting

In this chapter I want to build on the analysis developed earlier by exploring the early development of the telegraph, telephone, newspaper, magazine and film, and broadcasting industries. My purpose is to illustrate emergent patterns in the relationships between state intervention, private capital, and transnational relations of production in each of these sectors. For it was in these early stages of development that a larger pattern of relationships was established not only between certain key elements within each of these fields of activity, but also between the fields themselves -- relationships that would go on to set dimensions for the growth of Canadian broadcasting until the present day.¹

Until the early twentieth century the nationalism promoted by the federal government was largely inspired by an economic project. As this project met with some success in the early twentieth century, a vision of a "national" culture began to take form, particularly in Anglophone Canada. Slowly, this vision of a national culture began to influence the larger nationalist project. However, the notion of culture at the core of this project was much different from the definition of the term that carries currency at the federal level today (cf. DOC, 1987).

While there were a variety of competing visions of the parameters of "Canadian culture" through this period, the reigning view had both conservative and idealist tendencies (Tippett, 1990). Culture was viewed as a particular set of activities focussed around "a general process of intellectual, spiritual, and aesthetic development," rather than a whole or "particular way of life" (cf. Williams, 1976:87-93). Vipond (1980) charts the flavour of this "cultural nationalism" through this period.² As she illustrates, the 1920's are "consistently portrayed... as a nationalistic decade in English Canada... a key period in the 'colony to nation' saga... (which) spawned an artistic and literary nationalism more vital than anything Canada had previously seen" (1980:32).

While, the "nationalistic" journals, associations, and societies created during this period were far from joined in a common vision of nationalist ideals -- they did meet in a common purpose: "to create a national feeling and to focus and direct it" (Vipond, 1980:44). Vipond (1980:43-44) goes on to describe the focus of this movement mobilized by the intellectuals, writers, and artists that formed the Anglo-Canadian "intelligentsia:"

To English Canadian intellectuals of the 1920's, it often seemed that the Canadian Manufacturers' Association had been far more effective in protecting and developing the nation's potential than they had; they firmly believed, however, that not only lamps and lingerie but 'OPINION should be MADE IN CANADA.'

They believed it to be their responsibility to 'mould public opinion' in the direction of a national consciousness. They were the 'innovative minority;' it was their job to formulate social goals, to give direction to the national will, and thus to give cohesion to Canadian society. They were Canada's leaders, and as such their obligation was clear. J.W. Dafoe, for example, threw out the challenge to the Canadian Author's Association: 'National consciousness doesn't happen,' he told the members at their annual banquet in 1925. 'It can be encouraged. It is a product of vision, imagination, and courage, and can be created and established by men and women who devote themselves to it.'

However, because this brand of nationalist thinking focussed on purely symbolic production, and accentuated primarily "higher" intellectual or aesthetic symbolic forms, it only had impact on the margins of communication development, not on its industrial core.⁴ Indeed, to varying degrees, these cultural critics looked upon the commercial, "popular" media products that filled Canadian venues disparagingly not simply because they were "foreign," but also because of their largely "mass" appeal (cf. Gruneau and Whitson, 1997). Further, because of timing, as well as its rather stilted focus, this emergent cultural nationalism had no real impact on the development of early telecommunications industries. Similarly, it had only minimal influence over the direction taken by the newspaper, magazine and film industries -- other than to support viewing these activities as largely economic in nature. It is apparent though that this cultural vision did find expression in the development of broadcasting policy. And there, in combination

with other perspectives on symbolic production, it helped to illustrate the tension between the character of symbolic forms and their relations of production. As we shall see, in this way the establishment of a Canadian broadcasting system as a means to develop "Canadian" perspectives in media content became a popular issue, and broadcasting was put on a very different path of development than other Canadian media of the time.

Similarly, as noted in later chapters, it is in the field of broadcasting that the relationships between the larger form of state intervention, the relations of production it helps realize, and the character of resultant symbolic forms becomes most apparent. However, to break through the nationalist rhetoric that often surrounds Canadian communication policy and come to terms with the reasons why the broadcasting system has for so long been dominated by foreign programming it is necessary to say more about the pattern of state intervention in Canada and the dimensions of growth it has encouraged in Canada's communication systems.

Communication in Canada

Lines of transportation and communication generally emerge across geographical dimensions that follow patterns of trade and immigration. Because the colonies and territories that were amalgamated in the Canadian federation "had hardly any experience of living and working together" prior to 1867, the "lines of communication of each colony ran toward the centre of the Empire in London, not towards the other colonies" (Underhill, 1964:3). But as the outlines of a political economic system began to take form in Canada under the sway of the process of late nineteenth and early twentieth century industrialization, new communication systems were forged along the lines of emerging social and industrial relationships.

As the railway system heralded successive waves of economic expansion across the northern half of North America through the latter part of the nineteenth century, the Canadian

landscape was forged to the purposes of industrial production. In this process, new distinctions between "work and leisure" and "public vs. private" social space, combined with the vast and diverse geography of the Canadian state, to produce a population scattered and divided not only by the new division of labour imposed by industrial production, but also by the unique set of linguistic, cultural, and class differences that characterized the regionally fragmented flavour of this fading colonial society. Across this diverse geography, both electronic communication and more traditional media forms such as the newspaper and periodical press were deployed to coordinate and conjoin social activity across these temporal and spatial dimensions wrought by industrial life.

In this process, development drew upon familiar resources. Just as the early transportation and communication systems realized in the canals and railways had borrowed heavily on American technique, so did later communication systems. And just as much of Canadian capital formation through the early nineteenth century had been dependent upon foreign investment and transnational relations of production, so was capital development in the emerging communication systems. Except, as we have seen, through this period American capital began to supplant traditional British investment. The result was that new lines of communication began to coalesce around these emerging patterns of investment, drawing the young Canada ever closer into the orbit of the United States (Careless, 1966: 281-283; Moffett, 1972).⁵ Still, American capital did not have full play in the development of Canadian communication systems. In the pursuit of rapid industrialization the nationality of capital investment went largely unquestioned. But, in some instances, fed by its nationalist pretensions the Canadian state played a strong role in shaping the extensive development of Canada's communication systems along an east-west axis through a variety of policy mechanisms, much as it did in the development of the railways. In other instances however, the state eschewed direct intervention in favour of less direct benefits.

The result of this tangled web of relationships is that communication industries in Canada have not developed as a simple "choice between the State and the United States" as the oft-quoted Graham Spry put it in the early 1930's. Rather, in what is now largely considered the field of communications and cultural policy, industrial structure has been the product of massive dependence upon American cultural products, American capital, and American technique (cf. Magder, 1993:13).

The Telegraph and the Telephone

The telegraph was the first electronic medium of the industrial age. In its early incarnations, it helped expedite railway construction through "facilitating consultation with engineers, speeding progress reports to supervisors, aiding instruction of foremen, and ordering supplies" (Babe, 1990:42). As the system developed however, it assumed an increasing role in distributing and disseminating information that co-ordinated political and economic action between developing urban centres. In the realm of "public" communication, the telegraph fed the "daily" newspaper and forged a link between the evolving polities and markets within these new settlements and the larger web of political and industrial relations of which they were a part (cf. Nichols, 1948; Rutherford, 1978:7-8; Babe, 1990: 35-44). Fuelled by this increasing market for both political and commercial information, the telegraph began to move symbols "independently of and faster than (physical) transportation," as the construction of telegraph lines outpaced that of railways (Carey, 1989: 204). Profit driven relationships drove the extension of this system, and with its capitalization, the emergent Canadian state was woven even more deeply into the fabric of industrialism. The electronic dissolution of distance through the "annihilation of time" brought both rural and urban communities into an increasing dependence on distant markets. Elements of self-sufficiency began to give way to specialization and communities were subject to

the abstractions of a price system within which the exchange value of goods was set by distant forces and events (cf. Innis, 1956; Spry, 1981:151-166; Carey, 1989:203-222).⁶

In the 1870's the telephone began to emerge along the trail forged by the telegraph. Because of its high cost and technical problems with voice amplification over long distances, telephony initially took form as a "local" communication service, serving the wealthier segments of Canadian society. However, although the telegraph and telephone services were initially separated through regulatory fiat, as innovations in both production techniques and the technology made long distance markets increasingly viable, private telephone and telegraph interests met head on (Babe, 1990:69,159). After a brief struggle, -- and again following a pattern established in the United States -- Canadian markets were segregated for these two types of service through a privately negotiated "restrictive covenant" (Babe, 1990:72-73). But with the telephone, the switched systems and voice contact that characterized the technology gradually emerged as the primary vehicle electronic vehicle for individuated "point-to-point" conveyance of both business and personal information.

The emergent structure of the markets for these services followed a familiar pattern. Initially enabled through government charters, both the telegraph (alongside railways) and long distance telephone service were developed through private investment.⁷ Although the telegraph was initially tied to the railway, as it developed in Canada the system became heavily integrated with the U.S. system and much of it was foreign-owned (Babe, 1990: 45-53; Moffett, 1972:54-67). Later, in the wake of railway expansion around the turn of the century, telegraph ownership generally fell to Canadian hands through the railway companies. However, with the economic collapse of much of the rail system at the turn of the century, and the institution of the CNR in 1917, the Canadian telegraph system was rationalized to a duopoly: the privately held CPR system; and the publicly owned (and, through the railway company -- publicly subsidized) Canadian National system. Thus while private investment played a central role in development,

as economic conditions changed, on the margins of the system -- where what Innis might call the "rigidities of the price system" waylaid extensive capitalization -- the system was both sustained and maintained with the aid of public funds and government ownership.

The development of the long-distance component of the emergent telephone system followed a similar pattern. In 1880, the Bell Telephone Company of Canada -- a subsidiary of the American company of the same name -- was granted a federal charter to establish a telephone system in Canada. While both provincial and municipal governments also routinely issued such charters within their jurisdictions, Bell's federally granted right to "construct lines along any and all public rights of way" gave the company virtual command of the long-distance market (Babe, 1990:68).⁸ However, in less populated - and consequently less profitable - parts of the country, such as the prairies and rural sections of Ontario and Quebec, the company relinquished this monopoly to a mixture of private and public companies. Organizations under public ownership generally financed and/or directly undertook these development responsibilities when the private sector was either unwilling or unable to do so (cf. Babe, 1990: 65-149). This pattern of development followed the strategy employed by Bell's parent company in the U.S. (Babe, 1990:71; cf. Armstrong & Nelles, 1986:60-73). Further, because the capitalization of telephone systems first developed along lines of communication that were most amenable to capital accumulation, Canadian telephone systems were more closely linked to the American system than to each other, and it wasn't until the 1930's, and the progressive industrialization of Canada at large, that it was possible to place a call between different regions of the country without it being routed through the United States (cf. Moffett, 1972: 61; Babe, 1990.)

Thus, in their early development both the telegraph and the telephone were heavily indebted to state intervention and underpinned by transnational relations of production. Restrictive charters and government subsidies set the stage for the development of both these communication systems and, as it had in railway development, government ownership extended

the reach of capital at the economic margins of the system to provide it greater, national breadth (cf. Babe, 1990:102-113). Moreover, as political and economic development proceeded through the late nineteenth and early twentieth centuries, as it did with railway operation, public unrest mounted over the rates charged by the largely private monopoly interests that were at the economic centres of these systems. Because Bell selectively deployed its privileges to establish and exploit telephone service only in particularly profitable areas, this company's rates and investment strategies suffered particularly vehement criticism (Armstrong and Nelles, 1986:172-186). As a result of these development practices there was an effort to have the federal government take over Bell's ownership in 1905 (Babe, 1990:95-101). But disputes over regulatory jurisdiction between different levels of government combined with a concerted lobbying campaign by Bell to waylay expropriation.

Under rising public pressure though, both telegraph companies and the federally regulated Bell system fell under the regulation of the BRC between 1906 and 1908. Over the course of the next several decades the shifting industrial infrastructure buffeted the economics of Canadian telecommunications markets, but under the shepherding of the BRC and its progenitors integrated national markets in both these fields were constructed and maintained (Babe, 1990). Thus, just as "(t)he experience of the United States was taken over and adapted to Canadian territory" in the construction of the railways, so too that experience was employed to construct these Canadian communication systems (Innis, 1933:94).

The role of the federal state was limited in scope however, particularly in the telephone industry. Where the monopoly holder of the federal charter (Bell) was loathe to undertake comprehensive development, provincial and municipal governments moved to fill the gaps left in the system. This fuelled ongoing jurisdictional disputes, fragmenting regulatory control over the industry and waylaying the development of any comprehensive telecommunications policy (cf. Babe, 1990; Canada, 1975). Moreover, the manufacturing industries that supplied

telecommunications equipment to these Canadian markets largely remained in American hands through to the late twentieth century (cf. Canada, 1981; DOC, November 1983:6-10). While, over time and under the shepherding of state regulation, Canadian capital did take root in these industries, to a large part their development was structured between state intervention and American capital. Thus, while government intervention enabled relatively comprehensive telephone service through the early part of the century, both the structure and regulation of the industry were highly fragmented, stilted in development, and dependent upon both American capital and technique. As we shall see, not only was this pattern of development later reflected in the broadcasting industry, it had far reaching implications for the way in which the broadcasting system itself developed.

Newspapers

As the rise of industry and urbanization began to alter the Canadian landscape through the late nineteenth and early twentieth centuries, the Canadian newspaper industry took on new proportions. Positioned between commercial interests and the developing "home-centred," urban way of life, newspapers crossed the public/private dichotomy in social life created by industrial process and forged an initial link between serial production and mass consumption. Under these conditions, the partisan press of the nineteenth century slowly gave way to a monopolistic, commercial medium based upon advertising revenue (Rutherford, 1978:1-76; Kesterton and Bird, 1995). This shift in the means of financing production wrought a series of changes in both the form and content of the newspaper. In Canada these changes were facilitated and sustained by the newspaper market's relations with both the American newspaper industry and government intervention.

As Canadian newspapers moved to consolidate their appeal to a large "mass" audience at the turn of the century, they became increasingly dependent upon "cheap" news supplied by the telegraph companies. "especially Canadian Pacific Telegraphs which furnished its clients with the 'Associated Press' world and American reports plus a Canadian news summary" (Rutherford, 1978:54). Writing in 1906, Moffett (1972:96) captures the character of this relationship:

The Canadian journals are American in their whole tone, their makeup, their typography, their estimate of the value of news and their manner of presenting it. They patronize American press associations and 'syndicates,' and much of their matter in consequence is furnished by American writers from an American standpoint. This is the cause of incessant complaint on the part of the Canadian press itself, but the stream of news from American sources continues to flow unchecked.

In 1910, the telegraph's monopoly over news was broken in the wake of a dispute over rates that was adjudicated by the BRC. The resolution of this dispute marks an important turning point in the development of Canada's communication systems. Not only did it bring both the telegraph and long distance telephone markets under a common regulatory regime -- and thereby help to differentiate and sustain their markets -- but it ended "(v)ertical integration between publishing and telegraphs - between content and carriage." Thereby, "the era of the telecommunications common carrier began" (Babe, 1990:59). Thus, a division of responsibility between the production of information and its carriage was instituted in regulation. This regulatory distinction between different kinds of communication markets slowly became entrenched in the fabric of regulation and, later, informed the division between telephone, broadcast, and cable-tv markets. It wasn't until the 1980's that this political division would again come under serious question.

In the wake of the BRC's decision, publishers across the country organized the Canadian Press (CP) -- "a holding corporation for the Canadian rights to the 'AP' copy." But as this organization came into being, it was immediately "wracked by the tensions endemic in an era of

competitive journalism" as, against the financial interests of their better staffed and financed large city counterparts, "small city and western newspapers wanted 'CP' to become a true news agency which would furnish not just the 'AP' copy but panCanadian, British, even European information" (Rutherford: 1978:55). Over the next decade, disputes raged between these newspapers over the purposes of CP and how the huge cost of its telegraphic distribution would be shared. Economic hardship brought on by the First World War exacerbated these concerns. Faced with looming bankruptcy, western publishers appealed to the federal government and, in 1917, CP was granted a \$50,000 annual subsidy so that it might offer greater service to the "national interest" (cf. Nichols, 1948:124-136; Rutherford, 1978:54-55). Thus, in its early stages of development, difficulties in undertaking the extensive development of the national news service were bridged by the state.

Disputes over the allocation of funds within the organization continued however, and politicians soon joined the fray grumbling over CP's "monopoly" on the news.⁹ Finally, in the face of the subsidy's withdrawal, a 1923 Act of Parliament incorporated the Canadian Press as a non-profit co-operative corporation, wholly owned by its members. The corporate structure provided by this legislation issued some stability in Canadian newspaper markets. Not only did it increase the newspaper interests' abilities to obtain preferential telegraph rates, but it also increased the publishers' control of their home markets (cf. Nichols, 1948:69). As Rutherford (1978:52) points out, through this news "cooperative," publishers:

could and did deny franchise rights to prospective newcomers on the grounds their competition would threaten the profits of existing newspapers. That made it very difficult for any entrepreneur to break into a city already served by a daily newspaper. The rationalization of the press scene during the 1920's signaled the close of the heyday of entrepreneurialism. The newspaper industry was a business like any other, wherein reigned the twin gods of Profit and Stability.

In yet another instance then, a federally granted charter provided a political context that

afforded private interests a degree of protection from the exigencies of the competitive marketplace and enabled the development and maintenance of a national communication service.¹⁰ At first through subsidy, and then with legislation, state intervention provided a larger framework for the growth and stability of the newspaper industry. Moreover, through the adjudicative mechanism of the BRC, the economic rights and responsibilities of different elements of the larger system of news production were ascertained and allocated, providing stability to the overall growth of the "national" system (cf. Nichols, 1948:67-69). Yet, in the wake of this institutional rationalization, the Canadian "daily" newspaper remained beholden to foreign, largely American wire services for news from outside the country. And while this "foreign" news resonated with Canadian readers because the themes and issues it dealt with had currency in their "ways of life" -- ways of life that increasingly moved to the rhythm of transnational industrial forces -- to the degree that this "cheap" lineage was employed to fill pages and minimize production costs, Canadian newspapers remained both dependent upon and embedded within transnational relations of production.

Magazines and Film¹¹

In the face of American industry, both the magazine and film industries had even greater difficulty establishing distinct, Canadian markets. With growing industrialization through the late nineteenth century, a variety of trade, technical and professional magazines were established in Canada. But set in a generally small market, the fortunes of these publications swung on the tide of shifting patterns in industrial structure through the early part of this century (Stephenson and Mcnaught, 1940:271-272). The growth of periodicals focussed to appeal to more general, mass market followed a different pattern. While there had been public complaints over the overwhelming presence of American magazines and periodicals in Canada as early as the mid-

nineteenth century, the proximity of the United States combined with a common language and the sparse and dispersed population of English Canada to make a "national" magazine market difficult to establish (Litvak and Maule, 1974:18). In combination with import duties on the raw materials for magazine production and the much larger economies of scale enjoyed by American producers, these circumstances left Canadian producers on the margins of the burgeoning market for mass circulation magazines that accompanied urbanization and the growth of industry. After the First World War however, a range of interests began to push for state intervention in the face of this American domination.

The "salacious" character of some U.S. mass market magazines, and the anti-imperialist sentiment expressed in others, raised the moral hackles of a number of groups. Canadian manufacturers forwarded concerns that advertising in U.S. publications was undermining the market for their products, and the rising nationalist "cultural" sentiment, which itself gave birth to a number of publications through the 1920's, raised the issue that U.S. publications were sapping the development of Canada's national life (cf. Litvak and Maule, 1974:18-23; Vipond, 1989:24-29). Despite these protests, Mackenzie King's Liberal government maintained that intervention "would limit competition in order to enrich Canadian publishers at the expense of Canadian consumers" (Vipond, 1989:28). Subsequently, the government argued that "(t)hought is cosmopolitan" and refused to impose restrictions on the free flow of ideas (in Vipond, 1989:28). And while a few adjustments were made to both postal rates and duties on magazine printing materials, market relationships remained generally untouched.

With the election of the Conservatives in 1930 the attitude of the government changed. In 1931 a tariff was imposed on foreign magazines based upon their advertising content. Because the tariff was aimed at mass market magazines, educational and special interest publications continued to enjoy free entry. While the impetus to this shift in regulation is hard to pinpoint, it seems largely the result of pressure applied by "certain magazine publishers in conjunction with

the Canadian Manufacturers Association" in their efforts to build an advertising market for Canadian products (Litvak and Maule, 1972:24).

The effect of the tariff was quick and decisive, and "by 1935 the circulation of American magazines in Canada decreased by 62 percent while Canadian magazine circulation increased by 64 percent" (Litvak and Maule, 26). American magazines quickly set up branchplant operations in Canada, though. These "split-run" magazines -- so called because they generally employed the same editorial material as their American editions but filled the advertising space with Canadian advertising -- were able to deliver advertising space at a tremendous cost advantage over their Canadian counterparts and they became the model for future "Canadian" editions of American magazines.

With the Liberals' return to power Mackenzie King reiterated his position that he would not restrict the free flow of ideas, and the tariff was removed in 1936 in the wake of the negotiation of a Canada-U.S. trade agreement. Between 1935 and 1937, the value of imported U.S. magazines more than doubled and 52 magazine subsidiaries returned to the U.S. (Litvak and Maule, 28).

While statistics for the period following the elimination of the tariff are difficult to come by, the period of intervention appears to have given impetus to the development of a national advertising market for magazines. Not only did the number of titles of Canadian magazines continue to grow through the tough economic times of the late 1930's, but both Time and Reader's Digest, as well as other American publications, spawned "Canadian" versions of their publications to take advantage of the Canadian advertising market in the early 1940's (Litvak and Maule, 58; cf. Stephenson & McNaught, 1940: 276). Through the 1940's and 1950's American magazines continued to capture an escalating share of both magazine circulation and advertising revenue.¹²

Thus, seemingly under the sway of a liberal ideological concern for the "free" expression of ideas -- and perhaps, a larger concern for the free flow of capital -- the development of the Canadian mass market magazine industry was largely dominated by American technique and capital. Just as Innis (1952:15) observed in the context of the American newspaper industry, for Canadian magazines the "guarantee of freedom of the press... meant an unrestricted operation of commercial forces and an impact of technology on communication tempered only by commercialism itself." Driven by the superiority of American economies of scale, the relations of production that undergird the industry were generally transnational in structure, and Canadian readers formed a portion of a continental magazine market as well as an adjunct market for American manufacturers advertising in those publications. Through all of this though, a small national market for Canadian produced products did emerge, structured between the needs of "Canadian" commercial interests to develop a market for their products and Canadian magazine consumers seeking, or at least willing to purchase, products that foregrounded issues and works of particularly Canadian concern. However, "in order to compete at all with those published across the line," in both style and general content, these Canadian publishers had "to build their periodicals on much the same lines as" their American counterparts (Stephenson and McNaught, 1940:277). And through the early part of this century, the hegemony of American capital and technique were pervasive within this industry.

In the face of the American industrial juggernaut, the infant Canadian feature film industry fared even less well. By the early 1920's the Hollywood studio system had a stranglehold on film exhibition in Canada, making it virtually impossible for independent producers to have their films either distributed or exhibited across the country (cf. Magder, 1993:19-42). Moreover, the federal government began actively encouraging American branchplant production of Hollywood films in Canada in the late 1920's. Under the terms of a quota imposed on foreign films by the British Parliament in 1926, feature films made in

Commonwealth countries qualified as British in origin. Hence, the Canadian Motion Picture Bureau began soliciting the production of what were called Hollywood "quota-quickies" in Canada so that they might qualify for this exemption. While the British government revised the law to exclude Commonwealth films in 1938, largely because of this "Canadian contravention of its spirit," under the blessing of the Canadian state the feature film industry in English Canada was by this time fully integrated into continental relations of production (Vipond, 1989:36). The result was that while both workers and "interests of Canadian capital involved in the exhibition, distribution, and, quite often, production of feature films" enjoyed economic benefits under this branchplant production regime, there was virtually no representation of Canadian perspectives in feature film during this period (Magder, 1988:288). There is no evidence to suggest that this foreign domination was somehow forced upon the industry however. Rather, "there was no real support for the production of Canadian films," and the branchplant structure of the industry, which followed the general logic of development promoted by the National Policy, was encouraged by the fact that in "the eyes of many, film remained a licentious form of entertainment, to be censored surely, but not to be encouraged" (Magder, 1993:47-48). And, while there were several legal actions taken against the American distributors through the 1930's, these were generally motivated by concerns for establishing exhibition outlets for British films -- and perhaps deploying the medium to "educational" purposes -- not to specifically furthering the exhibition or production of Canadian films (Magder, 1993:38-48). With the establishment of the National Film Board in 1939, the government began to move in this direction. But while the "documentary tradition" established by John Grierson provided Canada with a somewhat distinctive film tradition, it did not challenge the commercial hegemony of the American industry (Magder, 1993:49-61).

Thus, apparently under the sway of a vision of culture as the pursuit of forms of "intellectual development and refinement," through the 1920's and 1930's attempts at regulating

the growth of the magazine and feature film "mass media" generally focussed on commercial concerns. Even there, federal interest in securing a distinctive Canadian market for these products was at best divided. Indeed, it would not be until the 1960's, and the rise of a more "popular" vision of culture that definitive steps to create such markets would be undertaken and American control of these industries seriously challenged. However, as we shall see, even then, regulation would be primarily commercial in focus.

Radio Broadcasting

The first radio-broadcasting station was established in Canada in 1919. As what Innis (cf. Carey, 1989:142-172) would later refer to as a "space binding technique," radio broadcasting quickly attracted the attention of a diverse set of social interests. Both commercial and amateur broadcasters took to the air - all intent upon employing the new medium to join people in common purpose, whether that purpose centered on constructing market relations, or more abstract educational and religious ends (cf. Vipond, 1992: 22-24). Paralleling experience in other industrializing countries, public interest in the medium mushroomed throughout Canada in the early 1920's, although until the 1930's its popularity was largely confined to urban centres and listeners with the means to purchase rather expensive equipment.

From its inception, radio was viewed in a different light than other media of the day. Crossing the boundary between public and private life, it promised to unite both rural and urban households in a "common community" (cf. Czitrom, 1986: 60-88). Audiences were attracted by the novelty and apparently "direct" experience offered by radio. Writing in a similar vein to Williams (1979), Vipond (1992:102) notes that as the rise of industrial forms of capitalism engendered conditions in Canadian society that were "increasingly impersonal and alienating... the new mass medium appealed because it helped the anonymous individual feel more like a

person and the mass more like a community" (Vipond, 1992:102). And while allowing the new medium to penetrate the walls of the home was perceived to have dangers for "those who... held lofty ideals about the utility of radio in uplifting and acculturating the farm, immigrant, and working class populations" -- particularly if commercial forces were allowed to dominate the medium with advertising messages and "popular" entertainment -- the act of "listening in" was generally portrayed and promoted as enriching both family and community life (Vipond, 1992: 24, 89, 101-103.)

In the Canadian context the technology was seen to have particular significance. As Vipond (1992: 22-23) illustrates, "the most frequently voiced hopes concerned the role radio would play in a country of Canada's large size and scattered population. Very typical of the immediate post-war period was the worry that east and west seemed to be drifting apart; radio was greeted enthusiastically as a means for counteracting that tendency to separation."¹³ This perception of radio as a "space binding" medium blended with rising Canadian nationalist sentiments of the period and was key in shaping its development.

As radio broadcasting began in Canada there was little in the way of regulation governing the practice. While the federal government had undertaken a supervisory role in the development and capitalization of the telegraph in the nineteenth century, and extended these powers to "wireless telephony" with the Radio Telegraph Act of 1913, these powers were intended for the technical governance of point-to-point communication, not the transmission of messages to an unknown number of anonymous recipients (Vipond 1992: 3-21). Not until 1923 were the federal first "broadcasting" regulations implemented through the Radio Branch of the Department of Marine and Fisheries. Like earlier regulation governing point-to-point communication, these regulations assumed a simple supervisory role for the state in the governance of the broadcast realm. They specified several different types of broadcast license, allowing for both commercial and amateur broadcast outlets, and established a fee schedule for both broadcast stations and

receivers (Peers, 1969: 16). Licensees were granted only the use of a particular wavelength and no proprietary rights over wavelengths were extended. Moreover, in marked contrast to contemporaneous British regulatory practice, but paralleling the American development model, licenses were at first granted to all who applied (Peers, 1969: 16-17; Vipond: 1992: 20). The assumption of a simple supervisory role by the Canadian state had far reaching implications for the development of the Canadian system. For it meant that while many different kinds of organizations were able to access and experiment with the new technology, private enterprise, with its focus set on wringing profits from its operations, "was left to set the pace and direction for the development of this new electronic medium" (Vipond 1992: 20).

Although in its development the Canadian system is often portrayed as a hybrid of the British and American systems, the conditions that contextualized its development were quite different. In Britain, the physical constraints imposed by spectrum scarcity combined with the Marconi company's disinterest in shouldering the financial burden of program production and the political elite's distrust of "commercialism" to yield a state monopoly on radio program production and distribution (Hearst, 1992; cf. Dewar, 1982; Mundy, 1988). Under state control, the economies of scale inherent in a limited number of broadcast channels and a densely populated listening audience were harnessed to produce a system of program production financed through receiver license fees. However, in the British context, centralized state control led to bourgeois "patrician" cultural sensibilities informing much of broadcast production (Mundy, 1988:291-292). Cast in the euphemistic guise of 'uplift programs,' programming was constructed to "inform, educate, and entertain" - all in the service of contributing to a "national culture" (Hearst, 1992:64; Mundy, 1988:292). Moreover, in order to ensure that British audiences stayed tuned to the BBC, "sets were made which could only receive the B.B.C." (Mundy, 1988:293 fn.9). As Hearst (1992:64) illustrates, the elitist, and rather authoritarian, nature of this control did not go unnoticed by committees set up to review the Corporation's activities and "the

Ullswater Committee of 1936 dared to claim that its programme policy had been shaped from the outset 'by the conviction that listeners would come to appreciate that which might at first appear uninteresting or even alarming.'" Yet review committees largely endorsed the BBC's activities, and throughout its early history broadcasting in the U.K. it was neither a vehicle for the expression of popular cultural tastes nor responsive to audience input (cf. Mundy, 1988; Eaman, 1994:15-17):

In the U.S., the pattern of development was somewhat different. While, as in Britain, some groups advocated that radio be employed to cultivate bourgeois values, capital quickly developed and held a firm grip on radio's development (Douglas, 1995:239). Led by the investments of the Radio Corporation of America (RCA), a federally sanctioned cartel originally comprised of General Electric (GE), Westinghouse, and American Telephone and Telegraph (AT&T), the growth of the system centred upon developing and maintaining markets for broadcast receiving and transmission equipment. Initially, programming was financed through the profits accrued from the sale of equipment. Increases in transmission power and the establishment of broadcast networks extended the geographic reach of these programs and provided economies of scale to this cross-subsidized form of program production.

Early on however, in an attempt to avoid the overhead costs of program production, AT&T began renting blocks of time on their broadcast facilities to outside interests and "toll" broadcasting was initiated as an additional source of revenue (Smulyan, 1994: 100-102). To further consolidate its position in early markets, AT&T also forbid the other patent holders to utilize its lines for commercial network purposes. However, worried that public outcry over this "radio trust" would endanger its telephone monopoly, AT&T began to negotiate a withdrawal from broadcasting with RCA in 1924 (Smulyan, 1994:57-59). These negotiations set the broad context for much of radio's development in North America. RCA agreed to lease AT&T lines for network transmissions and, in the process, gave up experiments it had been undertaking to find

alternate means to relay signals between its stations. RCA set up a new company, the National Broadcasting Company (NBC), to control its network operations and act as a bridge between privately owned stations and its program production facilities. As Smulyan (63) illustrates, "The huge expense of renting AT&T's wires to send signals from station to station meant that programming had to be centralized both to save money and to attract advertisers needing a national audience." New York became the site of this centralized production, and the cost of wire line rental for a national service began to be financed through the sale of time to advertisers (Smulyan, 1994:57-59).

In this context, programming developed as a method of attracting audiences for commercial messages. This imperative had an impact on program content. "Popularity" became the hallmark of program design, as broadcasters and sponsors tailored their products to appeal to national, and later regional, audiences of widely varying tastes (Smulyan: 63,99). Independent, privately owned network "affiliates" provided the lynchpin of this system, working to maximize their income through delivering a balance of local and network sponsored programs. To increase their revenue, these local broadcasters began to sell "spot" advertising on programs they developed, whereby advertisers had to only assume a portion of the costs of program production and none of the responsibilities. And while the "local" ownership of affiliates served to satisfy political concerns over monopoly ownership, this ownership pattern also served the manufacturers' interest as it maximized the sale of both transmission and receiving equipment, as well as waylaid the necessity of heavy investment in broadcast markets across the country.

The rise of commercial program sponsorship sparked numerous debates over the purpose and character of broadcast programming in the U.S. through the 1920's and early 1930's. But, as the markets for both transmitters and receivers became saturated, commercial sponsorship or advertising gradually became entrenched as the dominant method of financing production.¹⁴ Fuelled by advertising, the networks flourished and by 1931 "NBC and CBS accounted for

nearly 70 percent of U.S. broadcasting" (McChesney, 1990). In the wake of this commercial success nonprofit and non-commercial broadcasting suffered a steady and dramatic decline. Faced with a scarcity of broadcast channels, the Federal Radio Commission (FRC), "noting the nonprofit broadcasters' lack of financial and technological prowess, lowered their hours and power (to the advantage of well-capitalized private broadcasters) and thus made it that much more difficult for them to generate funds" (McChesney, 1990:?). Moreover, as McChesney goes on to note, in an interesting ideological twist:

the FRC equated capitalist broadcasters with 'general public service' broadcasters, because their quest for profit would motivate them to provide whatever programming the market desired. In contrast, those stations that did not operate for profit and did not derive their revenues from the sale of advertising were termed 'propaganda' stations, more interested in spreading their particular viewpoints than in satisfying audience needs. Hence the FRC argued that it had to favor the capitalist broadcasters, since there were not enough stations to satisfy all the 'propaganda' groups; these groups would have to learn to work through the auspices of the commercial broadcasters.

As we shall see, these developments in the American system held great import for radio's development in Canada.

In Canada, private capital in radio markets was both weak and parochial. The manufacture of receivers and transmitters was generally controlled by the same patent holders that held a stranglehold on the industry in the U.S. and Britain, with Canadian partners holding a minority position in a similar "Canadian" cartel (cf. Canada. House of Commons. Debates, 1934, vol. 1:181-182). While there appears to have been an investigation of this cartel under the Combines Investigation Act in 1930, with subsequent evidence of a "combine" presented to authorities, prosecution was never pursued because: i) "there had been ... a substantial reduction in the price of tubes"; ii) "the public expense would be large"; iii) "there appeared to be no public demand for prosecution" (House of Commons. Debates, 1934, vol.1:182). Moreover, a patent agreement concluded between this cartel and AT&T's Canadian subsidiary -- Bell

Telephone -- separated the broadcast and telephone markets in Canada, and helped ensure that these companies maintained control of their respective Canadian markets (Vipond, 1992: 28-33; Babe, 1990: 201-203).

The signals from the equipment manufacturers' high power American transmitters flowed freely across the border. Indirectly aided by the lack of an enforceable treaty on the use of the radio spectrum between Canada and the United States, these signals often blanked out or overpowered those of the smaller Canadian stations. Consequently, American interests found "no need to build stations or produce programs here... and by the end of the decade American radio executives not only assumed but boasted that their American stations gave complete service to Canadian listeners" (Vipond, 1992:47).

Under these circumstances, private investment in Canadian broadcasting stations was generally undertaken by "small or at best mid-sized entrepreneurs and businesses." Three main types of businesses dominated this early investment: i) newspapers, who saw the new medium as a means for promoting their papers and extending their services; ii) radio equipment retailers, who broadcast programs to create a market for receivers; iii) "telecommunications firms, (who) were motivated to enter the field primarily to sell the radio apparatus they manufactured, or, in the case of the telephone companies, to protect their investments" (Vipond, 1992:46). Generally, these investors focussed their efforts on building local listening audiences in urban centres and populous regions of the country where markets for either receivers or advertising could be found (Vipond 1992:53, 64-65). Educational and religious organizations also took up licenses, cross-subsidizing their operation with funds from other sources. Thus, as broadcasting took form in Canada, its technical infrastructure was framed by transnational relations of production, and the emergent programming pattern was local and based upon a sustaining set of economic relations constructed at that level.

The developing Canadian system had none of the advantages of the American or British systems. Without cross subsidies from equipment manufacturers, or income from a license fee, financing presented a problem for both commercial and non-commercial Canadian stations. While legislation allowed the government to pass on the receiver license fees they collected to broadcasters, this revenue was generally employed to maintain the regulatory infrastructure and to develop techniques to overcome signal interference from both natural and "man-made" sources (Peers, 1969: 27-28; Vipond, 1992: 125-134). Following trends in the U.S. advertising was restricted, although in Canada those restrictions were both heavier and more closely adhered to than in the United States. Both "toll" broadcasting and "direct" advertising that promoted specific products and prices were officially banned through the 1920's in the face of pressure from newspaper organizations and negative public opinion. "Indirect" advertising however, whereby companies announced at regular intervals throughout a program that they had paid for its production, was sanctioned in 1924 and helped offset the costs of operations and programming (Bird, 1988, 35-36). But in broadcasting's first decade few stations were able to support their operations through this vehicle alone.

The lack of capitalization and a firm revenue base led to difficulties in financing programs. Few stations had budgets for program production. Complicating this problem was the fact that, until the late 1920's, recording techniques were generally ill adapted to broadcast purposes. Moreover, deferring to what it claimed were the wishes of the public, the government placed heavy restrictions on the use of recorded music in the evening hours and instead encouraged the stations to produce live, community based programs (Vipond, 1992: 136-138). As Vipond (1992:137) points out:

The resulting programming, while genuine and community-based, was nevertheless musically inferior to what could be produced from a good record collection, a factor that became increasingly important as sophisticated American stations began to set the standards for the whole continent.

Another problem was presented by the difficulty of constructing broadcast networks in Canada. In the U.S. such arrangements were employed to capture economies of scale in program production and assisted the manufacturers' cartel in maintaining its domination of the industry. However, in Canada, telegraph lines and equipment were ill-suited to broadcast purposes until the late 1920's (cf. Weir, 1965:33-35), and then the hefty transmission fees charged by the telegraphs combined with the poor capitalization of radio broadcasters to make networks all but impossible except under special circumstances. And while local telephone lines were often employed to relay "live" concerts and sports events to broadcast stations for transmission, as illustrated above there was no national telephone network in Canada until the early 1930's (Vipond, 1992:93).

As a result of these development factors, there were few incentives to capital investment in Canadian radio markets. Returns on investment were largely indirect, and generally confined to either promoting the sale of specific products, such as newspapers or radio receivers, in local markets, or thwarting competition in existing markets for commodities such as newspaper audiences or telecommunications services (cf. Babe, 1990:203-204). At the same time, advertising prohibitions and the fragmentation of Canadian radio audiences incurred by American broadcast signals, lessened investment incentives for Canadian commercial interests. While some efforts were made to ascertain the breadth of listenership through the 1920's, the development of Canadian radio audiences as viable commodities themselves was still some time off. Thus, as different interests struggled to forge the technology to "specialized means" in Canada through the 1920's, their avenues of action were already heavily circumscribed by foreign capital, state sanctions, and the inflexibility of entrenched commercial interests.

In this atmosphere Canadian broadcast licenses were subject to a high rate of turnover as licensees struggled to finance their operations. Some writers argue that the regulatory prohibition

on the sale of broadcasting licenses discouraged investment in broadcast facilities and thereby caused this financial distress (Allard, 1979:13). However, there is little historical evidence to support this charge. Rather, to ensure continuity in broadcasting service, it would appear that because of the tenuous financial circumstances of these broadcasters licenses were generally transferred between buyers and sellers without query from the Radio Branch (Vipond, 1992: 122).

In these early years, the private sector was not alone in seeking commercial benefit from the practice of radio broadcasting. Both the federal and provincial levels of government also had investments in radio operations. In Manitoba, the provincial government maintained a monopoly on broadcasting in the province from 1923 to 1933. They entered the field to prevent private businesses from employing radio as a means of communication, and thereby endangering the revenues of the provincially owned telephone system. Financed through receiver license fees that were passed on by the federal government, facility rentals and leases, and commercial income, this operation was self-supporting for most of its life (Vipond, 1992:52).

The federal government became involved in radio broadcasting indirectly, through its ownership of the Canadian National Railway (CNR) which both owned and leased a number of stations across the country. The CNR entered the field of broadcasting for several reasons: on one hand, radio presented a ready means for promoting their service over that of their private sector rival, the Canadian Pacific Railway (CPR); on the other hand, CNR officials "made it clear, that their purpose was in part to further national policy - to attract tourists and settlers to Canada, and to help in 'keeping content those who have to live in sparsely settled districts in the north and west'" (Peers, 1969:23).

As part of this latter effort, the CNR is often credited with being one of the first organizations to promote broadcasting as an instrument of nationalism (cf. Weir, 1965). Further to this point, the biographer of Sir Henry Thornton, the first president of the CNR, has

commented:

As a direct result of Sir Henry's ability to see the possibilities inherent in a new medium of expression, the railway did for Canada what she was too apathetic to do for herself...He saw radio as a great unifying force in Canada; to him the political conception transcended the commercial, and he set out consciously to create a sense of nationhood through the medium of the Canadian National Railway service. (In Peers, 1969:24)

In its efforts to build a national broadcasting system, the CNR pioneered the technical infrastructure necessary for a national network. It was one of the first organizations to produce programming for a national audience, and produced programs in both English and French (Weir, 1965). As a subsidiary of a major corporation and Canada's first broadcasting "chain", CNR radio was able to devote considerable resources to program production and in 1931 it was the first Canadian broadcaster to develop a dramatic series of radio plays. While much of this activity was commercially motivated, its concern with nationalist purpose in a medium that was primarily focussed at a local or community level would later give practical force to the idea that broadcasting might be utilized to nationalist ends.

Because these early forays in broadcasting by state institutions were primarily motivated by larger commercial concerns rather than an avowed, mandated "public" purpose, they should not be viewed as forms of public broadcasting. And while politicians sometimes spoke of the nationalist potential of broadcasting, as Prime Minister Mackenzie King did in 1927 during Canada's Diamond Jubilee celebrations, the state's official interest in radio through most of the 1920's was simply one of governance, and its focus was on promoting the development of broadcasting through the orderly allocation of frequencies (cf. Weir, 1965:35-39).

Toward the end of the decade, it became increasingly apparent that the federal government was not particularly successful in this administrative role. Radio broadcasting's development continued to be stunted by both poor capitalization and chaotic technical

conditions. Few Canadian stations offered full daily program schedules and broadcasters complained that commercial restrictions made it difficult, if not impossible, to carry on the service. Because of the lack of investment capital, broadcasters often shared facilities. The local orientation of broadcasters left reception of Canadian broadcast signals spotty at best, and large portions of the country, particularly rural areas, had no Canadian service at all (Peers, 1969:21).

These problems were compounded by the growing dominance of American stations and programming on the Canadian airwaves. This situation came to a head in 1926 with the total collapse of radio regulation in the U.S. and the indiscriminate co-option of Canadian frequencies by American broadcasters. As control returned to the spectrum with Congress's passage of the Radio Act of 1927, recording and network transmission technology improved in the U.S. with a resurgence of private investment (cf. Head et al, 1994:31-49). Not only did this rationalization of the American system present stronger direct competition for Canadian broadcasters, but it increased pressure indirectly too. As U.S. stations moved to offer longer program schedules, they developed "sustaining" programs to maintain listenership, or "audience flow," through unsponsored gaps in those schedules. In the face of this competition, Canadian stations felt they had to do the same in order to maintain their audiences. However, because of their inferior financial position, the burden of offering a longer program schedule was all the more difficult and these stations began to turn to both greater commercialism and American programs to fill their schedules (cf. Vipond, 1992: 83).

Further complicating this scenario was the fact that the licensing decisions of the Radio Branch were coming under increasing public scrutiny (Peers, 1969: 29-33; Raboy, 1990: 21-22; Vipond, 1992: 203-206). As the number of transmission license applications exceeded the number of available frequencies, charges of favouritism and censorship began to haunt the allocative decisions made by the Branch. And in 1928, when a decision to decline the renewal of a number of licenses held by the International Bible Students Association sparked a national

controversy over "freedom of speech on the air", the government moved to defray rising public criticism of the broadcasting system by appointing a Royal Commission to investigate the situation (cf. Weir, 1965: 100-103).

On December 6, 1928, an Order in Council set the terms of this enquiry. Several aspects of this document are of interest here. First, it identified what the government considered to be the crux of the problem, as well as a general course of action:

That a substantial number of Canadian listeners at the moment appear to be more interested in programs from the United States than in those from Canadian stations... That in the opinion of the technical officers of the Department, the remedy for the above lies in the establishment of a number of high power stations throughout the country, and a greater expenditure on programs than the present licensees appear to be prepared to undertake. (In Vipond, 1992:212; cf. Bird, 1988:37-39.)

Second, the Order went on to offer three alternative means for alleviating these problems:

- a) the establishment of one or more groups of stations operated by private enterprise in receipt of a subsidy from the Government;
- b) the establishment and operation of stations by a government-owned and financed company;
- c) the establishment and operation of stations by provincial governments. (In Vipond, 1992:212; cf. Bird 1988:37-39.)

Finally, in delineating the mandate of the Commission, the Order charged that it "consider the manner in which the available channels can be most effectively used in the interests of Canadian listeners and in the national interests of Canada" (In Vipond, 1992: 213, emphasis added).

This document illustrates an important turning point in broadcasting policy. For despite longstanding controversies in the area, it is the first to officially define broadcasting in the national interest. It set the terms of the ensuing debate and illustrated that in the federal government's eyes, "the issue was not whether the government should finance Canadian broadcasting, but rather which level of government should do so, to what extent, in what manner.

and with what amount of control" (Vipond, 1992:213). Thus, the state's interest in the new medium was manifest, and it began to take an active hand in shaping the development of the system.

Under the chairmanship of Sir John Aird, the Royal Commission on Radio Broadcasting (Aird Commission) conducted an extensive survey of broadcasting in both the U.S. and Europe, as well as a series of public hearings across the country. Both these investigations and the findings of the Commission are well documented and need not be fully rehearsed here (cf. Aird, 1929; Vipond, 1992: 195-224; Peers, 1969:37-62; Raboy, 1990: 22-29). What is of particular interest though, is how the Commission gave substance to Canada's "nationalist interest", in broadcasting through framing it as an instrument of nationalism. In the process, the Commission set broadcasting on a very different path of development than contemporaneous national media and set the dimensions of the social struggle over broadcast regulation in Canada for decades to come.

Although, by all reports, Aird was skeptical of government ownership at the outset of the enquiry, his experiences during the investigation appear to have swayed his opinion (cf. Peers, 1969:37-44; Vipond, 1992:213-224). Set against the growing presence and influence of American radio in Canada, the Commission found public opinion unanimous on one "fundamental question - Canadian radio listeners want Canadian broadcasting," and that the "potentialities of broadcasting as an instrument of education... providing entertainment, and of informing the public on questions of national interest" had been impressed upon them (In Bird, 1988:43). They posited that "broadcasting will undoubtedly become a great force in fostering a national spirit and interpreting national citizenship" but, in the spirit of 1920's Anglophone Canadian nationalism, observed that at "present the majority of programs heard are from sources outside of Canada" and that these have "a tendency to mould the minds of the young people in the home to ideals and opinions that are not Canadian" (In Bird, 1988:43).

Following the guidelines laid out by the Order in Council, the Commission went on to recommend that an independent, state owned broadcasting company be established and "vested with the full powers and authority of any private enterprise, its status and duties corresponding to those of a public utility" (In Bird, 1988:44). The technical backbone of the system was to be seven high-powered broadcasting stations, with perhaps a few low-powered undertakings supplementing their service in locales that were "ineffectively served."¹⁵ All other stations would be closed down. To meet with jurisdictional concerns, the provinces would control the programming of the stations in their areas.

Financing for the system would come from license fees, indirect advertising, and government subsidy. These recommendations reflected several concerns. The Commission was convinced that private capital was not adequate to the task of building and programming a national system. They concluded that the lack of a direct return from broadcasting for private investors had "tended more and more to force too much advertising upon the listener.... (and resulted) in the crowding of stations into urban centres and the consequent duplication of services in such places, leaving other large populated areas ineffectively served" (In Bird, 1988:43). But, based upon the observations that only a minority of Canadians owned radios and that a high license fee would be "burdensome to those of limited means," the commissioners were also concerned that the public would not support a system financed solely by license fees or government subsidy. Consequently, while broadcasting's "educative value" and "importance as a medium for promoting national unity" made it appear "reasonable" to the Commission "that a proportion of the expenses should be met out of public funds," indirect advertising provided a means for alleviating the cost of the system to the public. The allowance of a limited form of advertising also met with the concerns of Canadian commercial interests who argued, in a vein similar to their concerns over the magazine industry, that a ban on advertising would leave them at a disadvantage to U.S. companies in Canadian markets. Moreover, just as the Commission

sought to ensure Canadian commercial interests access to Canadian audiences, it also allowed that audiences should have access to the "best programs available" from foreign sources too (In Bird, 1988:50). Hence, the national broadcaster might recapture some of the audience for foreign programs through deploying them itself. Finally, the Commission underscored the importance of maintaining Canadian control of the system through noting that the future introduction of television broadcasting held the promise of developing broadcasting "far beyond its present state" (In Bird, 1988:46).

In the Commission's eyes, the system was to be modelled along quite different lines than either the British or American systems. Motivated by nationalist considerations, the state was, in part, to undertake the extensive development of the distribution system and program production that in the U.S had been undertaken by the equipment manufacturers and other blocks of private capital. Moreover, in the "national interest" it would extend service to less populous parts of the country and establish an economic foundation for the production of Canadian programming that all segments of the population might access, thereby offering a degree of service well beyond that provided by the private sector in the U.S.. In this way, the government sought to join the geographically dispersed peoples of Canada in an extended community and create a forum in which Canadian interests could be articulated and national unity strengthened. The communicative space created by the technique of broadcasting was envisioned as a "means of production", in that it would be harnessed to produce a Canadian consciousness (Lefebvre, 1991:85). But although private capital was not found adequate to fashioning broadcasting in this image, nationalization of the system did not exclude its participation; nor, despite the tone of the report, was the pursuit of commercial revenue viewed as antithetical to nationalist purpose. As Charles Bowman, one of the commissioners, explained in a pamphlet defending the report in January, 1930:

It is misleading to argue that private enterprise would be eliminated by the Radio Commissions recommendations. Wasteful competition in the building of too many stations would be eliminated, but private broadcasters would actually be furnished with better station facilities, nationally owned, than private capital could afford to build. (In Vipond, 1992: 220-221)

With the state subsidizing and holding a monopoly on the means of transmission, revenue would be focussed toward program production. Both monopoly and public subsidy would lead to lower transmission fees for private program producers, leaving more money to invest in production. Competition would then be encouraged between program producers, as they strove for both broadcast time and to wrest audiences from American stations. As Graham Spry would later note, under this plan competition would be increased where it "is most needed, namely, between programmes" (In Vipond, 1992: 236). As well, state participation would offset the propensity of the private sector to focus only on the more populous regions of the country. Consequently, the scheme forwarded by the Commission was not simply an empty technological vision, nor did it directly pit "public" against "private" interests as some commentators have argued (cf. Charland, 1986; Smythe, 1981:165) Rather, nationalization was foreseen as a means of harnessing commercial interests to the public purpose of program production and distribution, and forging the interests of the listening public, private enterprise, and the Canadian state in common purpose. By joining these interests in a common enterprise, economies of scale might be constructed that would overcome the economic disadvantages presented by Canadian geography and demographics. It might then be possible for all Canadians to receive a Canadian broadcasting service, complete with both "high quality" Canadian and foreign programming. In addition, commercial interests would have access to large Canadian audiences; and an outlet that guaranteed the wide diffusion of Canadian "ideals and opinions" would be created. Consequently, the interests of both the private sector and

the listening public would be satisfied. Although the issue of how the "quality" of these programs might be judged was never addressed, the ingeniousness of this scheme, with its focus on employing an economy of scale in transmission to provide an economy of scope in productive relationships, appears to have been either ignored or downplayed by most commentators.

However, the model forwarded by the Aird Commission did have its problems. Despite the fact that this system offered a set of productive relationships that seemingly would have enabled the representation of a reasonably broad set of interests, its concern for accommodating both the provincial and federal levels of government left local perspectives and interests all but shut out of policy considerations. This seeming "oversight" would later haunt broadcasting policy.

The necessity of taking immediate action that would yield a system in which Canadian perspectives might find a voice was underscored by Bowman in another article published in the wake of the Commission's report:

Already the drift under private enterprise is tending toward dependence on United States Sources. Contracts are being made between Canadian broadcasting agencies and the more powerful broadcasting interests of the United States. Increasing dependence upon such contracts would lead broadcasters on this continent into the same position as the motion picture industry has reached, after years of fruitless endeavour to establish Canadian dependence in the production of films. (In Peers, 1969:53)

As was the case with other Canadian media then, events in the U.S. formed the context for broadcasting's development in Canada, and the national interest in Canadian broadcasting took form in the face of a burgeoning American radio empire that threatened to overwhelm yet another medium of Canadian expression. But while this threat was overtly manifest in the overwhelming presence of American programming in Canada, its roots ran much deeper. As we have seen, with only a couple of exceptions, Canadian broadcasters did not enjoy any of the

corporate relationships that enabled American broadcasters to develop their market presence. Foreign control of the equipment industry forced a dissociation of the economics of program production from those of equipment manufacture, and generally foreclosed on the possibility of Canadian stations constructing economies of scale through vertical integration or capitalizing through cross-subsidization (cf. Miede, 1988).¹⁶ Similarly, the geographical distance between urban centres combined with a division of interests between telecommunications carriers and broadcasters to again foreclose on the possibility of economies of scale in vertical integration between production and transmission.¹⁷ In the face of these problems, the recommendation's effected a compromise between both political and economic interests that would have set radio's development apart from all other Canadian media. However, rapidly changing political and economic conditions would soon make that compromise a site of social struggle.

While the government moved to quickly introduce legislation soon after the Commission reported, events mitigated against swift action. A bill was drafted that closely followed Aird's recommendations with regard to the independence of the corporation, financial provisions, and the structure of the system. (cf. Peers, 1969: 55-62; Vipond, 1992: 225-226).¹⁸ However, before this legislation could be passed, the stock market crashed and the country sank into depression. An election ensued, and the broadcasting issue was downplayed amidst more pressing economic concerns.

To recap: by the 1920's all of these fields of communication were largely industrial in scope and constituted through large scale systems of serial production and mass consumption. As these industries took form in Canada however, they all developed on the margins of American industry where they were highly dependent upon either American capital, the economies of scale of American markets, and/or American production technique. Where these industries were apparently key to the developing industrial infrastructure, state intervention encouraged an east-

west pattern of development. Where the direct industrial benefits of establishing such a pattern of development were less obvious, such as in the magazine and film industries; the state waffled on intervention. Generally though, the content or character of the messages these media carried was not a major concern of public policy. For the telegraph and telephone, regulatory sanctions generally disallowed the creation of messages. For newspapers, a liberal concern for press freedom waylaid regulation. And for the magazine and film industries, the commercial focus and popular appeal of their products left them largely discounted as "cultural" vehicles.

Broadcasting was treated somewhat differently. Developing a few years later, amidst a growing Anglophone "cultural" nationalism, it was envisioned as kind of "space-binding" technique and began to gather currency as a means for constructing a "Canadian" consciousness. Spurred by growing social tensions surrounding the technique, the state moved to issue some control over the form and direction of its development. Given this impetus, broadcasting would soon be the first medium within which "Canadian" content was a key regulatory concern.

The striking, common feature of all of these industries however is their dependency upon relationships with American industry, even those that enjoyed comprehensive regulation. Whether in terms of the manufacture of equipment upon which the communicative technique was founded, as in the telegraph, telephone, and broadcast fields; in terms of cheap imported product that was incorporated into finished commodity, as in the newspaper industry; or in terms of undermining the economics of Canadian production through filling the market with comparatively inexpensive finished products, as in the magazine and film industries -- American influence on their development was both pervasive and decisive. Consequently, as the development of the Canadian "elements" of each of these industrial fields proceeded, not only would they be without the advantage of the large economies of scale enjoyed by their foreign competitors, but neither would they have the same advantages in terms of comprehensive patterns of intensive and extensive capitalization such as vertical and horizontal integration,

complex patterns of cross-subsidization, and export markets. To varying degrees then, in each of these fields Canadian development would take place in stilted and fragmented form as compared to that of American communication media. Not until the late twentieth century would political, economic, and technological forces converge to afford Canadian media such economic advantages. However, as we shall see, even then dependence upon American capital and technique would continue to be a determining feature of their development.

Endnotes to Chapter III

1. At this point, one must remember the old adage, "a regulatory decision not to intervene is still a regulatory decision."
2. While concerns were raised over the foreign domination of the nascent Canadian media as early as the mid-nineteenth century, these were generally motivated by British imperial interests that decried the growing presence, and supposed effects, of American media products in Canada (Bashevkin, 1991:7-80).
3. Original emphasis here taken from an advertisement on the back cover of the Canadian Forum (May, 1922) by Vipond.
4. It wasn't until the 1960's and 1970's that popular concern was raised over the connections between "culture" as a "way of life" and the larger political and economic relations that give it form (cf. Crean, 1976).
5. While American investment in Canada didn't overtake British investment until 1926, it was quite pervasive in Canadian communication systems by the early 1900's (cf. Cook, 1995:182-186). In some instances, direct American investment, in the form of subsidiary or branchplant corporations, brought with it production techniques and investment strategies. The ensuing production process was sometimes wholly undertaken in Canadian territory; at other times, only in part. In other instances, American technique was copied by Canadian entrepreneurs as they strove to harness apparently successful investment and marketing strategies, often to compete with imported, largely American products. And in still others, American products, bolstered by economies of scale that put their unit cost well below what Canadian producers might achieve, were either incorporated into "finished" Canadian products and services or simply distributed through Canadian agents.
6. Moffett (1972:60) illustrates that by 1904 "there were 37,481 miles of commercial telegraph line in Canada against 19,431 miles of railroad."
7. Because telephone systems were initially developed at the local level, municipal and provincial governments played a large role in their formation (Armstrong & Nelles, 1986; Babe, 1990).
8. Czitrom (1986:27) illustrates the terms of this charter followed a pattern established in the U.S. in the development of the telegraph industry. Only in that country, it would appear that the privilege of stringing lines along public rights of way was granted to all comers, whereas in Canada with telephone lines it was a federally granted monopoly bestowed upon Bell.
- 9.9 Czitrom (1986: 25-29) illustrates there was a similar dispute over AP's apparent news monopoly in the U.S. between 1870 and 1900. However, in the face of the decline of the populist movement around the turn of the century criticism abated.
10. It is interesting to note how, in the face of scarce resources, CP's co-operative corporate structure, given form by an Act of Parliament, enabled a particular set of private, commercial interests to maximize the output of news copy that represented "Canadian" perspectives while, at the same time, minimizing the costs of its production. In other words, by deferring the realization of a surplus from the production process until a later (and possibly never materializing) moment in

that process, the productive output of scarce resources was maximized. Moreover, within such a "network" of productive relationships, it is not necessary to realize a profit from the final distribution of the product to the market. Only enough revenue to sustain these relations of production needs to be realized. While, as we shall see, various networking arrangements have been employed by both the public and private sectors in television production, organizational relations following this pattern have never been instituted - despite the obvious advantages for maximizing resources they hold.

11. Both the theatrical and music industries in Canada were also heavily dominated by American companies through the first part of this century (Tippett, 1990:142-143).

12. American domination of the industry continued to escalate until in 1960 a Royal Commission was struck to study the problem. Although concern for the "free expression" of ideas continued to dominate debates a series of measures were introduced over the next fifteen years to help develop and sustain a national advertising market for magazines under Canadian ownership. However, at the time of writing, the major elements of this strategy are being challenged by the United States government under the General Agreement on Tariffs and Trade.

13. The problems of incorporating Francophone Canadians into this vision of Canada through an oral medium were seldom addressed and, as we shall see, would later become a vexing problem for government ownership (cf. Vipond, 1992:23; Raboy, 1990).

14. While, in the U.S., "commercial advertising... barely existed on a national level in 1928," by 1934 it had "mushroomed" and dominated the financing of the system (McChesney, 1990: ?).

15. Czitrom (1982:75) notes that David Sarnoff, head of RCA, proposed a similar technical structure for U.S. radio in 1924 in order to build an economy of scale in transmission and focus scarce funds on program production.

16. While there are no financial figures available to illustrate the problem here, it is interesting to note that what would later prove to be one of the most financially successful stations in the country (CFRB: Toronto) was vertically integrated with Rogers Magestic Corporation, the junior partner in the manufacturers' patent pool. In his appearance before the Aird Commission, the manager of the station explained that it was not built "to pay" in the short term (cf. Nolan, 1989:503). The only other station in Canada owned by manufacturing interests was CFCF of Montreal, which was owned by Canadian Marconi Company Ltd. Both these stations moved to affiliate with American networks as soon as it was technically feasible. The only other company with the ability to harness economies of scale through vertical integration was the CNR.

17. The CNR's network radio operations were an exception to this rule. And while in the early days of the Depression there were many politically motivated charges that the railway's radio operations were an unnecessary and wasteful expenditure of taxpayers' money, Weir (1965:93-95) presents figures that illustrate the expense of these operations to be quite reasonable, if compared to the advertising expenses of later, major Canadian corporations.

18. Some exceptions to the Commission's proposals were that "no real property could be acquired by the company without prior approval of the Governor in Council" and "no limitation on the type

or length of advertising messages was mentioned" (Vipond, 1992:226). While the former consideration would have ensured the government some control over the Corporations incursions in the private sector, the latter would have bolstered its financial independence for, as Vipond points out (1992: 221), the Aird Commission's proposed controls on advertising would have made it difficult to generate much advertising revenue. In effect though, provisions that the corporation be ensured full receipt of license fees, less administrative expenses, as well as a guaranteed government subsidy and the right to borrow money for capital expenditures, would have provided it with both wide latitude of action in the marketplace and the financial resources to exercise its responsibilities.

Chapter IV

Radio and the Making of the National Broadcasting System

Through the late 1920's the struggle for a national broadcasting system took place in a larger context of pressures for political and economic expansion. The 1920's issued a spurt of growth that had begun in the earlier part of the century, but was interrupted by WW I (Fowke, 1980:248). Fuelled by immigration and urbanization, hydro-electric power, foreign investment, and the further development of American markets for Canadian staples, this expansion is often characterized as a second wave of industrialization that swept the country (cf. Innis, 1956; Williams, 1989:57-58). Through this process many of the elements of regional industrial infrastructure that had been developed earlier in the century "were integrated into large-scale systems" of industrial production (Armstrong and Nelles, 1986:326).

Mergers and consolidations in the private sector reflect this process. Following the "first great merger movement between 1909 and 1913, ... (in) the five years from 1925-1929 the number and volume of assets consolidated account for roughly 40 per cent of all such activity from the turn of the century until 1948" (Traves, 1979:82). At first at the municipal and provincial levels of government, and later at national level, state institutions shaped and sustained growth in a pattern that followed the lines of the "wheat-coal" economy given form by the National Policy (cf. Lower, 1946:487-522; Armstrong and Nelles, 1986). The federal referral of the railroads, the telegraphs, and the telephone industries to the regulatory purview of the BRC can be seen as an early manifestation of this process, as these systems became integral to coordinating the movement of goods and information in the face of increasing economic activity. And where the necessity of creating a surplus slowed or imposed limits on development, government ownership, with its ability to obtain "low interest rates" and supply "service at cost," was harnessed to secure "more rapid utilization" of natural and industrial resources (Innis,

1933:78-79). These political efforts to co-ordinate and sustain economic development are illustrated in the wide range of legislation, regulatory boards and commissions, and crown corporations that made their appearance through the late 1920's and 1930's. In the fields of agriculture, harbours, pensions, banking, aeronautics, unemployment insurance and broadcasting - to name only a portion - the federal state set to enhance its powers of governance and give form to the national interest in the Canadian economy (cf. Hodgetts, 1973:149-151; Fowke, 1980: 249-256).

The struggles of federal state to meet with the conditions engendered by this economic expansion were complicated by both intransigence on the part of provincial governments to meet with the federal government's agenda, and later the Depression. The provinces often balked at the enhancement of federal powers, forcing a series of court battles between the two levels of government through the 1930's and the striking of a Royal Commission on Federal-Provincial Relations (Rowell-Sirois) in 1937. But while the federal government was not always successful in expanding its powers, it continued to press for control and national co-ordination over an expanding field of industrial activity, at times employing rising social discontent to further its agenda (cf. Fowke, 1980: 249-256).

To some extent, the nationalism that gripped Anglophone Canada can be seen as part of this larger process of political and economic expansion. Despite the fact that much of this economic growth was itself an extension of American industrial growth, economic prosperity seemed to measure the success of "Canada" as a nation state (Gonick, 1970: 62-63). Through the late 1920's, as American influence became more prevalent, the struggles by the diverse group of interests seeking a venue for the representation of their vision of Canadian "culture" became more pressing.

Broadcasting developed its institutional form in these shifting social currents. Although the formulation and acceptance of Aird's recommendation of government ownership to meet with

the problems of broadcasting seemed to signal an abrupt political shift in the treatment of the issue of communication, the event is better read as a combination of two factors: i) the state's escalating involvement in shepherding the larger process of national industrial development, and ii) the way in which broadcasting was perceived as one of a range of new "electronic" technologies that transcended the constraints of physical geography (cf. Carey and Quirk, 1989). As the American industry tightened its grip on the Canadian radio market, it was increasingly apparent that radio's development was weak, yielding very little benefit for a variety of Canadian interests. Coupled with the popular vision of broadcasting as a space-binding vehicle that held great promise for promoting "education" and "national consciousness," radio's stilted economic growth left the industry ripe for intervention. As the Conservatives came to power, the majority of the provinces were moving to control and give form to radio's development as Manitoba had already done (Vipond, 1992: 250-254). But neither the institution of government ownership nor the emergence of a national system were "fait accompli," both the parameters of the issue and the form of intervention were only vaguely defined as the government changed hands.

After Aird: The The Complexities of Developing a National Broadcasting System

On July 28, 1930 the Liberals lost power to the Conservatives and fears for the fate of the Aird Commission's recommendations were raised among the supporters of public radio. Not only was the deepening Depression causing concern that new expenditures of public funds would be met unfavourably, but R.B. Bennett, the new Prime Minister, had close ties with the C.P.R., which was known to have designs on establishing a private radio monopoly.

Despite the vicissitudes of the Depression, technical improvements combined with the economies of serial production and the growing availability of electrical current to increase radio's reach. The number of radio receiver licenses in Canada doubled between 1930 and 1932

and the percentage of Canadian homes with radios rose from 15% to 30% (Vipond, 1992: 255). In this context the act of "listening in" began to occupy a greater proportion of private time, and the link between centralized transmission and privatized reception was entrenched in social practice. With rising demand, radio set manufacturing in Canada was more fully consolidated on a branchplant basis with U.S. interests. As well as further foreclosing on the development of economies of scale, this control precluded yet another avenue of development for the Canadian system. In the face of rising interference from foreign stations, a plan was developed to provide Canadian broadcasters with exclusive frequencies, just outside of the conventional broadcast band. However the branchplant industry in Canada scuttled the idea, claiming that it would impose an "onerous" financial burden upon them, raise the cost of receivers and force them "to do their own research and engineering" which was then undertaken by laboratories at their head offices in the U.S. (Vipond, 1992:167-168). Thus the broadcast field was narrowed and the technological parameters laid for the later struggle over the intensive capitalization of the system.

Improvements in network transmission technology resulted in four stations in Toronto and Montreal receiving and broadcasting U.S. network programs and a fifth in Calgary attempting affiliation (Peers, 1969: 79). Across Canada however, network arrangements were stifled by hefty transmission fees charged by the common carriers (Weir, 1965, 90-92). Meanwhile, improvements in recording techniques spurred the use of recorded programming, just as harsh economic times had forced consolidation of most of Canada's recording industry on a branchplant basis, shared between British and American firms (Moogk, 1975: 117-119). In the wake of the ongoing consolidation of advertising markets in the U.S., distinctions between different types of advertising and prohibitions against it were also eroded in Canada. Generally, these factors strengthened the position of private capital in the system, spurred the intensive capitalization of broadcasting at the local level, and contributed to a growing hostility to the complete nationalization of the system (cf. Smythe, 1982:165-168; Dewar, 1982; Raboy,

1990:38-45). In combination with the larger political economic pressures forced upon the state by the Depression, these circumstances left public broadcasting with an uncertain future.

The Canadian Radio League: Building a National Vision

Faced with these conditions, Graham Spry and Alan Plaunt founded the Canadian Radio League (CRL) in 1930 to lobby for public broadcasting in Canada (cf. O'Brien, 1964; Prang, 1965; Weir, 1965: 117-136; Peers, 1969: 64-102; Vipond, 1992). Spry and Plaunt had strong ties with the association of Canadian Clubs, as well as many of the other nationalist organizations founded in the 1920's. Under their shepherding, the broadcasting issue became inextricably set in a nationalist context. Spry (1931) illustrates the nationalist purposes foreseen by the CRL for the technology of broadcasting:

Here is an agency which may be the final means of giving Canada a national public opinion, of providing a basis for public thought on a national basis... There is no agency of human communication which could so effectively unite Canadian to Canadian, and realize the aspiration of Confederation as radio broadcasting. It is the greatest Canadianizing instrument in our hands and its cultural influence... is equally important.

From the fall of 1930 to the spring of 1932, public debate of the issue was heated and government lobbying extensive. Amidst growing opposition to the nationalization of the system, much of this debate was inspired by the efforts of the CRL (cf. O'Brien, 1964; Prang, 1965; Peers, 1969; Allard, 1979). The League championed the establishment of broadcasting as a "national public service," and it set out to oppose two competing plans to construct a national system led by the CPR and a consortium of private interests (O'Brien, 1964:107; Spry, 1931:247).

Initially the CRL followed the outlines of Aird's plan and advocated total nationalization,

although by a "national company". They soon modified this position however to allow that stations serving "local" markets might be privately owned or controlled by some civic authority, and locally programmed. This position issued support from some private broadcasters and helped undermine the private broadcasters' association -- the Canadian Association of Broadcasters (CAB) -- call for a privately owned system (Vipond, 1992: 242-249). Like Aird, the League argued that financing would come through license fees, advertising, and government subsidy. In an effort to address both the popularity of American programs, and both station owners' and advertisers' concerns that Canadian audiences would actually tune in the proposed network instead of the American radio networks, selected programmes would be obtained from foreign sources.

The League represented a large cross section of Canada's political and economic elite, and the central thrust of the campaign was to offset what they perceived would be the "narrow purposes" of the medium if solely given over to commercial concerns (Spry, 1931:246). But while the organization's work is sometimes represented as "an attempt on the part of cultural nationalists to distinguish sharply between high and low culture, and to delineate cultural uplift from mass entertainment," the coalition was certainly not sustained solely by such narrow cultural aspirations (Nolan, 1988:517). Joining the writers, artists, and intellectuals that had promoted the institution of vehicles of "national opinion" earlier in the decade, were leading labour groups, professional associations, and farmer's co-operatives (cf. Raboy, 1990:42). And many Canadian newspapers, including the Southam and Sifton chains, issued financial and editorial support (O'Brien, 1964:107-133). While some members of the organization made statements deploring the mass cultural flavour of American broadcast programs and argued that the Canadian system should emulate the British system by offering educational and cultural "uplift" programs (cf. Nolan, 1988), the aims of the League's members at large were much more widely drawn. Peers (1966:256) offers an illustration of some of the interests that were united in

this coalition:

educators who felt that the full potential of radio had been unrealized; business men who wanted to prevent American industry from gaining control of the programme and advertising content; newspapers who regarded any form of radio advertising as a threat; labor leaders who were suspicious of business control of stations and networks; farm organizations who were concerned about coverage and better programme service for rural areas; French Canadians who realized that radio development had been far less rapid in Quebec than in Ontario, and that the growing dominance of American programmes was a threat to their own language and culture.

Consequently, set against the American domination of other Canadian media, the "cultural" concerns voiced by the proponents of the public system centred more on the issue that the system provide a forum for the representation of a diverse set of national interests, than either the institution of a particular cultural aesthetic or ideal, or an elitist revolt against the rising tide of mass culture.¹ At the same time however, other than in very broad terms, it is difficult to see the movement for a national broadcasting system as a definitive moment of "cultural nationalism" as it is sometimes also portrayed (cf. Bashevkin, 1991:6-9). The interests that met on this issue were not joined in a common conception of the world, nor in a vision of a "particular way of life" (Williams 1976: 90). Rather, in the hands of the CRL, the broadcasting issue was fashioned to transcend regional, class, and, to a degree, even ethnic differences (cf. Raboy, 1990:18-20). Indeed, the populist flavour of this nationalistic movement was "irreducible to common denominators" (Snyder, 1987:3) In many ways, the coalition was a reaction against the social conditions wrought by the rapid industrial development engendered through foreign, largely American investment - conditions that the discourse of the National Policy had "failed to describe" (Streeter, 1986). But it was a union of interest fraught with contradiction, as many of these interests foresaw or "imagined" different "national" implications of the technology. For instance, some members of the coalition sought to promote an idealist vision of culture, while others saw radio as a vehicle for building a more popular, pan-Canadian culture. Others focussed

on constructing a space for national "public" communication and education. Some, such as newspapers companies, were concerned that radio advertising would undermine their revenues, while other Canadian commercial interests were concerned that without radio advertising they would be at a disadvantage to American manufacturers. Thus while pressure from this coalition would help the materialization of a national broadcasting system, that system would later be unable to either sustain the early promises that held the coalition together or to accommodate the larger set of concerns that gave it form.

The Early National System: The 1932 Radio Broadcasting Act

Legislative action on the broadcasting issue was delayed by a legal challenge over the federal government's jurisdiction in the area posed by the provinces, providing a window of opportunity for the CRL to develop support and bring its forces to bear on the legislative process (cf. Vipond, 1992: 250-254). The League actively supported the federal government's case, preparing briefs and even appearing before both the Supreme Court and the Privy Council in the federal government's favour (O'Brien, 1964: 218-226). In February, 1932, based upon the principle that broadcasting, like the telegraph, was a technology that employed trans-provincial transmission, the Judicial Committee of the Privy Council placed control firmly in the hands of the federal government (In Bird, 1989: 105-110). Thus the regulation and control of broadcasting became a federal responsibility, and not simply on grounds that the radio spectrum is a scarce resource (Kaufman, 1987:4).² Soon after, the Prime Minister announced the formation of a parliamentary committee to recommend a course of action.

As the issue met with the parliamentary process, the coalition formed by the CRL was not the only organization arguing for government subsidy of a national system. With the financial hardship brought on by the Depression, the private profit-motivated interests were loathe to

undertake further responsibilities, and "in all the schemes advanced by private interests... it was made clear that substantial sums of public money would have to be spent to provide a national program service" (Peers, 1969:82). Thus, it was evident that if radio were to be harnessed to any sort of nationalist purpose, the state would have to intervene.

Pressure from private broadcasters helped increasingly erode the vision of national broadcasting forwarded by Aird and the League as it passed through the hands of the 1932 parliamentary committee and was finally given form in the 1932 Broadcasting Act.³ The 1932 committee recommended the creation of a national service built upon a nation-wide chain of high power stations, but it allowed that stations under 100 watts remain in private hands. Financing of this scheme would come only from advertising and license fees, and construction of the national system and expropriation of existing stations would proceed only as funds from these sources were made available.

Although a last minute attempt was made by forces both inside and outside of the government to delay legislation and push for the establishment of a regulatory commission rather than some form of government ownership, at the Prime Minister's insistence, a Bill was introduced to the House, and in May of 1932 Bennett introduced the Bill to its second reading. In this speech, broadcasting was clearly articulated with a discourse of nationalism as he outlined both the nationalist purposes and context of this legislation (In Bird, 1989:112-113). First, he argued that "this country must be assured of complete control of Canadian broadcasting from Canadian sources." Without it, broadcasting "can never become a great agency for communication of matters of national concern and for the diffusion of national thoughts and ideals... it can never be the agency by which consciousness may be fostered and sustained and national unity still further strengthened." Second, he claimed that

no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the pleasures of

radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas... Happily... under this system there is no need for discrimination; all may be served alike.

Third, he argued that "the use of the air" was a "natural resource" that must be reserved "for development for the use of the people." These policy principles, borne of the broadcasting debates of the late 1920's, would become the ground over which future struggles were fought.

However, the 1932 Radio Broadcasting Act and the policy instrument it constituted, the Canadian Radio Broadcasting Commission, fell short of producing the "great agency" envisioned in Bennett's speech (In Bird, 1988: 115-123; cf. Peers, 1969:115-123). Schematically, the organization's relations with the private sector were focussed more toward regulation than eventual ownership, and its relations with Parliament were structured more like those of a government department than an "independent" crown corporation. For instance, while the Commission was empowered to "determine the number, location and power of stations in Canada," as well as control network broadcasting and regulate advertising, final licensing decisions remained in the hands of the Minister of Marine and the acquisition of property was subject to the approval of Parliament. The Commission was unable to borrow money or raise capital publicly, and it was dependent upon Parliament for releasing funds collected from license fees - its main source of revenue. Moreover, nowhere in the Act were either Parliament's aims for broadcasting or the national purposes of broadcasting specified, leaving the Commission without a clear mandate. In the area of program production and distribution, the Commission had greater latitude. It was empowered to "carry on the business of broadcasting in Canada," and both "originate programmes and secure programmes from within or outside Canada." Toward distributing programs, the Commission was given full power over network broadcasting and "to make operating arrangements with private stations for the broadcast of national programmes." Thus, CRBC's structure combined aspects of the government department, the regulatory board,

and the crown corporation but, in all these capacities, the government reserved final control.

The creation of the CRBC is often hailed as a victory for the proponents of public broadcasting (cf. Hardin, 1974:294; Smythe, 1981:186). But the Commission was ill-equipped to mould the system to any clear public purpose. Indeed, it is sometimes noted that the architects of this legislation never intended to have the CRBC actually take over all broadcasting in Canada (cf. Vipond, 1992:272-274). Still, state intervention did institute a particular set of relations between the state and private interests within the system - relations that would inform the growth of the system well into the development of television broadcasting.

Radio, Broadcast Regulation, and the State

Drawing upon Aitken's (1967) work, Prang (1965) claims that the institution of the CRBC is an example of "defensive expansionism" on the part of the Canadian state. She argues that the "inability or reluctance" of private investors to undertake the investment necessary to secure a Canadian presence in the broadcast realm was met by "the willingness of influential groups to use the power of the dominion government... in the face of economic and political threats from the United States" (Prang, 1965:1). But while this characterization is commonly adopted, it is simplistic. To claim that the state was employed instrumentally, by either a political elite or private capital, overlooks the complexity of the forces that propelled the issue, as well as the ways in which particular circumstances nuanced both the process and final form of intervention (cf. Dewar, 1982).

Situated at the intersection between the burgeoning American radio empire and a range of often disputatious Canadian social and economic interests, the state certainly had an interest in exploiting the communicative "space" created by broadcast technology. Early on in its appearance, radio broadcasting was represented as a venue within which national communication

might take place, as a means of conquering "space through space" and creating a "common consciousness" among Canadians (cf. Charland, 1986:286). As this discourse of the "technological sublime" was laid across a Canadian discourse of nationalism it yielded a particularly powerful and seductive vision of the technology as a vehicle for overcoming the difficulties that social and physical distance presented to governing the country (Marx, 1964; cf. Carey, 1989:113-141). But both the political elite and private capital were divided on the issue of intervention, and R.B. Bennett proceeded with legislation in the face of wide opposition from both within his own party and a diverse set of private interests (cf. Weir, 1965:135; Peers, 1969:102; Dewar, 1982). The fact that the government went ahead was probably due more to a combination of factors than the influence of any one particular interest: the idea of the technology as a potential conqueror of space, the wide range of political and economic interests that supported the cause, and the larger pressures on the federal state to impose some form of national coordination on the emerging industrial structure. Further, the facts that program production and distribution were poorly capitalized at the time, and that broadcast stations were one of the only aspects of the industry that was not directly controlled by foreign capital, provided the federal government room for intervention without having to forward a legal challenge over ownership as happened in the film industry.

Similarly, this vision of bringing the country together through electronic technology was not the wholesale adoption of "a foreign economic and programming logic," or simply one of transmission, as others sometimes argue (cf. Charland, 1986:209). In terms of the larger industrial infrastructure that contained broadcasting, a die had been cast that would later help mould the system in a clouded image of its American counterpart. But as we have seen, at the time of these debates radio advertising was still in its infancy in both the U.S. and Canada, and its hegemony over broadcast communication far from assured. Similarly, the state proposed to bridge the gap created by the extension of this foreign economic logic by instituting a means of

producing and disseminating a set of ideas through which the disparate peoples of Canada might be united. As such, the state's interest in intervention was framed in terms instituting relations of production -- a means of both producing and distributing "Canadian" programming -- not simply some empty form of "technological nationalism." Faced with the diversity of interests that had designs on utilizing the medium, as well as issues surrounding "freedom of speech," it was difficult, if not impossible for legislators to specify the content of that programming, but its central characteristic was explicit throughout the broadcasting debates of the 1920's and 1930's -- it was to be generally "Canadian" in nature.

While both program production and distribution were key to this nationalist purpose, the strength of competing interests in broadcasting and the changing economic tenor of the times circumscribed the state's actions. In 1929, with the government under the helm of the Liberal party, and relatively buoyant political and economic conditions, full nationalization of the system appeared possible, three years later conditions mitigated against the state's immediate expropriation of all private stations. Funds were scarce, radio was gaining popularity, and an ideological predisposition to private property precluded expropriation without "fair compensation" (O'Brien, 1964:289). Thus, as it had in earlier fields of state intervention, in this instance the nationalist discourse served as a part of a larger "mode of regulation" in the emerging broadcast realm, legitimating and setting the context for state intervention but falling short of forcing the institution of a particular set of productive relationships. In other words, to paraphrase Streeter (1986:iv), in this venue the discourse of nationalism began to shape a social system that "it failed to describe," and it would continue to do so well into the future.

The form of state intervention in this instance is of particular interest. It was not simply the product of the forces at play in the field of broadcasting, nor was it structured to simply serve the interests of private capital. Rather, a number of factors appear to have shaped it.

In the face of high overhead costs and low potential returns, private capital was unwilling to make the investment necessary to construct a broadcasting system that would deliver Canadian programming to the widely dispersed population. Moreover, the transnational relations of production within which the Canadian system was embedded were coupled with evolving Canadian regulatory divisions of responsibility in related industries, such as telegraph and telephone markets, to mitigate against the development of patterns of cross subsidy or economies of scale that would aid the private sector in carrying this project forward. Consequently, intervention to directly subsidize private interests in this regard, or provide a mechanism for raising and focussing funds in this direction was necessary.

Both subsidy and direct government ownership were often proffered as the solutions to economic development problems through the 1920's and 1930's. But the litany of political and economic abuses these forms of intervention had suffered "during the period of building competitive railways" combined with ideological presuppositions of the primacy of private capital to leave many people wary of their efficacy (cf. Aird in Peers, 1969:80). From this perspective, the state had a rather limited repertoire of instruments to call upon. The structure of the regulatory board, while suitable for the allocative functions of broadcast regulation such as the assignment of frequencies and the development and enforcement of rules, was not adequate to the direct investment of funds at specific sites of production and fostering their growth. For such direct investment, a structure along the lines of the relatively new crown corporation was necessary. However, the ideological predispositions of the government combined with the lobbying efforts of those interested in the commercial prospects of broadcasting and the economic tenor of the times to foreclose upon the institution of a crown corporation and the wholesale nationalization of the broadcasting system. Further, by 1932, the Depression's firm grip on the national economy had led to an indictment of the supposedly extravagant spending of the CNR -- Canada's premiere crown corporation -- mitigating against the establishment of a new

crown corporation (cf. Weir, 1965:93-97).

The hybrid structure of the CRBC was a product of these circumstances. On one side, it was close to government control and unable to take over private stations without the government's approval. On another side, the CRBC's powers of regulation gave recognition to the legitimacy of private capital within the system while, at the same time, providing mechanisms for its governance. And on another side, the CRBC had the abilities to both raise and invest funds in specific areas to facilitate the extension of existing service. For many commentators of the time, this new organizational form of state intervention, was viewed as an "experiment," a way to meld a combination of public and private ownership to larger public purpose (cf. Dennison, 1935; Vipond, 1994).⁴ But while the legislation left open the possibility of complete nationalization, the path of least resistance led the CRBC to a position of regulating the behaviour of the private stations toward the accomplishment of an ill-defined national interest through program production and network construction. Moreover, and perhaps most importantly, the simple fact that the efforts of the state were focussed at the national level left interests bound to both the regional and local levels to the forces of the marketplace.

The CRBC in Action

As the CRBC began operating in late 1932, it quickly became apparent that there was little consensus concerning the responsibilities that the Commission should undertake or the direction it should follow. Informed by a discourse of nationalism, the Commission focussed its operations in three areas: program distribution, program production, and broadcast regulation. In all of these areas however, the CRBC's activities were constrained by the peculiar political economy of the Canadian broadcasting system.

From the beginning, the Commission's autonomy was severely limited by legislation, and its activities mired in controversy. At the organizational level, the Commission experienced both administrative and financial problems. The 1932 Act placed both regulatory and administrative duties in the hands of a three member board. Without a definitive organizational mandate, or a clear division of internal responsibilities, their workload was heavy and their purposes somewhat confused. In the harsh economic climate the government failed to pass on the full amount it collected in license fees, leaving the Commission with revenues ranging from \$1,120,591 in 1932 to \$1,702,965 in 1936 (Malone, 1962:31; cf. Weir, 173-175). These sums were far from the \$2,500,000 estimated by Aird as the minimum necessary to operate a national system, even without factoring in the costs of station acquisition. Moreover, the government determined and allocated the Commission's budget annually, making long range planning difficult, if not impossible, and requests for capital to build new stations were consistently refused (Weir, 1965: 173-175).

At the larger level of social structure, the CRBC's close relationship with the government, coupled with the Conservatives' apparent ambivalence to the purposes of the public broadcaster, left the Commission subject to pressures from both the party in power and a variety of commercial concerns (cf. Weir, 1965; Peers, 1969). Partisan and hostile political interests, private broadcasters, railway companies, and newspaper concerns all left their marks on the Commission, and worked to subordinate its operations to the interests of private capital.

Several tasks immediately confronted the commissioners as they took up their responsibilities: staff, stations and programming facilities had to be arranged; broadcasting regulations had to be formulated and promulgated; and new frequency allocations had to be made among private broadcasters under the terms of a new international broadcast treaty that the government had negotiated.

In April of 1933 Parliament ratified a measure to allow the CRBC to acquire the radio properties of the CNR, reportedly at less than 40% of their market value (Weir, 1965: 139-140). In the grip of the Depression, the transfer of these assets was politically expedient and there was little opposition to the sale. The deal provided the CRBC with stations in Ottawa and Vancouver, and production facilities in Toronto and Montreal. The Commission also leased stations in Toronto and Montreal, constructed a station in Chicoutimi and, in the following year, acquired stations in Windsor and Quebec. These assets formed the core of the CRBC's facilities and, in combination with private "affiliates," they were deployed to construct a national network, as well as six regional networks (cf. Walters, 1960:39).

This network structure was similar to its American counterparts. In practice however, the Canadian network was put to different purposes. The American companies deployed their facilities and affiliates to produce both national and regional audiences that would offer commercial sponsors a degree of flexibility in marketing their products. The CRBC, on the other hand, used its networks to carry out "nationalist" purposes. The regional networks were deployed to overcome time differences between different parts of the country when broadcasting "national" programmes and, together, the "national" network carried a "National Hour" that was broadcast to all parts of the country simultaneously (Walters, 1960:40).

However, because Canadian "local" broadcasters had already begun to fall under the sway of the extensive development of the American system, the CRBC had difficulties in delivering these services. Acquiring the facilities in Toronto and Montreal proved particularly vexing for the Commission. With the government holding a tight reign on the budget, leasing or buying time on existing stations was more expedient than the more costly alternative of purchasing and running a station. However, in Toronto, CFRB, the most powerful station in the area and an affiliate of an American network, was unwilling to provide airtime at a rate the Commission was willing to pay. Hence, a lease agreement was struck with a lower powered,

rival station whose audience share had already been depleted by CFRB. In Montreal, the two principal stations were affiliates of American networks and had no interest in cooperating with the Commission. Thus the Commission resorted to leasing an outdated transmitter and later purchasing its own. But, even equipped with its own transmitters in these major centres, the CRBC raised the ire of the existing private broadcasters who claimed that by operating these stations the Commission was "competing with stations that it regulated: a charge which continued to be made against the CRBC and the CBC until 1958, when the Board of Broadcast Governors was established" (Peers, 1969:133). Indeed, the development plans of the publicly-owned broadcaster met with strong opposition wherever they were not commensurate with the interests of private capital.⁵

Following the recommendations of the 1932 parliamentary committee, the CRBC quickly entered into negotiations with the railways for the telegraphic distribution of its network programming.⁶ This too proved to be a difficult and expensive proposition however. To maximize their revenues and leave room for their own possible expansion into broadcasting, telegraph companies imposed both hefty fees and restrictions on carriage contracts with the Commission. Hence the distribution contract specified that the lines could not be employed for "commercial broadcasting purposes" and that the Commission agreed not to "compete with the railways in the commercial broadcasting field" (in Weir, 1965:165). These contracts formed the basis for both the national and regional networks.

These commercial sanctions meant that the Commission had to shoulder the full cost of network distribution, which comprised approximately 40% of its expenditures during its lifetime (cf. Weir, 1965: 182). As one critic has pointed out, to alleviate this burden the CRBC might have acted:

as a mass buyer of the lines, making use of those hours it desired for its own programs, and selling the remaining facilities at a profit to the advertisers. That

arrangement would have lowered the unit cost to both the CRBC and Canadian advertisers. It would have forced the latter to pay part of the Commission's 'sustaining' or non-commercial programs. Such arrangements were common in the U.S.. (Allard, 1979:95)

As Peers (1969:130-131) illustrates, however, such an arrangement had been considered and rejected by the Commission in late 1932:

It would have meant that the commission was distributing commercial programs, for which it would get little credit, and whose content it could hardly control. More than that, such an arrangement would immediately stir up opposition on the part of newspapers, who would charge that their advertisers were receiving a subsidy from the state to advertise in a rival medium.

Moreover, in the competition for advertising dollars, high powered private stations, though they represented themselves as "local" in focus, had a distinct advantage over the Commission. As Peer's (1969:131) goes on to note:

Through a station like CFRB, Toronto - a 10,000 watt station in the richest and most heavily populated area of Canada - an advertiser could reach nearly a half of the market that a national network would bring him. Why should he put his money into a more costly program, spending a great deal more money for distribution, in return for a less satisfactory sales message. The calculation of the Aird Commission, that revenue would be available to the national network from 'indirect advertising' was based on the assumption that there would be no powerful private stations in Canada. That was not the case in 1933.

While the Commission appears to have had second thoughts about the line restrictions toward the end of 1933, pressure from newspapers and other vested interests forestalled any changes and the CRBC's national network was confined to non-commercial programming until late 1935 (Peers, 1969: 135).

As the Depression deepened few sponsors could be found to assume the high cost of transmission line rental anyway, except perhaps those that wished to extend the reach of American network programming (cf. Weir, 1965:176; Blakely, 1979). Thus, although the

Commission prohibited private stations from instituting commercial network broadcasts without its permission, the CRBC's network monopoly did little to impede the transmission of Canadian programming by private stations, or impair the profits of private operators. But the Commission's inability to supply commercial programs limited the appeal of its service to private broadcasters and increased the costs of securing affiliates.

Like their American counterparts, Canadian stations found it difficult to find commercial sponsors for more than 35% of their broadcast schedules in the early 1930's (cf. Barnouw, 1969:245; Nolan, 1989:502). To fill these gaps in their schedules American network affiliates reimbursed the networks for "sustaining" programs in either cash or airtime (Czitrom, 1982:80). In Canada however, the situation was reversed. To ensure distribution, the CRBC paid the stations that comprised its basic national network to carry its programs (Peers, 1969:34; cf. Charlesworth, 1935:46). In 1934-5, approximately 18% of the Commission's budget was devoted to such payments (Peers, 1969:134). Other stations were supplied free programming. As Malone (1962:3.30) illustrates, under these terms the Commission's programs were quite popular with private stations, if for no other reason than to build and hold audiences during periods when more profitable commercial time could not be sold. The importance of these payments and programming to the economic well being of private broadcasters and maintaining a "national" broadcasting system in the early 1930's is illustrated in the fact that, of the 76 licensed broadcast stations in Canada in 1935, 7 were owned or leased by the Commission, 21 were paid to carry Commission programming, and 30 carried programs provided by the Commission free of charge (Walters, 1962:30). As we shall see though, as commercially sponsored programming formats that attracted large audiences were developed, the public broadcaster's programming quickly lost favour.

Thus, as the Commission set out to develop facilities for distributing its programs, its encounters with "private property rights" left its operations severely constrained.

Ensuring that its programming had a distinctively "Canadian" flavour formed the second thrust of the CRBC's efforts. As Walters (1960:40-41) illustrates:

One of the CRBC's primary purposes was to produce more Canadian programs and thus stem the tide of American culture. To do this they spiced their program schedules with talks by prominent Canadians, and by visitors to Canada, and with broadcasts of special features such as the Harmsworth Trophy Race on Lake St. Clair, the National Balloon Race, and the arrival of the Italian Air Armada at Shediac N.B. in 1934. News of Canadian interest was carried on twice daily bulletins, prepared by Canadian Press... in addition, the CRBC began the Northern Messenger Service, by which personal messages were relayed by shortwave radio to people in the far north of Canada... How far the CRBC succeeded in Canadianizing radio can be seen from the fact that of the 7,200 radio programs broadcast by the Commission during 1934-35, 7,000 were of Canadian origin.

But programming production was also fraught with problems for the CRBC. After distribution and administrative expenses, only about 30% of its budget was left for production, drawing the ire of critics who charged that too small a proportion of the overall budget was being invested in this area (cf. Weir, 1965:179-183). The quality of these programs also drew criticism, and despite the fact that the Commission brought a broadcast service based upon Canadian information and news sources, as well as Canadian talent in musical and dramatic programs to many communities for the first time, this fare was often subject to criticisms that it was of "low quality", too "popular," or too "nationalist" in character (cf. Dennison, 1935; Weir, 1965; Peers, 1969). Moreover, under pressure from Canadian newspapers who worried about radio as a potential competitor, the CRBC did not produce its own newscasts. Instead, Canadian Press supplied the Commission's stations with short news summaries which were read over the air (cf. Nichols, 258-269; cf. Czitrom, 1986:86-87).

The Commission's program policies also led to a much more difficult and fractious, although very "Canadian," dispute. In an effort to meet the responsibility of constructing a truly national audience, the CRBC began broadcasting national programs in both English and French in 1933. These programs "provoked a veritable flood of protests from the press and public, from

the Maritimes, and particularly from Ontario and Western Canada" (Weir, 1965:149). Weir attributes this backlash to a religious bigotry rather than a general antipathy to Quebeckers. Still, pressure to separate the linguistic components of the system mounted, and by 1934 the CRBC had "split its service in two and began doing separate programming in French for Quebec" (Raboy: 1989:52). Early in its tenure, the CBC institutionalized this distinction between French and English programming and with the introduction of FM radio and television services, a separate network for each of these linguistic groups was set up. Thus, the nationalist pretensions of what is often thought of today as Canada's first "cultural" institution quickly collided with the competing concepts of nationhood that characterize the Canadian federalist union.

In the regulatory realm, the Commission drafted a range of broadcast regulations early in 1933. Most of this "policing" activity dealt with the technical aspects of station operations, but a few addressed program content. Among the latter, were regulations that limited imported programs to less than 40% of the program schedule and advertising to less than 5% of program time (cf. Canada. CRBC, 1933. In Bird, 1988:124-132). This first Canadian content regulation had an interesting commercial loophole though, as it carried the proviso that: "A program of foreign origin which advertises goods manufactured in Canada, and names the address in this country where such goods are produced and distributed, shall be deemed a Canadian program" (Rule 89). While there appears to be little or no historical record of the impetus to this regulation, pressure for its promulgation may have come from several directions: from American branchplant operations seeking to utilize programming sponsored by their head offices to promote their "Canadian" products; from private profit-oriented Canadian broadcasters seeking to minimize production costs and maximize revenue; or from the regulator itself, as a means of contributing to the capitalization of the system through cross-subsidizing private operations with foreign programming. In any event, like later "simultaneous program substitution rules" for television, it had the effect of harnessing the popularity of foreign programs to the commercial

benefit of private broadcasters (cf. Canada. 1986 Task Force on Broadcasting:459-461).

Other restrictions of note in this set of regulations include sanctions against "programming or advertising matter containing abusive or defamatory statements... or statements or suggestions contrary to the express purpose of any existing legislation" (Rule 90), and a prohibition of "broadcasting editorial opinions of a controversial nature" (Rule 102). Together these rules provided a basis for regulatory control over broadcast content. Rule 90 was applied to establish commercial standards and, in a move similar to one undertaken by the early Federal Communications Commission (FCC) in the U.S., it was employed to limit patent medicine advertising (cf. Charlesworth, 1935:46-47). It was also deployed to ensure that other kinds of "'ballyhoo'... by fanatical and crank organizations calculated to give offense to large sections of the community" were "eliminated from the Canadian air" (Charlesworth, 1935:47). In this vein, the rule was used to ensure that controversial programming such as that aired by the International Bible Students Association in 1928 would not again find its way onto the air and precipitate further regulatory furore. As Vipond (1994:158-162) illustrates, these rules were also applied to controversial political broadcasts such as one sought by the Communist Party during the 1935 election campaign. While the text for this broadcast was the subject of heated debate it was eventually put to air, although it was heavily edited, apparently following some definition of "community standards" (161).

Vipond (1994:153-154) suggests that in drafting and enforcing these rules the CRBC issued a kind of "legitimation" function for the Canadian state. However, again, such a view is perhaps too simplistic. For, as we shall see, in its later incarnation as the CBC, Canada's public broadcaster suffered a litany of criticism from all sides of the political spectrum for its restrictions on program content. Rather, as the shifting tide of industry wrought change at many social levels, the promulgation of such standards might be more fruitfully read as an effort to bring the emergent practice of broadcasting in line with the larger normative set of values that

framed Canadian life.

For the most part, the CRBC's regulatory activities were quite sensitive to the financial concerns and property rights of broadcasters.⁸ No stations were forced to disaffiliate with American networks or to carry the CRBC's programs, and all private stations were allowed to carry on business as usual. In technical matters, the Commission's efforts to improve technical standards and alleviate different types of interference provided a general improvement of the broadcast environment for all broadcasters. In some cases the CRBC even went so far as to directly place the interests of commercial broadcasters before its own. For instance, in reallocating frequencies to meet with international agreements in 1933, the Commission gave up its own "clear channel" in Toronto so that a private station in Windsor might avoid interference from a Mexican station. When queried about this move, the Commission submitted that it was "far better for the Commission's station to have this trouble than that the commercial station in Windsor which is forced to make its living should have been subject to this interference" (In Weir, 1965:184-185). As Weir (1965:182-185) notes, the Commission also "protected" the audiences of some of its basic stations "by refusing permission to other stations in the same area to broadcast its programs." Thus, while the private stations suffered under the threat of expropriation, there was little evidence in the actions of either the government or the Commission to suggest that this possibility might soon meet with fruition, or even that the possibility hampered the profits of private broadcasters. Rather, as we have seen, through subsidizing their operation with both free programming and payments, the CRBC played a key role in helping the majority of Canadian stations weather the tough economic climate.

Yet the private sector complained. In early 1934 a second parliamentary committee was convened to investigate broadcasting. Many private broadcasters used these meetings as a forum to air their manifold grievances of the Commission's practices:

The private broadcasters complained about nearly every phase of the

Commission's operations. The stations owned by the Commission were competing unfairly with other stations in the same areas. Commission regulations relating to advertising were unfair... (The point seemed to be overlooked that in 1932 the first two of these had been suggested by the private stations themselves). The further complaint was made that the Commission was too exacting in its demands on the smaller stations. It was unfair in paying some stations to carry its programs, but not others. It was wrong in insisting that no network could be formed without special permission and in refusing to allow more stations to become affiliated with American networks. The changes in wavelengths had resulted in a chaotic situation and increased interference. There was too much French on Commission programs. (Peers, 1969:138).

The stations that issued the most vociferous complaints however were those located in the most viable commercial markets, and the requests they placed before the committee centred on enhancing the profitability of their operations. These demands generally took one of several forms: i) the stations wanted to increase the number of allowable commercial minutes; ii) they were already affiliates of U.S. networks and wished to improve upon their abilities to garner Canadian audiences with imported programming through enhancing these agreements; iii) they wished to affiliate with U.S. networks; iv) they sought permission to employ more "electrical transcriptions" or recordings in their broadcasts (cf. 1934 Parliamentary Committee). In all of but one of these proposals, the net effect would have been to increase the amount of foreign programming within the system. In other words, the production of new Canadian programming, other than advertising messages, was not generally an interest of the private stations. Profit was their motive and increasing profits was generally equated with taking advantage of the economies of scale presented by the American system.

The report of the 1934 Committee was short and it received little attention in the House as an election call was anticipated. However, it presaged what would become a familiar pattern. On one hand, it reaffirmed the principle of national broadcasting and recommended minor technical and organizational changes. At the same time however, it also recommended incrementally easing restrictions on the private broadcasters (cf. Peers, 1969:146-147). In the

end, the only apparent change in regulation was that private stations were allowed to extend commercial time to 15% of their schedules, further enabling the intensive capitalization of the system at the local level (Peers, 1969:155).

Throughout the rest of its tenure the CRBC continued to be hampered by budget restrictions, its own organizational structure, pressure and complaints from industry, and political interference (cf. Wier, 1965:137-204; Peers, 1969:63-164). In late 1935, line contracts with the telegraphs were renegotiated to allow the transmission of commercial programs, but before a clear position on this issue could be established a political scandal delivered a final blow to the Commission. As the country entered the election campaign in the fall of 1935, the Conservative government employed the Commission to produce and broadcast a series of partisan political broadcasts that did not identify the Conservatives as their sponsor. These broadcasts, which featured a small town Tory armchair philosopher by the name of "Mr. Sage," extolled the virtues of the Conservatives and denigrated both Liberal policy and the Party's leader, Mackenzie King. They enraged the Liberals and provided a catalyst for wide ranging discontent over the CRBC. Upon Mackenzie King's election a review of the Commission's operation was undertaken and a new institution -- the Canadian Broadcasting Corporation -- created.

A "Canadian" Regime of Accumulation in Radio Broadcasting

In the wake of the "organizational, financial, and political problems" that surrounded the CRBC, it is often judged as a "failure" in public administration (cf. Vipond, 1994:169-171). Yet, in a number of ways the Commission was quite successful in promoting the growth of a national network and issuing a degree of Canadian control over emerging broadcast technology.

Informed by a nationalist discourse, the CRBC set out to create a national broadcasting system in a field that was already heavily circumscribed by the presence of American capital and

technique, as well as divisions of responsibility between pockets of Canadian capital. Under these circumstances, program production in Canada was divorced from the larger set of industrial relationships that gave it form in the United States, and the Commission struggled to create a set of relationships that would sustain both the production and distribution of broadcast programming at the national level. In this process it instituted a particular set of relationships between the state and other broadcast interests - relationships which reflect the traditional structures of both the regulatory board and government ownership.

In its work as a regulator, the CRBC made rules and regulations that brought centralized management and control of technical and programming standards to a system that had been previously characterized by chaotic conditions.⁹ It set technical standards and increased the technical quality of broadcasts, improving broadcast reception. It undertook allocative responsibilities, issuing controls on licenses and wattage. It played a central role in establishing advertising standards. And it acted as a buffer between the government and a wide range of competing interests both within the broadcast realm, as well as between the commercial interests in that realm and those in the carriage and advertising markets (cf. Hodgetts, 1946:465, fn.50). In these capacities, the Commission worked to bring the practice of broadcasting in concert with both entrenched blocks of Canadian capital and a larger set of Canadian social practices. And, in this process, it created conditions for a more efficient exploitation of the radio spectrum by largely Canadian based capital than had previously been possible.

As an instrument of government ownership the CRBC promoted the rapid, extensive exploitation of the "limited resource" of the radio spectrum. In the face of a range of market "rigidities," the Commission attained "the end of immediate investment... of capital" in the radio spectrum and set the stage for "retaining a substantial share of the returns" from this "resource" for Canadians (Innis, 1933:80-81). Guided by a discourse of nationalist purpose, it harnessed revenue sources that were not dependent upon the labour process within the system and focussed

investment toward aspects of the resource that the private, profit-oriented elements of the system were loathe to approach. In the two areas that comprised the CRBC's greatest expenditure -- program production and network construction -- the financial incentives pointed profit-oriented private stations toward: the use of recorded materials which, because of the hegemony of foreign capital, were largely foreign in origin; the importation of "live" foreign programs on a casual basis; or direct affiliation with U.S. networks. But through producing and distributing "Canadian" radio programs on a national basis the CRBC worked to waylay these directions of development. In this process, the Commission directly subsidized the operation of private stations by providing income and programming to stations through the tough economic times of the early 1930's. Thus, through both regulatory and productive actions the CRBC provided form and substance to this nascent system and moved to create "Canadian" relations of production in the broadcast realm.

Informed by a discourse of nationalist purpose, it is no surprise that the CRBC set its operations on the commercial margins of the system.¹⁰ But in this role the Commission did not operate in the direct service of "capital accumulation" as some have claimed (cf. Vipond, 1994: 153-157). Rather, guided by the larger political system, the Commission set out to construct a national broadcasting service. Where its operations were, as Offe (1975:143) puts it, "congruent with private investment decisions," private operators cooperated with the Commission and welcomed its participation. Where those operations were seen by the private sector to intrude on the private accumulation process, they were met with heavy opposition. However, given the Commission's limited powers and financial resources, when confronted with opposition from the private sector its ability to mould the system to a larger public purpose was limited.

Where the interests of private broadcasters directly collided with the larger nationalist purposes of broadcasting, such as pressing for the unencumbered right to construct networks based upon imported programs, they were deflected, though not without struggle. But this

nationalist prerogative did not extend into the microcontext of station ownership and operation. The larger social consideration of private property rights surrounding the private station's investment in plant precluded expropriation without compensation. Moreover, because this investment was based upon the productive capacity of this plant, and without access to a broadcast frequency the idle plant was virtually worthless, simply appropriating a station's frequency without adequate compensation would have amounted to expropriation, despite the sanction against proprietary rights to frequencies. Lacking the resources to purchase or build its own stations, these circumstances forced the Commission to negotiate with private broadcasters for access to their frequencies to distribute its programs. The ensuing dependency upon the private sector worked to give the public broadcaster a direct stake in those station's economic well being while, at the same time, their growth and development hinged upon breaking that relationship.

In the harsh economic conditions of the early 1930's gaining access to the private sector's facilities was not particularly difficult for the Commission -- except in instances where private operators were already exacting a greater return on their investments than the Commission could afford to pay. In such markets, issues surrounding property rights forced the Commission to assume a subordinate position to commercial broadcasters from the outset. Thus, in the early operations of the CRBC, a pattern familiar from the history of state intervention emerged. At the organizational level, the state owned broadcaster undertook responsibilities that were generally uneconomical or subordinate to the interests of capital accumulation. Framed by a discourse of nationalism and reinforced by the intransigence of private capital, imperatives other than the production of surplus informed the Commission's operation and an organizational schemata took form that centered upon filling in the gaps of a "national system" left by commercial enterprise.

This "national" focus had an important impact upon the character of the system, as it generally left local development to the devices of private capital and profit-oriented behaviour

became the hallmark of local broadcasting. Raboy (1990:52) captures this failure of the CRBC to differentiate between different types of broadcasters at this level in a series of exchanges through the parliamentary committee hearings in 1934:

Politicians repeatedly referred to private stations as 'private community stations,' prompting CRBC chairman Charlesworth to comment at one point: "I do not know what is meant by a community station. That is a very loose definition. We call them privately-owned stations."¹¹

This failure to envision and/or encourage the development of different kinds of broadcasters at this level contributed to the intensive capitalization of local stations as well as the system's further incorporation into transnational relations of production. As we have seen, private profit-motivated local Canadian broadcasters generally found the most cost effective method of obtaining programs was through becoming affiliates of American networks, utilizing recorded music or obtaining electrical transcriptions -- not producing programs themselves. As illustrated, all of these avenues generally pointed south of the border. Moreover, advertising for American network programming and other broadcast materials that spilled over the border in U.S. magazines and other advertising vehicles increased the currency of these foreign programs in the Canadian market. Consequently, once Canadian broadcasters began utilizing such programming, the profits they generated provided greater financial resources for increasing these stations' reach in their home markets, putting stations that took the more costly route of producing their own programs at a competitive disadvantage in terms of advertising.

The net result of these circumstances was that the capitalist relations of production that underpinned these "local" private profit-oriented stations had a direct effect on their representational practices. Foreign programming and recorded material were the key to profits. Only when Canadian programming was cheaper to produce than foreign programming was to purchase, or when foreign programs were unable to meet local programming demands -- such as

in the broadcast of local news, weather, and political or sporting events -- was there an economic incentive to produce Canadian programs. In most program categories, even Canadian network programs could not overcome the cost advantages of foreign broadcast materials. As the intensive capitalization of the system proceeded and broadcasting markets based upon the profit motive both grew and became more competitive, this contradiction would become more apparent and drive both the public broadcaster and "Canadian" broadcast programming to the commercial margins of the system.¹²

In turn, this profit-motivated behaviour on the part of local broadcasters issued yet another set of pressures on the CRBC around the issue of "commercialism." Although the "entertainment" programs produced by American commercial sponsors were popular with audiences on both sides of the border, from their inception there were many complaints about the announcements of commercial sponsorship inherent in their texts. In Canada, this popular distaste for commercial messages combined with a number of other political and economic forces to yield considerable pressure on the CRBC, and later the CBC, to minimize commercial sponsorship of their programs. These concerted criticisms of "commercialism" were mounted from several directions. Inspired by the apparent educational and "uplift" character of BBC programmes, some critics held an elitist disdain for mass cultural products in general, and commercial broadcast programs in particular (cf. Eaman, 1994:4-22). Labor groups such as the All-Canadian Congress of Labour argued for the "complete removal of radio from the commercial sphere," apparently so the medium might more readily serve the broader interests of the public (Raboy, 1990:53). Newspapers issued consistent criticism over radio's encroachment on the advertising market, a concern that was skillfully exploited by the CRL in 1932 (cf. Dewar, 1982:41-43). Finally, private, profit-oriented local broadcasters consistently complained that advertising on the public service amounted to government subsidized competition in their markets. Consequently, as the CRBC, and later the CBC, sought means to finance their activities,

this broad based criticism of "commercialism" worked to foreclose on commercial sponsorship. Moreover, because local "private" broadcasters were by definition commercial, the effects of these complaints were focussed toward the public broadcaster while commercial activities proceeded apace at the local level.

Another pressure on the CRBC rising from the commercial focus of both local broadcasters and American broadcast networks is illustrated in the character of the Commission's programs. Led by nationalist concerns, programming developed by the Commission to achieve popular appeal in Canada often incorporated distinctively Canadian themes and issues (Weir, 1965:190-199; Peers, 1969:156-160). These programs stood in stark contrast to their popular American counterparts which, by their nature, focussed on "creating a popular culture that was continental in scope" in order to construct as large an audience as possible for commercial messages (cf. Peers, 1969:157). Thus, the programming logic deployed by the CRBC began to develop through efforts to produce programs different from those offered by both American broadcast networks and, by extension, "local" profit-oriented Canadian stations. This logic limited the currency of the Canadian network's programs. In their "home" market, they had to compete for audiences alongside foreign programs that were both better financed and constructed for wider audience appeal. In other words, in the eyes of profit motivated "local" broadcasters that were affiliated with U.S. networks, Canadian network programs were simply "too expensive" in that they couldn't exact the same return on investment as American programs did, and later, as recorded programming did.

The pressures against commercial sponsorship on the national network further exacerbated this problem, and mitigated against the development of popular, commercially sponsored "distinctively Canadian" network programs based on commercial sponsorship that might have attracted the interest of local broadcasters. Similarly, while there was an exchange of sustaining programs between the CRBC and the American networks, particularly in the area of

"high" cultural programs, there was no commercial market for Canadian programs in the U.S., as there was for American programs in Canada. As commercial broadcasting developed in the U.S., the American networks were able to fill their schedules with sponsored programs and these Canadian programs were dropped (Weir, 1965:195).

Thus, squeezed between a set of transnational relations of production based in the United States, the prerogatives of Canadian private capital, and the nationalist imperative of the Canadian state, the Canadian broadcasting system was already being forged to "specialized means" and the vague outlines of a Canadian regime of accumulation was taking form in this field. Following a nationalist mandate, the public element was locating itself on what this larger set of interests defined as the commercial margins of the system, producing "Canadian" programming and attempting to ensure that it was available to all Canadians through a national broadcast network. Meanwhile, at the "local" level, private, profit-oriented stations were focused on attempting to extract as large a surplus as possible from their operations through deploying programming that would attract as large an audience as possible, with the least investment.

Within this arena, the growth of the public element was circumscribed by the state's willingness to invest in the system and the political strength of a range of interests who shunned commercial revenue as a means of financing public broadcasting. The growth of the private sector was limited by its ability to ward off public expropriation, the continued popularity of radio broadcast programming, and the continued supply of a cheap source of such programming. As another special parliamentary committee was convened in 1936 to review the broadcasting system, the fate of both these interests was in question.

Endnotes to Chapter IV

1. As a pamphlet published by the League stated, "The motion picture and the theatre have largely become the monopoly of American commercial enterprise and there is a grave danger that the last instrument of general culture and entertainment, radio, will fall under the control of, to some extent, the same American corporations" (Quoted in Eaman, 1994: 17).
2. As Kaufman illustrates, the legal foundation of this decision is not clear. However, the legal question addressed was over control between "transmitter and receiver," not the assignment or appropriation of a property right in the radio spectrum.
3. O'Brien (1964:250-293) offers a thorough and detailed account of the League's representations to the Committee. As he illustrates, the forces against public ownership were both persistent and well organized, and they provided considerable opposition to the position forwarded by the CRL.
4. As Langford (1981:253) illustrates, the architects of other moves to government ownership taken by the state through the 1930's, such as in the cases of the National Harbours Board and Trans-Canada Airlines, "seemed blissfully unaware of the political differences between a public and a private corporation and, therefore, did not in any literal sense rationally choose the public over the private corporate instrument." However, these observations, undergird by almost a half a century of administrative hindsight, seem to miss the point I make in Chapter II that government ownership of supposedly "entrepreneurial," profit seeking corporations was a relatively new phenomenon at this point in history. Thus, these institutional forms may be better viewed as "experiments" in government ownership, as was the CRBC, than as the products of some administrative naiveté.
5. Of course, much of the intensive capitalization of the system at this local level was either directly or indirectly related to the extensive development of the American system, as Canadian broadcasters either became affiliates of American networks or adopted commercial techniques that had been proven in the U.S. market.
6. The CRBC's carriage contract with the railways raised the ire of the Trans-Canada Telephone system, particularly among the publicly owned prairies systems. At the time, the contract was thought to be the product of back room political dealing. (Weir, 1965: 163-164.)
7. As Merrill Dennison (1935:50) - an accomplished Canadian writer and dramatist resident in New York - put it, given the Commission's program budget, it "is not in a position to offer anyone who may be dignified by the name 'artist' a fee commensurate with his or her professional standing." As Dennison's place of residence illustrates, one of the perennial problems faced by the Commission, as well as other Canadian media producers, is that given the underdevelopment of Canadian markets there were greater financial benefits for such artists in foreign markets. However, given already the American stranglehold on almost all fields of artistic and cultural endeavour, it is not surprising that the CRBC was able to find people to work for much inferior compensation.
8. Historically, neither the private profit-oriented broadcasters nor the public broadcaster have readily disclosed financial information for fear of undermining their competitive positions in the

market. Hence it is difficult to tell exactly what the financial position of the private stations was at this time. However, both Weir (1965) and Peers (1969) present anecdotal information to support the idea that many stations were on rocky economic ground during the early 1930's.

9. In this vein, Rule 2 of the CRBC "Rules and Regulations," 15 April 1933, stated:

These regulations are intended to ensure that all broadcast facilities in Canada, whether privately or publicly owned, shall be so designed, installed and operated as to take full advantage of the latest scientific developments and improvements in physical plant and the methods of operation of broadcast systems, so that the maximum service will be obtained for each station, and the best possible service rendered for Canadian listeners. (In Bird, 1988:124)

10. Aird recognized this point in his testimony before the 1932 parliamentary committee hearings when he noted that "an adequate broadcasting service in this country will need more revenue than private enterprise can raise from operating stations for gain" (in Blakely, 1979:56).

11. Raboy's own characterization of this exchange as a "curious semantic evolution in the discourse on broadcasting" seems to illustrate the failure of contemporary commentators too to grasp the full implications of distinctions in types of service at this level during this period.

12. While such an observation may seem trite today, as we shall see some sixty years later the implications of this phenomenon have still not been fully grasped by many contemporary broadcast critics or the current structure of regulation, which both still strive to harness private broadcasters' drive for surplus to the production of "Canadian" programming.

Chapter V

The CBC and the Entrenchment of "Canadian" Broadcasting

As Mackenzie King and the Liberals took control of the federal government in 1935, the country was wracked with high unemployment, grain harvests were failing, and government deficits soared. Still, the worst of the Depression was over (Lower, 1946:522). In part, the downward spiral of the economy was thwarted by heavy federal intervention. The Liberals continued the path of economic reform undertaken by the Conservatives, but the national economy would not meet with a "full recovery" until after the Second World War (WW II).

While the Depression appeared to waylay industrial development, the widespread adoption of Keynesian economic principles, FDR's New Deal in the U.S., and Bennett's own version of the New Deal here in Canada provided a public sector counterpart to the ongoing shift in industrial production. Under the sway of "scientific management techniques" and what, following Gramsci, have been more recently termed "Fordist" forms of production, a second wave of industrialization continued to gather force in Canada. With the onset of WW II, the intensification of industrial production combined with state control to provide further impetus to the Fordist regime of accumulation. Following the war, as industry regeared for peace time production, another round of American investment extended the tendrils of industrialism across the Canadian landscape.

The ongoing rationalization of production was accompanied by a parallel, and related, rationalization of the media. By finding markets for the increasing volume of products that spilled off assembly lines, media became the primary means for completing the cycle of capital.

Advertising emerged as a key element of this process. Its self-conscious goal was the stimulation of mass consumption through the stimulation of demand and it was promoted as a valuable tool for consumer education in the service of social development. As indicated by U.S. President Herbert Hoover's remarks at the 1930 meeting of the Association of National Advertisers:

By the stimulants of advertising.... the lethargy of the old law of supply and demand is stirred until the advertisers have transformed cottage industries into mass production. From the large diffusion of articles and services costs are cheapened and thereby advertisers are a part of the dynamic force which creates high standards of living... It probably required a thousand years to spread the knowledge and application of that great human invention, the wheeled cart, and it has taken you only twenty years to make the automobile the universal tool of mankind. Incidentally you make possible the vast distribution of information, of good cheer and tribulation which comes with the morning paper, the periodical and the radio. And your contribution to them aids to sustain a great army of authors and artists who could not otherwise join in the standards of living you create. (In Dunlap, 1930:9-10).

Radio was forged to "specialized means" within this broader set of social conditions. As the act of "listening in" found form in the rhythms and temporal dimensions of industrial life through the 1920's, the listeners it generated were slowly subsumed by the economics that drove the larger process of industrial production. By the mid-1930's, radio was well established in the U.S. as an advertising medium (Leiss et al., 1988:89-92). Just as the "telegraph removed markets from the particular context in which they were historically located" and set them in common temporal interplay, radio inherited commercial techniques forged in the telephone, newspaper and magazine industries to bridge the gap between production and consumption (Carey, 1989:220). At first, broadcasting was simply deployed to bring products to listeners -- "to reach consumers in their homes" (Smulyon, 1994:92). Later, as broadcasting was rationalized to extract

greater profits from the relationship it constructed, it too was seen as producing a saleable product -- "audiences." But this commercial subsumption of radio broadcasting in North America was itself a contested and drawn out process.

Through the 1920's and early 1930's, the extension of commercial relationships into the broadcast realm through the sale of broadcast time was shaped by the larger pressures of the capitalist system to establish both a relatively independent means of financing station operations as well as exact a return on investment. Because it worked to relieve them of having to produce programs themselves, as well as reduced the risk of investment, the practice of simply "selling time" on broadcast outlets was somewhat of a boon for station owners. "Coverage" -- the geographic reach of a broadcast signal -- was the broadcaster's primary concern, while both the cost of program production and the responsibility of constructing an audience out of the "mass" of radio owners fell to the sponsor and the advertising agency (cf. Dygert, 1939:23). The intensive process of extending corporate reach and the commodity relation across the distance created by centralized transmission and privatized reception was slower in developing. It required the development and refinement of techniques for constructing and detecting the presence of audience members. But, in hindsight, what might be perceived as the imminent progress of the logic of capital in subsuming the new social relationship created by broadcasting was a kind of "experiment" in finding ways to make broadcasting self-financing.¹ With the commercial success of this experiment though, both broadcast technology and programming formats were themselves forged to the specialized purpose of producing audiences of a specific size and demographic composition that could be sold to advertisers as commodities. This process

did not take long to develop. By the mid-1930's audience measurement techniques were established in the U.S. and, by the end of the decade, advertisers were employing surveys on listening habits to target specific kinds of audiences (Eaman, 1994:34-44; Dygert, 1939:30-34). In Canada, this process developed more slowly.² Meanwhile though, events in the U.S. were once again setting the Canadian agenda.

While the CRBC was helping the private sector weather the economic storm of the early 1930's, the price of radio receivers began to fall across North America. In the U.S., the burgeoning number of new listeners combined with an ideological preference for market-based economics to give profit-oriented interests almost complete control over the American broadcasting system. Non-profit and noncommercial broadcasters had enjoyed a reasonably strong presence in the U.S. system in the mid-1920's. According to McChesney (1990:), almost two-fifths of the total number of stations were of this kind in 1925. But by 1934 less than a third of this original number remained. This commercial subsumption of the system was the product of a complex set of social forces - not least of which were a series of decisions on the part of the Federal Radio Commission which favoured the commercial model and "crystallized" advertising as the dominant means of financing growth within the system (cf. Smulyon, 1994: 125-153). Although the full commercialization of the system would take several decades to complete and sustaining features would remain an important feature of programming formats for some time to come, by 1936 the commercial pattern for radio's development in the U.S. was set.

The Founding of the CBC

In Canada, development continued to take a somewhat different tack. With the change of government in 1935, extensive lobbying campaigns to influence the formation of the new public broadcaster quickly began. Through January and February of 1936 a variety of interests pressed their concerns on C.D. Howe, the new minister responsible, and another special parliamentary committee was struck in March of 1936 (cf. Peers, 1969:169-171). Under the leadership of Alan Plaunt, the CRL again mustered support for the establishment of an independent corporation to both undertake and oversee all aspects of broadcasting. However, because the financial stakes at play in the broadcasting arena were beginning to come into focus, during this round of negotiations the interests were more clearly defined. Represented by their various lobbying organizations, newspapers, advertisers, and private stations pressed their individual interests, which generally focussed on making the system more amenable to the purposes of Canadian capital accumulation. C.D. Howe took a leading role in representing the government's interest.

Generally, all parties agreed that the government had a role to play within the system, and that a public presence was necessary to ensure both program service and geographic reach. Moreover, spurred by the administrative problems that had wracked the CRBC, they agreed that a new organization should enjoy greater independence from government -- perhaps in a form similar to that of the "National Gallery, or the Canadian National Railways" (Peers, 1969:177). They also agreed that the administration of the system be rationalized to provide more resources and a clearer division between the government's "regulatory" and "operative" functions (Peers,

1969:177, 180; cf. Weir, 1965:203-204).³ Still, as Peers (1969:181) notes:

Where they disagreed was in the ownership of stations. The Radio League, assuming that the non-commercial programs formed the primary service, believed that the public authority must own production facilities and at least the nucleus of a distribution system. The private broadcasters, believing commercially sponsored light entertainment programs to be the primary service, felt that the government should use its funds to supplement the commercial service and provide a distribution system. But to eliminate any element of competition between public and private interests, all stations should be privately owned.

Following the pattern set by the CRBC, the private profit-oriented interests met with those favouring a public model at the level of a government ownership of a national network. Peers (1969:179) notes that because the views advanced by the private interests "went much further in the direction of government participation in broadcasting than... ever suggested previously" they seemed to be displaying the attitude "'If you can't lick'em, join 'em.'" But the history of government ownership, and the changing conditions of the radio environment, would suggest different motives (Peers, 1969:179). Spurred by the commercial success of radio, American stations were growing in number and power at a much faster rate than those in Canada, and Canadian manufacturing interests continued to express concern that spillover American advertising would place them at a disadvantage in the marketplace (cf. Peers, 1969:181). Moreover, while private profit-oriented interests welcomed the government's participation in subsidizing network operations and supplying sustaining programs, they also suggested that competition between the two types of programs should be avoided by "scheduling commercial and sustaining programs at different times" (O'Brien, 1964:358). Thus, rather than simply capitulating to public concerns, in the face of continued and increasing competition from U.S.

stations, private Canadian broadcasters sought government support to maintain their presence on the air and increase their coverage. Indeed, for the most part, their experience with the CRBC had illustrated that state intervention was of benefit to their operations, not a hindrance.

Once again, by all accounts, neither the structure of the regulatory process nor the interests of many of its participants can be seen as directly corresponding to the interests of capital. For the large part, the League's lobbying efforts on behalf of public broadcasting through this period are characterized as quite successful by both proponents and opponents of a public system (cf. O'Brien, 1964; Blakeley, 1979:79-82; Peers, 1969:186). The report of the committee reaffirmed the necessity of a government presence in broadcasting and made general recommendations for strengthening that presence. However, although the committee continued to assert that in the future all broadcasting in Canada might be taken over by the government, like the 1934 committee, they recommended that until such a project was economically feasible a better relationship between the public and private elements should be established. (cf. Peers, 1969:182-186).

After considerable debate in the House, a Bill was quickly drafted and in June of 1936 the Canadian Broadcasting Act passed into law. In November of that year the Canadian Broadcasting Corporation (CBC) assumed control of the CRBC's operations. Like the CRBC, the CBC was charged with carrying "on a national broadcasting service within the Dominion of Canada" and granted a variety of powers of regulation over the system although, again, neither the general purposes of the system nor the Corporation were spelled out in the legislation. In an apparent effort to rationalize the administration of the Corporation, Section 3 of the Act provided that a

board of governors "chosen to give representation to the principal geographic regions of the country" would oversee the general operation of the Corporation and the system at large, while Section 6 provided for the appointment of a general manager who would also assume the post of chief executive officer.⁴

As a national broadcasting service the CBC appeared to have considerably more autonomy than the CRBC. The Act constituted a relatively independent corporate body and in addition to a variety of specific powers regarding such things as the making of contracts, the acquisition or lease of property, the employment of staff, and the right to borrow capital from government, it was granted the blanket power to "do all such other things as the Corporation may deem incidental or conducive to the attainment of any objects or the exercise of any powers of the Corporation" (Section 9, q). Further, revenues from license fees, less the cost of collection, were to be paid directly to the new corporation. But these powers, and the CBC's abilities to dispose of revenues, were circumscribed in several important areas. For instance, the CBC required the approval of the Governor in Council before it entered into any agreement involving expenditures in excess of \$10,000 (Sec. 10); before any "real property or private station" was "purchased, acquired, sold, exchanged or mortgaged" (Sec. 11.1); and to authorize government loans and advances for capital works (Sec. 17.1). Thus, although the CBC enjoyed a greater degree of independence than its predecessor, because the ability to acquire and dispose of capital is the essence of corporate freedom, in practice the CBC's powers as a corporation were more a closely checked possibility than a real achievement.

The CBC's regulatory powers were very similar to the CRBC's. The notion of public

ownership of the system was expressed in Section 11.5 of the Act where it stated that "no person shall be deemed to have any proprietary right to any channel." The Corporation continued to hold firm control over network operation. It could prescribe periods of time on private stations to be devoted to CBC programming, determine both the character and time devoted to advertising, and "control the character of programming" within the system (Sec. 22). At the same time though, the Act provided some recognition of the property rights of private station owners and specified that "fair and reasonable" compensation might be paid to private stations for broadcasting the Corporation's programs.

The CBC's control over licensing decisions was more heavily circumscribed. While the Corporation was given the power to suspend the license of any private station not complying with its regulations for a period of up to three months, final authority over the terms and conditions of licenses, as well as license renewals and applications, remained in control of the Minister responsible for the Corporation although there was allowance for a consultation process (cf. Secs. 22.6, 24.1, 24.2). Thus while the CBC was charged with the administration and regulation of the entire broadcasting system, and possessed considerably more independence than its predecessor, final authority over the private sector was somewhat cloudy.

As we shall see, this division of power placed heavy emphasis on the role of the government and parliamentary committees in the regulatory process. Moreover, although in theory the position of the private sector in the broadcasting system was somewhat tenuous, the CBC continued to be dependent upon private stations for delivering much of its programming. In addition, the fact that the Broadcasting Act precluded expropriation without compensation,

provided private stations a relatively secure position within the system. Indeed, with final authority in many key regulatory areas still resting with the government, the weight of political process rested against the advancement of the public sector.

CBC Service

As the CBC started up in November of 1936, the officers of the Corporation outlined the directions they sought to move the system. In a radio broadcast, L. W. Brockington, the chairman, illustrated that a discourse of nationalism informed the organization's purpose:

If the radio is not a healing and reconciling force in our national life it will have failed of its high purpose. If Canadian radio makes no lasting contribution to a better understanding between the so-called French-Canadian and the so called English-Canadian, between the East and the West...then we shall have faltered in our stewardship. (In Peers, 1969:199)

In the same broadcast, the vice-chairman, Rene Morin, sketched out the general plans for the service and relations between the CBC and the private stations. He described how the Corporation would focus on constructing a network of high-powered stations across the country, carry on a network service operated in the national interest rather than for profit, and allow the private sector to carry on their business subject to the CBC's control over programming (Peers, 1969:199). Further detailing the Corporation's plans, in a mid-December meeting of the Board of Governors the general manager outlined how the Corporation would work toward incorporating provincial representation in this national service by building production centres in each of the

provinces. Because of the expense involved however, for the meantime the Corporation would "work through the five regions" (In Peers, 1969:200). With the CBC focussed on building this "national" service, private broadcasters had little reason to fear the expropriation of their "local" service as long as the Corporation's funds remained in short supply.

Plans to put these ideas in motion were soon drawn up, replete with a request for a \$500,000 capital loan. Two 50kw. transmitters were to be built in Ontario and Quebec, as well as smaller facilities in the Maritimes and Saskatchewan. It was estimated that with these measures "good" coverage would increase from 50 to 75% of the population. (cf. Weir, 1965:209; Peers, 1969:200-208.) However, this plan was not well received by the government. In correspondence with the Minister of Transport, C.D. Howe, the CBC's board of governors was apparently informed that the "government believes that the most important function of your board lies in the direction of building more suitable and satisfactory programs" (In Weir, 1965:209; cf. Peers, 1969:204-205). To a large part, this vision of the CBC fit with the dominant American vision of broadcast stations as mainly program distributors. However, imbued with nationalist purpose, the CBC's board of governors was not prepared to accept such a subordinate position within the system and Brockington pressed the plan upon the government, reinforcing it with his interpretation of the government's "declared policy on the subject of broadcasting" extracted "from the official records of the Aird Committee, House of Commons committees, and House of Commons debates" (Peers, 1969: 204).

The ensuing struggle was resolved in favour of the broader public service model and, by May of 1939, the two 50kw. stations were completed as well as powerful stations in

Saskatchewan and the maritimes. With these improvements, the CBC claimed its signal reached 84% of the population (cf. Weir, 1965:216). Moreover, within two years of operation, the CBC doubled the government's investment in plant and increased network time from 279 hours per month to 518 hours (Malone, 1962:33-34). As Peers (1969:282) notes, government ownership appears to have yielded considerably better coverage than the private networks obtained in the U.S., where by 1939, "nearly 39 per cent of the land area... was outside the primary service area of any radio broadcasting station during the daytime, and nearly 57 per cent at night."

However, like the CRBC, the CBC experienced financial difficulties. A judicious reorganization of its financial relationships enabled the CBC to appear to devote a much higher percentage of its revenue to program production than the CRBC. But it quickly became apparent that the \$2.00 license fee was woefully inadequate to meet financial demands.⁵ Additional revenues were necessary and the two most favored sources were a \$1.00 increase in the license fee or the sale of more commercial time. Neither of these options was well met. Newspaper and magazine organizations were particularly critical of an increase in commercial activity, while MP's reported a tremendous number of complaints regarding a fee increase from the public at large, as well as those involved in the manufacture and sale of radio equipment (1938

Proceedings: 99-103). In the end, a compromise was reached whereby the license fee was increased to \$2.50 and commercial programming minimally extended, bringing the ire of all groups upon the Corporation (Peers, 1969:214-218).

The CBC was very selective in its commercial practices however. The CRBC had begun network advertising in late 1935 and the CBC continued and expanded the practice. But the

Corporation's commercial activities were delimited by two self-imposed constraints. In partial response to criticisms by private radio stations and newspapers, the Corporation set a \$500,000 limit on the amount of "net" revenue it would accept through this avenue in December of 1937. This limit quickly grew to 20% of gross revenue, however. The Corporation also adopted a "commercial acceptance policy," which limited the types and kinds of advertising it would accept. These measures led to the CBC turning away hundreds of thousands of dollars in advertising revenue per annum through the 1930's and 1940's (cf. Weir, 1965:228; Peers, 1969:226-230). Moreover, because the CBC generally envisioned itself as a "national" broadcaster, it appears to have accepted very little, if any, spot or local advertising, leaving this business to private broadcasters (Weir, 1965:229; Peers, 1969: 286).

Led by this nationalist vision, national and regional network services were the focus of the CBC's activities.⁶ The CBC's network policy, adopted in November of 1937, was considerably different from its predecessor's. Direct payments were phased out in favour of local broadcasters receiving a share of network advertising revenue. The country was divided into five regions, and sponsors received a cumulative 5% discount on station time for each region they subscribed to. If all five regions were purchased, a 25% discount was earned. With this formula in mind, Weir (1965:226-227) explains how rates were set and revenues divided:

Network station rates were set by mutual agreement with the private stations... Stations were paid a straight one-half of their agreed network rates, and had no discounts or commissions to pay. Out of the remainder, the CBC absorbed all discounts, frequency and regional, as well as agency commissions of 15 per-cent. When all regions were used this left the CBC slightly better than breaking even; when less than the entire network was used, the CBC made a small premium.

Weir (227) goes on to illustrate how these conditions were much more favourable than those granted by the U.S. networks. "Under the American system, basic Canadian stations would have received only 65 per cent of what they were paid by the CBC, while supplementary stations...would have received very little - if, indeed, anything."

These seemingly generous arrangements arose as a result of a number of pressures on the CBC. First, as a national broadcaster, the CBC strove to ensure that it provided as broad a coverage as possible given the available resources. But, in order to maximize coverage, the CBC had to include stations in its network whose small markets would not normally have been of interest to advertisers. Hence, "special inducements were necessary," whereby the CBC rates had to be made competitive with those of Canadian and American private stations. At the same time however, the CBC had to meet with the revenue requirements of the "local" stations it included in its network. Squeezed between these interests, the ground that was lost was the CBC's "profit" from the network. (cf. 1938, Proceedings: 148) As the broadcasting system developed, however, the CBC's attempts to negotiate this field of interests drew increasing fire, particularly from private, commercially successful operators who viewed such rate compromises as government subsidized competition.

The CBC's dependence upon private affiliates led to other problems too. While the CBC offered 14 hours of programming a day on its basic radio network in 1938, many of the private affiliates failed to pick up even half of this amount, despite supposed "reserved" time agreements (1938 Proceedings:23). Moreover, private stations often cut the CBC programs off part way through, replacing them with their own commercial programs. As Brockington illustrated before

the 1938 parliamentary committee. these problems originated from the fact that, as commercial enterprises, these stations were dependent upon advertising revenue for their survival. Hence, with the phasing out of direct payments, it was all but impossible for the CBC to expect them to accept its programming, particularly sustaining programs, if a lucrative commercial contract was available for that time (1938 Proceedings, 8). Brockington used these facts to press the CBC's case for building high power regional facilities.

Despite these problems, the CBC's network service was still quite popular with many private affiliates, especially those in outlying, less populous areas. The CBC brought income and much needed sustaining programs to these stations and, as Brockington argued, many of the private stations would not have been able to maintain their operations without the CBC's service (1938 Proceedings, 23,29,46). The CBC's programs were also popular with audiences, again especially in regions of the country where there was little other coverage. According to Peers (1969:282-283), this rising popularity was driven by a number of factors: i) a rising level of electrical interference from the increasing use of electrical equipment and the crowding of the spectrum meant that the "average receiver did not bring in distant stations with the former clarity;" ii) by the end of the 1930's, the signals from CBC's powerful regional stations "could be heard, even in the evenings, as easily as the American stations that had previously been so dominant;" iii) the CBC scattered some of the most popular U.S. programming through its own evening schedule, thereby encouraging listenership and carrying the audience both to and through Canadian programs; iv) the CBC's own productions "began to win better reputation;" v) regional broadcast programs, especially those in the prairies, were "enormously successful;" vi)

the CBC's officers used the radio to promote the Corporation's purposes. Together, these factors worked to bolster and sustain government support for the CBC through the late 1930's (Peers, 1969:283).

To a large degree, the CBC built upon programming principles established by the CRBC. Networks developed to serve both regional and national purposes and, by way of programming, they furnished "the latest market prices and information" to regional audiences as well as national music and drama programs (Wier, 1965:267-268). The differences established between the language of programming also persisted, as "(a)fter the initial unpleasant experience of the CRBC, the language question had begun to work itself out in practice through the separation of services... (and) (b)y 1938, French language service was effectively autonomous" (Raboy, 1990:62). The CBC also advanced the principle that it was a kind of "public trustee" in the broadcast realm and refused to sell broadcast time for the express purpose of influencing public "opinion" (Raboy, 1992:64). Rather, it "provided free access to organized groups ranging from Canadian Clubs to the Communist Party." In this way, the Corporation sought to create a space for public expression, resist the "power of wealth" to dominate the air, and provide a relatively open forum for the discussion of issues and points of view of public concern (cf. Raboy, 1990:64-65; Mosco, 1996: 167-172).⁸

But the growing success of the Canadian system was directly dependent upon its relationships with the American system. Not only were the apparently more successful Canadian stations affiliates of the American networks, but the CBC too was heavily dependent upon U.S. programming. As Brockington testified before the 1938 standing committee, "if we paid our

share of the sustaining programs that we take from the United States, having regard to population on a stations basis, for sustaining programs alone we would be paying them \$600,000 a year" (1938 Proceedings, 13). Considering that, for the same period, the CBC's expenditure on program production was itself in the vicinity of \$600,000, this "subsidy" was key to the Corporation's financial well being (1938 Proceedings, 11, 13). Moreover, approximately 25% of the CBC's commercial revenue came from U.S. advertisers, and more than 25% of its programming came from American sources (1938 Proceedings, 32-33, 11). Obviously, without this revenue and programming, both the CBC's "popularity" and its financial position would have been considerably different (cf. Weir, 1965:278-279).⁹

Between 1938 and 1943, the CBC's income from radio licenses almost doubled, reflecting changes in licensing patterns as well as the rising popularity of radio programs in both the U.S. and Canada (cf. Malone, 1962: 37). But this increasing popularity also gave rise to increasing demand for advertising time which, in turn, fed the revenues of private broadcasters. By the end of the 1930's many private stations, particularly those in major urban centres, were quite profitable. This commercial success accelerated through the period of WW II (Peers, 1969:346-347). In turn, growing commercial success spurred further consolidation in the marketplace as concentration of ownership was harnessed to build economies of scale (cf. Peers, 1969:347-348, 365-368). While the CBC shared in this growing prosperity and generally enjoyed good relations with the private sector during this period, the pressures of commercial growth began to put a strain on the Corporation.

The Escalating Commercial Maze: Extensive and Intensive Dimensions

From the outset the public broadcaster's commercial practices were highly controversial and embedded in a maze of contradictions. To large measure, these contradictions were the product of the struggle between different interests over the utilization of the emergent system to different purposes. Yet, while the CBC strove to implement a service that was, as Brockington noted, "not set up for profit," under the Corporation's regulatory purview the commercial subsumption of the system proceeded apace. Riding the rising tide of radio's popularity, the intensive capitalization of "local" stations accelerated, yielding greater profits which, in part, were deployed to bolster their position within the system (cf. Mosco, 1996: 150-151). Thus, as the CBC worked to develop "Canadian" radio audiences by improving the technical conditions of broadcasting and developing sustaining programs with a "Canadian" flavour, the private sector worked to co-opt and/or subordinate these developments to profit-oriented purposes.

The officers of the CBC observed this process with consternation and struggled to find ways to turn private profits toward "the betterment of listening in isolated and lonely districts throughout the country" (1938 Proceedings, 61). Eventually, such concerns would lead to "conditions of license" and "promises of performance" being incorporated into regulation in an attempt to redirect some portion of the profits of private broadcasters to "public" purposes within the communities they serve (Babe, 1979:34-37). However, complicated by disparities in income between private stations located in different markets, as well as the CBC's dependence on the government for implementing licensing decisions, no general regulations that attempted to

harness the profit-motivated behaviour of private stations to the larger "public" purposes of the system were ever implemented by the CBC during its tenure as the regulator.

Pressures for Non-Commercial "Extensive" Growth

While the CBC was wrestling with the problem of turning the profit-motivated behaviour of private broadcasters to the public purposes of the system through the late 1930's, controversy continued to mount over the role and purpose of advertising within the system. As is often noted, the CBC's "official" position was that because of a shortage of income from other possible sources it accepted advertising out of "necessity," (cf. 1938 Proceedings, 32). However, as we saw in the last chapter, historically the "problem" of commercialism was much more complicated than is commonly noted. Not only was advertising revenue an important component of the "public" broadcaster's income but, as in the U.S., some degree of broadcast advertising was perceived as important to the promotion of Canadian business interests. Indeed, during the proceedings of both the 1938 and 1939 standing committees on broadcasting, CBC officers claimed that the Corporation had no intention of working to discontinue advertising at the "local" level because they perceived it to serve some sort of public purpose (cf. 1938 Proceedings, 66-67; Blakeley, 1979:99-101).

However, while for local, "commercial" stations, advertising was seen as both necessary to their survival and serving a "public" service function, as the CBC proceeded with the extensive development of the system at the regional and national levels, pressures continued to

mount on the Corporation to limit its commercial activities. Newspapers and private broadcasters complained of the CBC's competition in this field. As the CBC stepped up commercial activity, these voices became louder and more vociferous (cf. Weir, 1965: 229-232). In the face of escalating commercialism, largely "elitist" cultural critics continued to hold a general disdain for "commercialism," arguing that it undermined the higher cultural and educational purposes that broadcasting might serve. And more naive listeners -- failing to fully understand that advertising actually financed programming -- continued to complain over commercial interruptions. Further complicating this scenario was the fact that as the intensive capitalization of the system proceeded at the local level, it became increasingly difficult for the CBC to persuade commercial, profit-oriented stations to carry its sustaining programs.

In combination, all these factors worked to foreclose on the distribution of the CBC's sustaining programs and direct the continuous barrage of complaint over advertising toward the CBC. In other words, over time, these forces pressured the CBC toward developing a national, largely "non-commercial," broadcasting service -- replete with its own "local" transmission facilities.

The Pressures of Intensive Commercial Growth

As local, private profit-oriented broadcasters worked toward capitalizing their program schedules by increasing the amount of advertiser sponsored programming they carried, the differences between this commercial programming and the programs offered by the CBC became

more marked, issuing further pressure on the CBC to shun commercial sponsorship.

Writ large among these differences was the fact that, as in the U.S., most commercial radio programs in Canada were produced by the advertisers themselves (Stephenson and McNaught, 1940:296-297). As a result, the Corporation had little control over the content of these programs to ensure that they met with overall public and nationalist considerations. Moreover, in the 1930's advertisers simply sought "mass" audiences and radio content was generally subordinate to this broad commercial purpose. The nuances of demographics and niche marketing that later came to characterize advertising were not considerations in this early period. Thus, the relatively unbridled range of techniques employed by the private sector to attract as large an audience as possible often overshot the boundaries of what the CBC perceived to be the "nationalist" and "higher purposes" of broadcasting. This difference in purpose, or one might even say "mandate," surrounding program production worked to further force the distinction between "commercial" and "sustaining" programmes in Canada, making it difficult for the CBC to pursue commercial revenue.

Another factor reinforcing the distinction between the CBC's programs and those of the private sector was that many of the CBC's programs were simply not seen as amenable to what was accepted as the "commercial" format of the time (cf. Fink, 1981). Plays, actuality broadcasts, symphonies, operas, speeches, educational talks from influential people: the narrative form of these programs was generally not conducive to regular interruptions by a commercial sponsor, particularly if they were broadcast "live" as was the fashion. So, despite the fact that these kinds of programs were often quite popular with audiences, as markets for radio advertising grew these

programs lost their currency among private broadcasters, replaced by programming that was more economically efficient in attracting large audiences, as well as eliding and/or accommodating the intrusion of commercial messages (cf. Weir, 1965:195, Eaman, 1994: 68-83). As these kinds of programs were dropped from the schedules of private broadcasters in favour of commercial fare, the net effect was to put increasing pressure on the CBC to curtail its commercial practices and provide more of these "non-commercial" types of programs (cf. Weir, 1965:303).

A final factor forcing the CBC to surrender commercial ground to the private sector was a social distinction drawn between different kinds of broadcast advertising. As illustrated earlier, "spot" advertising was devised by local broadcasters in the U.S. as a means of extracting profits from both locally produced programming - such as news, weather, and other local information and entertainment broadcasts - as well as extra revenue from sponsored network programs. Generally though, the practice was frowned upon by both advertising agencies and "big stations" through the 1930's because it was viewed as both "obnoxious to the listener" as well as a way of "stealing circulation" from network advertisers (Dygert, 1939::9-10). The CBC generally followed the received practice of shunning this form of advertising. However, the development of spot advertising began to separate program production from advertising at the local level. It undermined the sponsor's control over broadcast content and, to a degree, set the interests of station owners apart from individual advertisers as stations were forced to strive to serve the interests of a variety of advertisers rather than a single sponsor. Later, this type of advertising came to dominate both commercial radio and television, primarily because it offered a way to

share the burden of financing program production across a field of different advertising interests.¹⁰ But while the CBC might have employed the scheduling flexibility of spot advertising on its national network to offset at least part of the cost of programming and/or distribution with minimal effects on program content, it would appear that the weight of social sanctions against advertising in general, and this form in particular, limited this possibility.

Faced with this multiplicity of sanctions, in 1938 the CBC's official position was that commercial programming placed the Corporation in a "paradox," and that its elimination was "ultimate policy." But in practice the CBC's attitude toward commercial programming was rather ambivalent (cf. 1938 Proceedings, 33). For instance, when asked by a member of the 1938 committee, "what real good argument is there against a certain amount of advertising on the (CBC's) programs?" Brockington replied, "At the present time I should say there was none" (1938 Proceedings, 32). And, when pressed on the point that the CBC's advertising practices presented unfair competition to the private stations, Brockington reminded the committee of how the Corporation converted this revenue to public purposes: "it is sometimes forgotten that every cent taken in by the Canadian Broadcasting Corporation is used for the building up of something for the benefit of the Canadian listener. It does not go into the profits of shareholders. It does not go to build up private operators' profits. It is held in trust for the people of Canada" (1938 Proceedings, 33). The CBC also employed its position as "the national network" to emphasize the fact that while there was an "element of competition locally," at the national level "network business is not in competition with private stations" and that a large portion of the private stations benefited from these commercial broadcasts (1938 Proceedings, 98).

Thus, while it is often assumed that commercial revenue has been necessarily antithetical to the purposes of public broadcasting in Canada, in the late 1930's the reasons behind this sanction were complex and resulted from a range of social pressures. Indeed, even the CBC's chairman had difficulty clearly identifying the "problem" of commercialism. However, together all of the formal and informal sanctions against commercial programming worked to keep commercial sponsorship on the CBC to approximately 20% of broadcast time for decades to come (Weir, 1965:278).

In combination with these commercial sanctions, the ongoing process of capitalization at the local level exerted increasing pressure on the CBC, forcing it to the commercial margins of the system. Here, the CBC worked to build services and relationships -- such as the extension of network services and the development of listening audiences in markets that couldn't support commercial service -- that were seen as key to establishing a national system, but were "uneconomical" under the existing market regime. As capital developed within the system, in its search for new avenues of growth these services and relationships would meet with the pressures of intensive capitalization. In the interim though, while the private stations worked at developing successful commercial strategies, the CBC's sustaining features supported their position in the market.

This capitalization of the "listeners" and networks produced by the CBC's services did not take long to emerge. Because the popularity of radio rapidly increased with both listeners and advertisers through the late 1930's and early 1940's, this period is often referred to as the "Golden Age of Radio."¹¹ The CBC deployed its growing revenues in this period to expand the volume of

"quality, non-commercial" programs (cf. Weir, 266-273). Most private operators however, saw the rising demand for commercial time as a lost opportunity and increased their agitation for the relaxation of commercial restrictions and the right to construct "commercial" networks (Peers, 1969:246). Faced with similar demands by advertisers, the CBC compromised on its earlier position and Brockington announced in 1939 that the Corporation would "permit temporary hook-ups subject to its control and direction" (In Peers, 1969:246). Thus, "unofficial" commercial private networks were officially sanctioned and network service too began to feel the pressures of extensive capitalization.

As private broadcasters and advertisers continued to experiment with radio broadcasting and discover successful strategies for turning it to profitable ends, sustaining programs played a diminishing role within the system. Not only were the private sector's commercial programs increasingly successful in attracting large portions of the available listening audience, but the profits, or "surplus," these programs produced also provided the private sector with capital for growth and strengthened their position within the system, making it increasingly difficult for the CBC to maintain a grip on their operation. As this occurred, interests and perspectives that were displaced by, or unable to find representation within this logic of commercialism were focussed toward the CBC.

WW II: Capitalization Escalates

With the onset of the Second World War, relationships within the broadcasting system

abruptly shifted. A freeze was put on the sale of transmission equipment to civilians, the CBC's construction plans were put on hold, and the Corporation was moved closer to government as it assumed wartime news and propaganda responsibilities (cf. Peers, 1969:322-365). These closer ties to government strengthened what Raboy (1990:65) refers to as the "administrative model" of public broadcasting and precipitated a series of struggles and scandals over government control of the CBC and its program service (cf. Peers, 1969: 323-345; Raboy, 1990:65-82).⁽¹²⁾ Perhaps the most enduring of these problems was the CBC's refusal to carry highlights of the 1942 Conservative Party convention. To the Conservatives, this refusal was evidence of political interference and, from this point on, "more influential Conservative members called for an impartial board to regulate both CBC and private stations" (Peers:1969:336). But while the CBC and the government were locked in debate over their relationship, capital's subsumption of radio again accelerated. Changes in radio news production during this period provide a case in point.

With the onset of the War, the social role of radio was greatly enhanced. It was a central vehicle in disseminating news of the war effort and it brought inexpensive distraction from the rigors of war production, disrupted family life, and rationing.¹³ But as radio news gained currency, the commodity form followed.

Despite the fact that foreign news agencies sold radio news in the Canadian market in the 1930's, CP steadfastly refused to offer domestic radio news other than the free newscasts it supplied the CBC. However, as cross-ownership between newspapers and radio stations began to escalate through the late 1930's this resolve began to weaken (Peers, 1969: 286-287; Nichols, 1948:263-270).

To meet the demand for war news, in 1940 the CBC instituted a central news bureau and began to supply free news to private stations based upon the C.P. wire service -- provided that these newscasts were "unsponsored." Soon the CBC began to augment this service with its own wartime reports and, faced with increasing supply and demand for war news, the CBC's operations were expanded in January 1941 and five newsrooms across the country were established (Weir, 1965:270). Seeing this rising demand for news as a market opportunity CP quickly expanded their service too, and in July of 1941 they instituted a "commercial" news service for private broadcasters. Because private broadcasters were able to sell commercial time surrounding the new CP service, it quickly became popular with private broadcasters. By 1948, CP boasted that it "served 77 of the 100-odd private stations... and provided the basic service of the CBC as well" (Nichols, 1948:267). With this development CP also began to charge the CBC, and in March of 1943, the CBC paid CP \$40,000 for its service (Walters, 1962:42). However, although the inauguration of this commercial domestic radio news service heralded full scale commercial sponsorship of news among private stations, the CBC again shunned the commercial impulse and delivered the news "without embellishment and free of sponsorship" -- despite the fact that it was often the same news as was delivered by the private sector (Weir, 1965:270).

Other areas of broadcast service also met with intensified commercial pressure under the exigencies of war. As increasing demands were made on the CBC's network to "broadcast sustaining programs associated with the war effort," many requests for commercial time by sponsors went unfulfilled (Weir, 1965: 233). Moreover, in an attempt to achieve as wide coverage as possible, some sponsors "sought to gain an almost exclusive audience by the

addition of many supplementary stations to the basic network," resulting in duplicate coverage in some areas (Weir, 1965:234). These events raised the concerns of the Parliamentary Committee of 1942. Consequently, they recommended that an alternative network be established to meet with commercial demand and provide listeners with some program choice. While the CBC experimented with setting up an alternative, part-time network for these commercial interests that might be implemented during periods of high demand through 1941 and 1942, the arrangement "did not prove practicable, for the Corporation was never certain it could obtain time on stations when time was most needed" (Weir, 234). Consequently, under increasing pressure from the government, sponsors, and the private stations, the CBC instituted a second, full service national network in 1944. This largely commercial network was comprised almost entirely of private stations and, in concert with other developments within the system, satisfied, for a time, the pecuniary interests of the private broadcasters.

The Audience "Commodity"

While the CBC was busy attempting to negotiate the myriad contradictions that commercialism presented, the private sector was gainfully employed in turning their "listeners" into "audiences -- thereby constructing a measured "commodity" that might be sold to advertisers.

Following developments in the U.S., Canadian broadcasters began experimenting with ways to measure their audiences through the 1930's (Eaman, 1994:49-52). But as radio's

popularity increased in the early 1940's pressure mounted for standardized procedures for measuring the size and composition of radio audiences, and the Canadian Association of Broadcasters (CAB) joined forces with the Association of Canadian Advertisers (ACA), the Canadian Association of Advertising Agencies (CAAA), and some of the larger broadcasting companies "to determine the best way of determining radio coverage." Two years later, this group recommended the establishment of "cooperative, non-profit organization" -- similar to the newspaper industry's Audit Bureau of Circulations -- "to conduct (audience) surveys" (Eaman, 1994:58). Shortly thereafter, the Bureau of Broadcast Measurement (BBM) was set up. As Eaman (1994:60) notes: "By the end of the 1940's, BBM had 114 broadcasting members - 80 per cent of the industry - including the CBC."

But while the information gathered by the BBM on audience size and composition aided the private stations in turning their listenership into an "audience commodity" that could be sold to advertisers, it was not so useful to the CBC. Surveys were focussed in the major cities, where the greatest number of private stations were located and CBC audiences were smallest. In addition, measurement techniques reflected the needs of the private profit-oriented broadcasters, who offered a more or less standardized programming format that might be depended upon to regularly produce a specific audience -- not a shifting, varied program diet like the CBC's that was designed to appeal to a range of different audiences (cf. Eaman, 1994:61, 68-83). Moreover, the data supplied by these surveys offered no illustration of what people might want to hear on the radio, only what they did listen to. Thus, while this information was key in developing markets for the services of private broadcasters and advertising agencies, it held few clues as to

what kinds or types of programs audiences may have preferred. Still, the CBC subscribed to the service and, by the early 1950's, the Corporation provided one quarter of the BBM's income (Eaman, 1994:60).¹⁴

A Change in Focus

By the mid-1940's, developments in the system began to relax economic pressures for a private commercial network. Although the CBC made an effort to prevent the growth of "multiple" ownership by refusing to award new licenses to existing station owners, stations began to change hands between existing owners and concentration of ownership escalated through the late 1930's and early-1940's (Peers, 1969:349-351). In combination with an increasing use of electrical transcriptions and tape recordings, these changes placed the economies of scale so long sought by private broadcasters within their grasp -- without incurring the crushing burden of line-charges (cf. Peers, 1969:366-367, 387-388; Blakely, 1979:107-111). As television changed the economics of radio broadcasting through the 1950's, the demand for a private radio network would all but disappear. But the growing value of broadcast outlets in this atmosphere was underscored by the rising prices paid for stations that changed hands in the market, despite the sanction against proprietary rights over wavelengths (cf. Peers, 1969:367-369).

Through this increasing commercialization of the system parliamentary committees to investigate broadcasting were struck in 1942, 1943, 1944, 1946, and 1947. Since 1939, the CAB

and other representatives of the private sector had been invited to make presentations before these committees and, as they had been through the early 1930's, each of these committees became a forum for the struggle between the public and private elements of the system. Growing prosperity through the war years spurred the lobbying efforts of the private stations and they began calling for a separate regulatory board, following the lines of the Railway Commission (Weir, 1965:241). As industrial production was turned to peacetime purposes at the end of WW II broadcasting's popularity among both audiences and advertisers continued to grow. So did these lobbying efforts.¹⁵ Generally, however, parliamentary committees continued to endorse the public purposes of broadcasting and its use as a nationalist instrument. At the same time though, these committee hearings also became forums for enhancing the legitimacy of the private sector (Crean, 1974:34-35).

The 1946 Committee was particularly critical of the private sector. Reviewing the station logs of several of the most commercially successful private operations, they found that the private stations appeared to be devoting too much time and effort to commercial activities. Consequently, the Committee claimed that these stations paid little attention to community responsibilities such as the devotion of revenue "to local community events, the discussion of matters of local interest and the development of local talent and other public service broadcasts" (In Peers, 1969:385). Shortly thereafter, the CBC announced that it would initiate "promises of performance" when issuing license renewals, whereby private stations would agree to undertake particular responsibilities in exchange for the "privilege" of holding a broadcasting license.

Yet, in the wake of an extensive campaign by the private sector leading up to the

hearings, the 1946 committee also went on to recommend a more solid footing for private stations in the system.¹⁶ Among these recommendations were: extending the licensing period from one to three years; holding public hearings when considering license applications and changes in regulations; and endorsing both concentration of ownership of radio stations and ownership of stations by newspaper companies (Peers, 1969:389). Following further recommendations, applications by private stations for power increases were also granted and, in many parts of the country, the historical difference between the "high power" stations of the national broadcaster and "low power" of local stations was virtually erased (cf. Malone, 1960:55-56).¹⁷ In combination with other pressures to expansion, such as foreign broadcast incursions in Canada's spectrum space, this recognition of the legitimacy of private, profit-oriented stations within the system quickly led to an expansion of the private sector and effectively sounded the death knell for the primacy of the national network within the system (cf. Raboy, 1990:86; Peers, 1969: 392; Malone: 1962:53-56).

Toward the end of the 1940's these events combined with other pressures coming to bear on the system to force the government to further intervene in broadcasting. Peers (1969:394) offers a summary of these forces:

First, an authoritative answer was needed on who should regulate and control the activities of the private sector; their scope and function had to be defined or restated. Second, financial provision had to be made for the CBC; the license fee was now clearly inadequate. The government had to decide whether to increase the fee substantially or find some other means of supporting the public system. Third, there was the new problem of television. The country, it seemed would be faced with the same kinds of difficult choices that had confronted it when radio broadcasting developed. The difference was that the pace would be faster, the costs would be greater - and the stakes would be higher.

As the economy picked up speed through the late 1940's, the demand for advertising time increased with this intensified industrial activity. In this environment, the regulatory division that focussed the efforts of the public and private sectors at different points in the system gave the private sector a relatively clear field within which to carry out commercial expansion.¹⁸ This division of responsibility was, to a large degree, carried into the development of television.

The Road to Television

Critics often charge that the Canadian broadcasting system was founded on a "principal contradiction" between "the adoption of the BBC or the commercial model" and that this struggle over the public and private purposes of broadcasting in Canada has informed much of its growth (cf. Smythe, 1981:159). Yet, as we have seen, this characterization provides only a pale caricature of the complex forces that underlay the system prior to the introduction of television.

With its call for provincial and federal levels of control over broadcasting, the Aird Report set the agenda for the development of a "national" broadcasting system. This model was focussed more toward ameliorating and accommodating political divisions within the country than it was to facilitating an open venue for public expression. As policy responsibility fell to the federal government, the general neglect of local broadcasting in regulation all but foreclosed on broad public participation in the medium. Rather, both regulation and government ownership were steeped in, and driven by, the nationalist concerns of the Canadian state and the public element of the system was largely structured to reflect "national" issues, concerns, ideals, and

points of view -- even at the "regional" level.¹⁹ Through time, and under increasing political and economic pressures, the centralizing tendencies of these nationalist concerns would work to marginalize even regional production and its accompanying visions of Canada (cf. Jackson, 1995:221-236).

Similarly, to argue that, under slightly different circumstances, government ownership still might have offered an oasis of free public expression in a sea of industrial and commercial forces is, at best, idealist. Rather, from its inception, the system was steeped in industrial, transnational relations of production. Certainly, the CBC offered greater opportunity for the expression of a wider range of perspectives and programming than its private counterparts. But even in the Corporation's most self-conscious "public service" moments, such as its farm and fishermen's broadcasts -- replete with their discussions of prices, market conditions, production techniques, and the cooperative movement -- the service helped negotiate the distance between the community and the larger industrial society. In the process, these forms of public service helped incorporate Canadian staples production into transnational market relationships (cf. Wier, 1965:267-268). By the same token, regional entertainment programs, such as radio plays and comedy programs, that reflected life in rural communities, celebrated a way of life that was itself largely underwritten by its position in transnational staples markets and the larger pressures of industrialization. Popular programs, such as hockey games, as well as program scheduling and formats, reflected tastes and temporal rhythms developed in the larger context of industrial life (Gruneau and Whitson, 1997:95-97). And, just as the value of the private profit-oriented broadcasters' service came to be increasingly measured in terms of audience size, there was

increasing pressure mounted to determine the value of the CBC's service in audience numbers (cf. Eaman, 1994). My point is, that radio broadcasting in Canada as a whole was a technique that was born of, and given form by, a larger process of industrialization. The development of broadcasting in Canada undoubtedly took a unique path, but its form and content were contextualized by the larger pressures of commodification and the dynamics of transnational productive relations.

The pressures of transnational capitalism also placed other pressures on both the CBC and its programs, although the pervasive nature of these forces is seldom recognized. Because their access to private media and other creative venues was heavily constrained by American domination, many aspiring Canadian writers, musicians, and stage performers turned to the CBC as an outlet for their work.²⁰ As Fink (1981:229) argues, in the face of this foreign domination of "not only Canadian theatre but magazine and book publishing and the film industry," the CBC "became the financial sustenance of and showcase for a majority of Canada's creative artists." These artists provided both scope and depth to the CBC's sustaining programs, and they often self-consciously worked to provide an alternative to American commercial programs. Similarly, these programs offered venues for developing skills and income while these artists strove toward developing commercial markets for their efforts (cf. Weir, 1965:271-275; Fink, 1981: 229-230). Eventually, it would appear, many artists did develop such markets -- although they were often situated south of the border (cf. Weir, 1965).

But, like many of the "cultural nationalists" of the early 1920's, rather than view the differences between the CBC's program fare and those of other media as at least a partial result of

the domination of Canadian media markets by American producers, many commentators viewed the larger absence of a domestic market for Canadian cultural products as a product of the temperament of Canadian consumers (cf. Miller, 1987:12). In a paper written for the Massey Commission, B.K. Sandwell (1951:10) -- a one-time member of the CBC's board of governors -- offers an illustration of this perspective:

One serious consequence of the unripe state of national culture is a deficiency in the ability of Canadians to formulate judgements concerning the achievements... of their fellow citizens. The whole evaluation process among Canadians tends to await the result of an evaluation process taking place somewhere else. Recognition by New York or London is an almost indispensable preliminary to recognition by Canadians in literature, science, criticism, music and many other fields.

This perspective has always failed to take into account that the Canadian media, including broadcasting, were overwhelmingly dominated by foreign capital and foreign productions and were thereby only partially accessible to Canadian "talent," Canadian artistic products, and Canadian points of view. Similarly, it has also failed to acknowledge how this "evaluation process" in foreign markets is itself driven by commercial imperatives as those publishers, producers, promoters, etc. also expect to profit from bringing the work of these artists to market. Nevertheless, such convictions supplied impetus to the CBC's promotion of "high" cultural programs such as symphonies and operas, as well as the adaptation of "classic" literary texts to radio programming formats. Not only were these program forms included in the CBC's schedule because they were being displaced by the intensive commodification of radio programming on private stations but, in light of the perceived overall poor state of Canadian "culture," they were

also viewed as "educational" as well as serving the minority tastes of the "discriminating listener" (Fink, 1981: 231; Weir, 1965:275). Consequently, their inclusion in CBC schedules reflected the "higher purpose" of public broadcasting and through their presentation, like the BBC, the CBC sought to raise the consciousness of the Canadian listening public.

In the U.S., this type of programming was largely displaced by the intensive capitalization of the program schedule, and the production techniques developed in such "serious" radio were incorporated into both popular shows and commercials. However, in Canada, because "commercialism" was viewed as the primary villain in their disappearance -- as well as generally disdained by the crustier sections of this "elite" audience -- many of these "high" cultural offerings continued to be offered well in to the 1960's and presented without commercial "interruption." Thereby, they added to the financial burdens of the Corporation (cf. Fink, 1981:240; Weir, 1965: 275). Thus, framed by the domination of Canadian media markets by American capital and, at times, driven by an elitist definition of culture, both the character and quality of another major facet of the CBC's programming found form. In this context, the efforts of the CBC to continue producing this kind of programming and avoid commercial influence can themselves be seen as a product of larger pressures associated with the intensive and extensive capitalization of the system at large. Moreover, in part, these sanctions against commercialism in general also contributed to the CBC's marginalization in the larger system, impairing the Corporation's abilities to adapt to its changing circumstances.

The Emergence of Public and Private Purposes

As I have illustrated, through the 1930's and 1940's the public and private elements of the system began to embark along different paths of development. The structure of federal intervention played upon and exacerbated the distinctions between these elements of the system. The division of responsibility imposed by regulation between network and local service provided much room for consolidation and growth on the part of the private sector. Led by nationalist purposes that were not directly responsible to the production of surplus capital, the CBC followed the lead of the CRBC and labored on the commercial margins of the system. [Where, for the most part, they were also self-financing (Cf. Hodgetts, 1946:463).] In this way, the operations of the public broadcaster continued to follow the historical pattern developed by government ownership in other sectors of the economy.

This division of responsibility within the system was given further impetus by difficulties in controlling the growth of the private sector at several levels.

First, regulatory responsibilities were divided between the CBC's Board of Governors and the government, making comprehensive regulation virtually impossible (cf. Hodgetts, 1946.) Almost annual parliamentary investigations added another layer of uncertainty and confusion to regulatory direction, as these committees adjudicated between the interests of the public and private sectors and often allocated the resources of the system between them (cf. Malone, 1962:42-53). Throughout this period, the private sector made slow but steady gains in the policy arena, often at the recommendation of the Parliamentary Committees (cf. Crean, 1976:37-38).

With rising popularity and ensuing economic rationalization, the private, profit oriented sector dominated the system by the late 1940's.

Second, the CBC's dependence on the private sector for distributing its largely non-revenue producing programs made it difficult to impose stiff regulations on the commercial time that provided the life-blood of this system, particularly as those most interested in carrying this programming were the less profitable stations. This division between the profitable and the less profitable - between those who did not subscribe to the CBC's service and those who did - became more pronounced as the stations in the larger, generally more profitable markets were able to reinvest their profits to improve the reach of their signal and, consequently, the economics of their operations (cf. Weir, 1965:335).

Third, the CBC's own dependence on both foreign and commercial programming compromised the Corporation's ability to impose rules on the private sector in these areas. As both broadcaster and regulator, the CBC strove to set a high standard of broadcast operation, as well as deal fairly with the needs and concerns of its rather capricious and recalcitrant charges. Hence, regulations were more "rigorously enforced on its own stations than on the privately owned stations" (Hodgetts, 1946:465).²¹ Moreover, as we have seen, commercials themselves were not generally seen as "negative" as, at least implicitly, they too were viewed as an important vehicle of "public" expression. Thus, both formulating and enforcing regulations against foreign programming and commercialism was a difficult process.

Together, these circumstances made effective regulation by the CBC difficult and, although stations were sometimes reprimanded for their activities, under the CBC no station

license was ever cancelled. Moreover, nationalist and commercial considerations both worked to constrain cultural expression. As we have seen, the CBC's "national" perspective was constructed at the expense of the expression of diverse cultural, regional, and local perspectives (cf. Raboy, 1990:50-88). And, because the "commercial rights" of private broadcasters were implicitly allowed to foreground and constrain access to their service, issues and debates concerning freedom of speech and "controversial programming" were largely confined to the public sector where, in turn, they were refracted through both nationalist concerns and political pressures (cf. Hodgetts, 1946:461; Malone, 1962:64-82). These problems of access were compounded by the CBC board's reluctance to allow the few non-profit local broadcasters, such as universities, the right to garner commercial revenue, as well as their refusal to grant broadcast licenses to the governments of Alberta, Saskatchewan, and Quebec in the late 1940's (Peers, 1969:373-377). Raboy (1990:84-86) illustrates that the CBC was also reluctant to consider alternative forms of ownership, such as a cooperative arrangement forwarded by farm organizations in Alberta in 1946. Thus, under a combination of social and commercial pressures, the CBC's national service became a site of struggle, while at the local level, private profit-oriented broadcasting became the legitimated heir to the system.

In summary, from the outset, Canada's broadcasting system was given form and focus by its insertion in a complex web of material and discursive relationships. Out of this melange of transnational relations of production, normative and practical considerations for the sanctity of private property, elitist visions of culture, regulatory contradictions surrounding commercialism and the use of foreign programming, and nationalist pretensions on the part of the Canadian state,

there was little opportunity for an institution to emerge that bore any resemblance to either the BBC or a public broadcaster accessible to the diverse range of interests that comprised the Canadian public. Rather, the range of contradictions that beset the system drove the "public" element to the commercial margins of the system where it labored to develop Canada's broadcasting resource, while the private profit-motivated element deployed economic principles and relationships generally developed in the U.S. to reap the benefits of Canada's industrial growth in the broadcasting system. Slowly, the public network that had been the central element of the system began to take on the more subservient role of serving minority audiences and interests.

Endnotes to Chapter V

1. The process of developing commercial formats for radio was itself a drawn out social struggle between a wide range of interests involved in the production, distribution, and consumption of radio programs (cf. Sanjek, 1983:16-26; McChesney, 1990; Smulyon, 1994:65-92).
2. Advertising developed in distinctive stages, each based upon the development of techniques for reaching and segmenting different kinds of audience members (Leiss et al, 1988:119-126).
3. There was also disagreement regarding the regulatory powers that should be given to the new public organization (cf. O'Brien, 1964:356-362; Peers, 1969: 175-182).
4. In a move to clearly differentiate the purposes of the Corporation from those of the private sector. Governors were required to take an oath that they "would not accept or hold any other office or employment, or have any pecuniary interest, direct or indirect, individually or as a shareholder or partner, or otherwise, in broadcasting or, in the manufacture or distribution of radio apparatus" (Section 3.10).
5. Financial information for the early operation of broadcast stations is extremely difficult to obtain. However, Weir (1965:182) compares the expenditures of the CRBC for fiscal year 1935-1936 with those of the CBC 1937-1938 as a percentage of revenue: i) for programs, the CRBC - 29.5%, the CBC - 52.5%; ii) for network facilities, the CRBC - 40%, the CBC - 25.8%; for general administration and station operation, the CRBC - 30.5%, the CBC - 21.7%. Similar figures were reported to the 1938 parliamentary committee on broadcasting by the CBC's officers.
6. In 1938, it would appear that in excess of 85% of the CBC's income was spent on programming and line rental charges for the networks (1938 Proceedings: 11).
7. As Malone (1962:34) illustrates, "comparable payments to affiliates in the U.S. by C.B.S. and N.B.C. in 1935 were 24.09 and 22.02 percent respectively."
8. Interestingly, in the early years, this concern was tempered by an ongoing debate both within the CBC and between the corporation and the government over "controversial" programming. Religious broadcasts, some political broadcasts, and programs concerning issues of public morality, such as birth control, were often refused because of their controversial nature. In this way, the CBC moved to both promote and define a forum of public discussion free of commercial constraint. To some extent, this tradition continues today. However, the shifting, normative nature of the Corporation's definition of "controversial" has kept the CBC embroiled in struggles over how the limits of public discussion are to be defined.
9. Despite extreme pressure from some members of government, the CBC steadfastly refused to make its financial accounts public record during the 1938 committee proceedings lest this information be used against the Corporation by its private sector "competitors" (1938 Proceedings, 16-18).

10. In the U.S., the "quiz show scandals" of the 1950's also added impetus to separating advertising and program content.

11. Fink (1981:238) makes the point that this characterization is more appropriate to the American system than it's Canadian counterpart. As he points out, not only was the development of Canadian radio drama interrupted by WWII, but with slower adoption rates for television in Canada, as well as continued support by the CBC, radio programming remained stronger and more colorful in Canada much longer than it did in the U.S..

12. As Raboy (1990:68-72) government censorship was particularly repressive in Quebec where it was directed against both debates over conscription and critical discussion of the war effort.

13. As Weir (1965:270) illustrates, news was a major component of the CBC's war programming: "At the end of 1939, news bulletins occupied 9.4 per cent of total program time, but by the autumn of 1941, this had risen to over 20 percent."

14. As Eaman (1994:105-123) illustrates, the CBC withdrew from the BBM's service in 1956. In 1959 the American A.C. Neilson company launched a Canadian "diary" based service to which the CBC subscribed. By the mid-1960's however, the CBC again began purchasing BBM's information, and by 1970 it was making extensive use of both these services - thereby supporting both the "Canadian" service and the branchplant. For the most part however, because the CBC's programming practices have varied considerably from those of private profit-motivated broadcasters, they have often had to rely on their own audience research. To this end, the CBC's audience research department has constructed measures such as an "audience enjoyment index" in an attempt to measure what audiences like about their programs. However, as Eaman illustrates, such measures do not attempt to uncover the kind of programming that audiences might desire, only what they seem to "enjoy," nor are they vigorously employed in the production process.

15. While reliable statistics on the growth of radio advertising are difficult to come by prior to the 1960's, there is evidence to suggest that the dollar value of radio advertising in Canada more than doubled between 1948 and 1960, despite the introduction of television in 1952 (cf. Firestone, 1966:128-130; Leiss et al, 1988: 92). This is in marked contrast to expenditures in the U.S. where radio advertising suffered a sharp decline from 1948 to 1955 as advertisers migrated to the new medium (cf. Leiss et al, 1988: 91).

16. As the Report of the 1946 Committee stated, "network broadcasting and nationwide coverage to the remotest parts of Canada are the functions of the national system. Service to community areas is the function of the private station. Network operation or coverage of the whole regions of the country, are not, your committee believes, the normal functions of the private radio stations" (House of Commons, Journals 1946, 87, 712).

17. As Malone (1962:53-56) illustrates, power increases by both Mexican and American stations in the late 1930's and early 1940's began to encroach on channels allotted to Canada by international

agreement at the Havana Conference of 1937. (Cf. Peers, 1969: 362-363, 378-379). These incursions provided impetus to both increases in broadcast power and further licensing of private stations after WW II, the first of which resulted in CFRB being granted a power-increase to 50,000 watts on its new frequency in 1947.

18. Comparing statistics from a study done for the Massey Commission in 1949 with similar data compiled in 1956 for the Royal Commission on Broadcasting, it would appear that commercial time on CBC stations fell by approximately 30% between 1949 and 1956 while it increased by a similar amount on private stations affiliated with the CBC's networks. For unaffiliated private english stations the amount of commercial time doubled. (1957 Royal Commission on Broadcasting Canadian Television and Sound Programmes Appendix XIV, 199). And, as Weir (1965:319) notes, by 1963 sustaining features were no longer required by most private stations and attempts to increase network reserve time were met with strong resistance.

19. Raboy (1990) clearly documents the evolution of this "nationalist" focus in the evolution of broadcasting policy.

20. Perhaps driven by the hegemony of American capital in other venues of cultural expression, concern for the use of "Canadian talent" was a consistent theme in the discussion of broadcast productions throughout the 1930's and 1940's (cf. 1938 Proceedings; Weir, 1965; Peers, 1969). As we shall see, this concern would later find enunciation in the "Canadian content rules" promulgated by the Board of Broadcast Governors.

21. Part of the problem here was that, as noted earlier, the CBC had no sure way of determining the real financial position of the private broadcasters.

Chapter VI

Television and Early Postwar Canadian Broadcasting Policy

Following the War, American assembly lines were quickly converted to producing consumer goods. In Canada however, the project of reconstruction faltered in the face of a lack of investment capital and a severe balance of payments problem. But led by federal policies that encouraged foreign, mainly American investment in both the manufacturing and resource sectors, the economy began to pick up in the late 1940's and early 1950's (Aitken, 1961:50-73). With this increasing integration of the Canadian and American economies, the new mass-market industrialism that had begun to take seed in the 1920's came into bloom. However, just as the adaptation of American industrial technique to Canadian circumstances had led the first advance of industry in Canada, so it continued to provide both form and substance to investment in the latter stages of this second wave. Similarly, just as American technology had formed the backbone of the Canadian radio industry in the early stages of this new industrial growth, it would also contextualize the development of Canadian television.

As the economy gained momentum from the late 1940's through early 1960's, labour became better organized. As Drache and Gertler (1991:xliv) observe, the resultant "wage revolution was pivotal in changing the material well-being of the industrialized working class; within a generation it would transform consumption norms and enable workers to buy homes, own cars, and support mass production industries through mass consumption." In this atmosphere, the Canadian state became increasingly interventionist as it was pressed to both stimulate and manage growth across a range of different dimensions (cf. Hodgetts, 1973:25, 151,

257). As television broadcasting took form in this period, its development reflected this larger process of economic growth and rationalization.

Setting the Stage for Television

Immediately following the war, the CBC quickly moved to reorganize and upgrade its radio services. But, riding a swelling wave of commercial demand, the growth of private radio quickly outdistanced its more heavily burdened public counterpart. Between 1946 and 1948, private radio's revenues grew from ten to over fourteen million dollars, while the CBC's income moved from six to seven and a half million. During this period, the number of private stations was increased by 25 percent, and by 1948 the assets of the private sector were three times those of the CBC (Massey, 281-282). Thus, as pressures mounted for increases in the size of the private sector, the relative strength of the CBC presence within the system dwindled. But just as the growth of the private sector threatened to push the CBC to the commercial margins of the system, developments in the U.S. were setting a new agenda for the growth of the Canadian broadcasting system.

Television: American Style

Eager to convert their electronics holdings to the purposes of peacetime profitmaking, the RCA-NBC forces in the U.S. began pushing the FCC for reinstatement of television licensing.

which had been abruptly halted in its infant stages with the outbreak of the war.¹ In 1945 a decision to resume licensing was made and by the summer of 1946 RCA had television sets on the market, catching CBS, its major competitor, offguard. In early 1947, an FCC decision gave the RCA-NBC forces a further advantage by allocating commercial channels to the very-high frequency (VHF) band of the radio spectrum upon which its technology was based, instead of the ultra-high frequency range where CBS's efforts were focussed (cf. Boddy, 1987:350-352). Later that year, RCA-NBC was demonstrating a crude colour version of the technology.² Faced with rising interference problems however, the FCC issued a freeze on television licensing in 1948, but some 100 television licenses had already been issued (Barnouw, 1990:112-113).

Meanwhile other events were taking place in the U.S. "entertainment" industry that would have tremendous import for television. In 1948, anti-trust proceedings broke the big Hollywood studios' monopoly control over the feature film industry. Fearing they would no longer have markets for much of their production the studios slashed their staffs, flooding the market with "actors producers, directors, writers (and) technicians" (Barnouw, 1990:116). Some of these people headed for New York where they hoped to become involved with television. Others stayed in Hollywood where they opened small production studios and began producing episodic television "series" on film, such as Desilu's "I Love Lucy" which went into production in 1951 (Barnouw, 1990:133-134).³ Some of these products "went into network schedules, while others were syndicated - (that is,) sold on a station by station basis" (Barnouw, 134).⁴ With this early success, the big studios also entered the TV market. By the mid-1950's Hollywood had become a major supplier for television's ravenous programming appetite. These products were also on the forefront of building foreign markets for American television programming, one of the first of

which was Canada (cf. Barnouw, 1990: 229).

Early on in television's development, NBC had decided to promote it as a commercial vehicle (Boddy, 1987). But in the early stages of development, both the tremendous expense surrounding TV's introduction and the uncertainty over licensing standards had cooled their commercial ardour. Equipped with the technical advantage though, they pushed their plans forward.

One line of attack was to promote television as the latest sales tool in finding markets for the products spilling off the assembly lines in the post-war industrial boom. Drawing an argument for advertising along the same lines that President Hoover did in 1930, NBC President Pat Weaver pressed this plan "(i)n a series of speeches to manufacturers and trade groups in the early years of television: 'Advertising is to mass production what individual selling was to craft production... The growth of our economy has reached the point where production becomes less a problem than consumption. It is no trick today... to make great quantities of goods. Instead the trick is to sell them to people who can afford to pay for them' (In Boddy, 1987:352). Of course, he then nominated television to this task.

A second course of action was to wrest program control from sponsors, so that the network could pull as much profit as possible from its strategic position between audiences and advertisers. As Boddy (1987:357) illustrates, moving from single sponsorship to "participating advertising" - that is, selling the commercial surrounding a program to multiple sponsors - was a difficult struggle as sponsors were reluctant to give up program control, and the move did not gain momentum until the mid-1950's. Still, by developing programming formats based upon the study of audience demographics, the network was able to tailor "audience flow through the day

and night to suit the (specific) needs of participating advertisers" and thereby win increasing commercial support for the system (Boddy, 358). In the process, it was able to maximize "the profitability of every moment in the program schedule " (Boddy, 357). Thus, "the single sponsorship form gave way to 'formula buying' on strict cost-per-thousand calculations" and "(s)preading network-brokered advertising insertions across the broadcast schedule made the 'modern' programming themes of audience flow, programme adjacencies and counter-programming vital to every segment of the broadcast day" (Boddy, 356,357). The narrative form of television programs quickly became caught up in the attempt to pull audiences through commercial interruptions, and the whole broadcast schedule began to beat to a commercial rhythm. The "quiz show scandals" of the late 1950's undermined sponsor-controlled shows, finishing the process that NBC began. By 1959 the networks were deploying Hollywood "telefilms" to tailor the demographics they sought (cf. Barnouw, 1990:213-218,243-248).

In the early years of American television, attempts to capture particular types of audience members were highly generalized and usually centred on abstract categories such as "homemakers" and "children," as they had during the days of radio. In the evening "flow" was the key, and the goal was to develop and hold as large an audience as possible through the evening rhythm of the household as children went to bed and the adults settled down for a few quiet hours before retiring themselves. The networks began to construct scheduling formats that deployed a scope of programming to yield an economy of scale through audience size: As they gained greater control of the program schedule, they fine tuned this logic and audience composition became an increasingly important factor. By the mid-1960's, the American television networks were generally able to command a much higher "cost-per-thousand" than

their Canadian counterparts because they claimed to deliver much more "specialized" audiences (Firestone, 1966:117). By 1968, no American television program was sponsored by a single advertiser and, by the early 1970's, Hollywood's television products were "pre-tested" in an attempt to ensure they captured the appropriate demographics (Barnouw, 1990:469-474). Consequently, while Canadian policy makers were debating the place of commercialism in the new medium, the Americans were developing it into a fine art.⁵

Where it was introduced in the U.S. television quickly became popular, and radio ratings experienced a quick and precipitous drop. However, what was one medium's loss was the other's gain and, in firm control of both technologies, NBC and CBS played television and radio off against each other -- financing their growing investment in one medium with their shrinking revenues from the other. In an effort to maintain the profitability of radio, programming underwent an intensive process of rationalization. Sustaining programs all but vanished from program schedules and recorded programming made increasing inroads. Radio performers were recruited for the new medium, induced by new contractual arrangements that increased the networks' control over program production and relieved the performers of tax and administrative burdens (Barnouw, 1990:103-104). For tax purposes, programming became a capital investment and the extensive capitalization of the American broadcast industry took another step forward.

Meanwhile, both CBS and RCA also introduced new technologies toward rationalizing the radio industry and creating new markets. In 1948, they introduced the 33 1/3 and 45 rpm "microgroove" phonograph records and the battle "for sovereignty in the new disk-jockey world" was enjoined (Barnouw, 1990:104). These developments issued a whole new era in radio broadcasting, as the music recording industry became tied to radio programming formats and a

popular music industry - replete with a range of diverse musical taste "markets" - began to take form. By 1957, radio had, in dollar terms, recovered its advertising market. However, through the mid-1960's radio advertising remained relatively flat when compared to the growth of the economy in general. On the other hand, television advertising sales exhibited strong growth and by 1963 they were two and a half times those of radio (Firestone, 1966:153).

By the late 1950's both radio and television were quickly being subsumed by processes of intensive commodification in the U.S.. No longer were broadcasters interested in simply selling time to advertisers or sponsors. Rather the commercial imperative increasingly induced them to employ the least expensive programming vehicle to attract the largest possible audience of a particular demographic profile across the program schedule. For some commentators, this shift marked a turn in American television from a "Golden Age" to a "vast wasteland" as programming turned from live, theatre-type productions to violent action-adventure westerns, domestic situation comedies, and police shows (Boddy, 1987:366, Barnouw, 1990:260-265).

Developing Canadian Television Policy

The development of television in Canada proceeded at a much slower pace. The CBC had neither manufacturing interests nor radio profits to propel the system into the television age. And while potential private investors watched developments south of the border with increasing interest, no Canadian companies were anxious to assume the necessary investment in plant and programming. The CBC forwarded plans for television in early 1948, but these were dealt a serious blow when the government refused to fund them. For a time, it appeared that the CBC

might be relegated to a licensing and regulatory role in television similar to that of the FCC (Peers, 1979:10-11). Through 1948, the CBC's Board of Governors held several hearings on television license applications. However, the applicants most able to proceed were foreign owned and connected to film and electronics interests (Peers, 1979:11). This raised objections from the CAB, and delay followed. Because the CBC was determined not to let television grow at the expense of its radio operations, and the government effectively exercised regulatory control over television's development by holding the purse strings, the CBC waited for policy direction. Meanwhile, tv signals from American border stations began to establish Canadian markets for receivers.

With an election approaching, the federal government moved to consolidate and contain a variety of social issues that had arisen and come to a head in the wake of the War. Returning servicemen seeking post-secondary education issued a crisis in university funding, a burgeoning arts community continued to seek recognition and support from the federal government, and broadcasting required regulatory direction. In the throne speech of 1949, it was announced that a Royal Commission would be struck to investigate these matters. But in March, with rising pressure from both broadcasting and electronic manufacturing interests, the government announced an interim television policy prior to striking the Commission.

Building from a January request by the CBC that it be allowed to establish initial television production centres in Toronto and Montreal, the government stated that the CBC would establish stations and production facilities in these centres and that they would supply programming to stations in other parts of the country. Licenses would then be awarded to private interests, on a monopoly basis. "in any city or area in Canada."⁶ Funding for the public element

of the project would be provided by Parliament in the form of a \$4 million loan. Responsibility for network arrangements was to be placed in the hands of the CBC. Speaking in the House of Commons, the Minister of National Revenue, J.J. McCann stated that these plans "would provide a 'large new outlet' for the electronics industry and would eventually provide a means 'of encouraging Canadian talent, of expressing Canadian ideals, of serving the needs of the country as a whole, and of stimulating and strengthening our national life as a whole'" (In Peers, 1979:17). Thus, once again, the state moved to construct a national medium of expression and ensure the presence of Canadian programming within it. But, just as it had in the early days of radio, the government sought to place the CBC in an ancillary position within this system, supplying Canadian programming to private stations that were either unwilling or unable to produce such programs themselves.

It is possible to read these developments as a self-conscious attempt on the part of the government to subordinate the public element of the broadcasting system to the interests of the private sector. But this was not necessarily the intention. Following the pattern set by radio and early American television, television broadcasting outlets were still largely perceived as program distributors. Program production was generally the responsibility of sponsors and their advertising agencies and, in 1952, "72 per cent of all sponsored network shows (in the U.S.) were 'outside packages'" (Peers, 1979:33). From the government's perspective, in the extenuating circumstances created by Canada's vast geography and dispersed population, as a program producer the CBC would serve a dual role within the system: on one hand, it would fill the role of the "sponsor" and finance program production; on the other hand, it would ensure that programming offered some representation of a larger set of Canadian ideas and values than

commercial imperatives alone would allow. Yet, in the shifting currents of national politics, this was not to be the final policy design.

The Massey Commission

In April of 1949 the Royal Commission on National development in the Arts, Letters and Sciences (Massey Commission) was struck, and the CBC quietly waited for its report before allowing private stations to be built. The Commission had a wide ranging mandate and set out to investigate a field of cultural issues that had been raised by creeping industrialism (cf. Litt, 1992:83-103). From film, to the state of the "arts," to university funding, to the broadcasting system - to name but a few areas of its purview - the commission spent some two years touring the country and investigating the state of Canadian "culture." Set in the deepening chill of the Cold War, the Commission struck out to fashion a defense of culture broadly based upon the British model of state sponsored cultural institutions (Massey, 4, 274).

Both the tone of the enquiry and its ensuing report are sometimes described as "liberal humanist. at other times "conservative" (Litt, 1992:102-103; Magder, 1993:82-82). Indeed, when viewed in hindsight the ideological dimensions of the Commission's recommendations, particularly concerning broadcasting, appear somewhat paradoxical, making them difficult to categorize.⁷ The Report blatantly subscribed to an elite-centred, "intellectual" vision of culture, and American "mass culture" was clearly cast as the villain of the piece. But while the commissioners did attempt to provide a somewhat "humanist" counterpoint to the rationalizing forces of industry that were reaching out to subjugate Canadian society and culture, they failed to

grasp how their own aesthetic concerns were derived from a class structure and division of labor that privileged the judgment of the few over that of the many.

To some extent the Massey Report reflected the shifting political economic currents of the time. Poised on the brink of being overrun by the American industrial juggernaut, conservative Canadian cultural forces allied with the fading vestiges of British Victorianism in an attempt to deploy the state as an instrument of benevolent paternalism and hold back this commercial tide (cf. Grant, in Magder, 1993:82). What this elitist perspective failed to grasp was that the political economic system that issued this position of privilege was itself dissolving under the "revolutionizing of production," and that the "fast frozen relationships" that their "venerable ideas and opinions" rested upon were soon to be "swept away" (Marx in Tomlinson, 1991:151). Still, despite the fact that the Massey Commission failed to establish a dominant position for their view of culture in either the broadcasting realm or Canadian society at large, it proved to be an important turning point in Canada's cultural history (cf. Beale, 1993).

First, the Massey Commission marks the apogee of a "high" cultural vision in Canadian policy discourse, providing an important moment of legitimation for many writers, artists, and intellectuals who had long labored to embroil the power and infrastructure of the state in furthering their cultural vision. Broadcasting, of course, was part of that vision.

Second, while the Commission's cultural prescription wasn't directly embraced by government, its Report provided a blueprint for a vast web of cultural institutions and funding agencies. In its wake, and as funds came available from both public and private sources, the federal government spawned a series of institutions, agencies, and programs, that drew upon the plans that they laid such as the National Library and the Canada Council (cf. Litt, 1992:223-254).

While many of these institutions served to reproduce and cultivate what might be broadly called "high" cultural forms, they also provided income and resources for Canadian writers, artists, filmmakers, musicians and the like who later went on to develop projects with broader cultural appeal. Moreover, as we have seen, the elite vision of culture that framed this enquiry did enjoy currency at the CBC and worked to inform some of its programming practices. Bolstered by Massey's largely British prescription that radio has "three main functions" in any "democratic" country: "to inform; to educate; and to entertain," this sensibility would continue to hold sway in Canadian broadcasting policy and eventually find voice in the mandate assigned to the CBC in both the 1968 and 1991 Broadcasting Acts (Massey, 299). Thus, despite its contradictions, the Massey Commission helped entrench a particular ideological perspective in Canada's cultural fabric -- one that would continue as an important element of the broad discourse of broadcasting policy and, at least, CBC programming decisions for decades to come.⁸ Moreover, the government eventually charted a course in broadcasting policy that rather closely followed Massey's prescriptions. Hence, both the proceedings and recommendations warrant further attention.

When the Commission convened hearings on broadcasting policy, the scenario played out much as it had before numerous parliamentary committees (Massey, 23-41; Peers, 1969:23-28; Litt, 1992:123-145). Support for the Corporation was widely drawn, with a variety of educational associations and voluntary groups, as well as some labor organizations, rallying to its cause - although, often for very different reasons than those officially voiced in the Report (Litt, 1992:123-145). Private, profit-oriented stations argued for greater commercial freedom and an independent regulatory board. There were numerous complaints over the "Americanization" of

broadcast programming, and commercials in general. The private sector was found to have spent only a small fraction of the amount of money the CBC did on Canadian programming and "talent." The CBC continued to argue that they should retain control of the system but that their ability to meet with this task was complicated by dire financial circumstances.

In their Report, the Commission noted that it would not "make detailed recommendations on the policy of development" because it believed these were the responsibility of the CBC's Board of Governors (Massey, 302). However, the Commission did maintain that "The system recommended by the Aird Commission to the nation has developed into the greatest single agency for national unity, understanding and enlightenment" and that the development of television should follow much the same course as radio, with the CBC leading and controlling the system (Massey, 279, 301-313). Toward this end, the Commission recommended that both the control of foreign programming and the production of Canadian programming should remain in the hands of the Corporation and, building on the government's decision to include the private capital in the system's development, and that all private stations should be "required to serve as outlets for national programmes" (Massey, 303). The Commission also recommended that radio's finances be kept separate from those of television so that the quality of radio not be sacrificed to the development of television as had seemingly happened in the U.S. (304), and that the CBC take steps to curb the "over-centralization" of program production and thereby increase the representation of the regions in their programming (298).

To finance these responsibilities, it was recommended that the capital costs of television construction should be covered by federal grants and that Parliament should implement ongoing statutory grants to the Corporation to meet the rising costs of broadcast production. Reinforcing

the government's vision of the system, the Commission envisioned the CBC as leading Canada into the television world, while the private sector was cast in the subordinate role of program distributor, offsetting the cost of development. The Commission also recommended that a Royal Commission be struck to investigate broadcasting no later than three years after their report was submitted. Later, these proposals provided impetus to greater federal commitment to television's development and more stable funding for the CBC, as well as a Royal Commission.

But while the Commission's seeming intentions were to strengthen the position of the CBC, the Report also continued the course charted by the parliamentary committees of the late 1940's and recommended more latitude for private stations within the system.⁹ Specifically, the Commission recommended recognizing "fully the private stations as important elements of our broadcasting system" (284). Toward this end, it advocated that the license period for private stations should be extended to five years, and that private broadcasters should be granted the right of appeal to a Federal Court in instances where they were "adversely affected by final decisions of the Board of Governors" under the terms of regulation (289). In order to avoid competition between the CBC and private broadcasters, the Commission also thought that the Corporation should refuse all local advertising "except in places where advertising service from private stations is not available" (290). However, because it was in the interests of Canadian business, as well as to the financial benefit of the Corporation, the Report recommended that national advertising be continued on the CBC's networks. The Commission also noted that it found no problems with cross-ownership between newspapers and radio stations.

Despite appearances, these recommendations to strengthen the private broadcaster's position within the system were not meant to simply bolster the commercial position of these

broadcasters or give greater play to the popular cultural products they carried.¹⁰ Rather, cast in terms that echoed liberal democratic ideals, these measures were offered to ensure that, as citizens, the private broadcasters were not subject to arbitrary treatment or unjust hardship at the hands of the state (Massey, 289-291).¹¹ Moreover, despite these recommendations to strengthen the commercial side of broadcasting, and the fact that the system was besieged on all sides by transnational industrial forces, the Commissioner's conservative-humanist vision of Canada as a sovereign nation-state allowed them to steadfastly maintain that there was "false assumption" on the part of the private sector "that broadcasting in Canada is an industry" (Massey, 283). Rather, they argued that the Canadian broadcasting system was a "public service," and that "private stations have only been licensed because they can play a useful part in that system" (283).

Recalling the logic of many of the cultural nationalists of the 1920's, Massey's elite humanism was added to those voices that sought accommodation between the public purposes of broadcasting and private capital. In the Commission's view, "true" culture existed outside of the marketplace in a realm that, seemingly, had little relation to the commercial forces that provided form and function to the more mundane elements of life. With the state monitoring the entrance to the broadcast market, and feeding the nation a diet of clearly "superior" foreign and domestic cultural products, "(h)igh culture could be dangled in front of individuals in the hope that their better instincts would prompt them to take the bait. Once they were hooked, their edification could then proceed through self-enlightenment" (Litt, 1992:131).

However, there was a flaw in Massey's logic that seems to have eluded most commentators. By making a seemingly "logical" distinction between the realms of culture and commerce the Commission generally failed to grasp the dynamic, materialist relations that drove

the production of cultural forms in this industrial age. Consequently, they thought it was possible to harness private capital to carry their cultural vision to the country.¹² What they overlooked was that private capital in the broadcasting arena was to a large part reproduced, and thereby dependent upon, the production and dissemination of the products they abhorred. While a portion of the private sector's profits might be devoted to carrying the CBC's national program service, the processes of extensive and intensive capitalization that drove and extended the reach of corporate capital in the broadcast realm would eventually drive the representation of their cultural vision to the margins of the system and its program schedules. Even if this general model of development was adopted -- shed of elite trappings -- then just as they had been in radio, the CBC's resources would be limited to the largesse of the government, and stretched between the nationalist exigencies of television's development and the profit-motive of the private sector. Once again, the Corporation would be pushed to the less profitable margins of the system as transnational relations of production spurred capitalization. In the end, this is largely the system that developed. Indeed, it wasn't television that played the Trojan Horse to the vision of Canadian culture held by the Massey Commission and their kind, it was industrial capital - and to this interest they were blindly beholden.¹³

Early Growth and Capitalization of Television

While the Massey Commission was preparing its report amidst a discourse of nationalist purpose, the Canadian broadcasting system was becoming further bound in transnational relations of production. Early in 1949, the government had decided to "take advantage of the

advances" that had been made in television technology by the Americans (J.J. McCann in Anderson, 1974:44).¹⁴ Consequently, the American "NTSC" television standard was accepted without question and the CBC placed its initial order for transmitters with the Canadian subsidiaries of RCA and General Electric. Canadian Marconi received orders for studio equipment. (Peers, 1979:19.) Thus, the "branchplant" electronics industry began to ride the wave of the television boom and American technique gained yet another foothold in Canada's industrial infrastructure. But, in a pattern of growth that loosely followed Massey's recommendations, Canada's dependence on the American system did not stop with simple "technology transfer."

The CBC began broadcasting in Toronto and Montreal in September of 1952. By this time it was estimated that there were already 146,000 television sets operating in Canada - all tuned directly to U.S. stations. Three months later, the government announced a new development policy. In the wake of recommendations from the Massey Commission, the CBC itself, and rising pressure from the provinces, the CBC was charged with building transmission and production facilities in four more centres across the country. To facilitate regional production, Ottawa, Vancouver, Halifax and Winnipeg would all receive publicly owned stations. Licenses for stations in places other than these cities would be open to applications from the private sector but, for the present, no two stations would be licensed in any one area. This latter provision became known as the "single station policy." Thus, in a time tested fashion, the state issued exclusive franchises to blocks of private capital to develop the new broadcasting resource in specific locales. Supported by these monopolies, development in these areas might proceed both quickly and efficiently, thereby maximizing the potential of scarce capital

resources. For the construction of the public element Parliament was to provide a special loan. However, finding the funds to build the public element, as well as maintain and operate both of these elements of the system were other matters.

In its efforts to maintain its position in the radio market, the CBC had been operating at a deficit since 1949 and meeting its rising expenses with government loans (cf. Anderson, 1976:44-65). While these loans were generally later repaid, amidst the federal government's post war economic problems, political pressure mounted for a new funding mechanism (Anderson, 1976:44). Increasing public resistance coupled with the rapid diffusion of television to make a license fee impracticable, and the institution of a statutory grant, as recommended by the Massey Commission was politically unpopular. Hence, the government searched for another means to finance television's expansion.

As sales of receivers took off in 1952 and early 1953, "Canadian" manufacturers began to complain that many people were purchasing their sets in the U.S., where economies of scale brought them to market at a lower cost. To discourage this "cross-border" shopping, and provide funds for television's development, the government imposed a 15% excise tax on television and radio sets and parts in April of 1953. The proceeds of this tax were made available to the CBC (Anderson, 1976: 62-63). Subsequently, the radio license fee was abolished and the capital requirements of the CBC were satisfied for a time.

The sale of television sets boomed through the early 1950's and, by the end of 1955, there were nearly 2,000,000 sets in use (Fowler, 1957:317). In 1953, the government estimated that the tax would bring in an average \$39.00 per set and, equipped with this windfall, the CBC managed to show a surplus for the years 1953-1956 (Peers, 1979:49; Anderson, 1976:63). Thus, in a time

tested fashion, the Canadian state deployed political measures to offset the rigidities of the Canadian economy. Just as the tariff was deployed to provide capital resources for railway construction in the latter half of the nineteenth century, this excise tax provided funds for building a broadcasting system in the latter half of the twentieth century. In the process, a branchplant electronics industry was also given form.¹⁵

Meeting Programming Imperatives

Meeting television's ravenous appetite for programming still presented a problem though. But, just as American programs had been employed in the CBC's radio schedules to offset the cost of production and improve their popularity with Canadian audiences, the Corporation planned to deploy American programming in its television schedule to the same ends. To facilitate the importation of programs, Bell Telephone was contracted to construct Canada's first television microwave transmission link, running between the Buffalo television market and the CBC's Toronto facilities (Peers, 1979:22). But while negotiations for programming with the American networks had begun in early 1952, as the CBC prepared to go to air the negotiations broke down. Consequently, the national network went to air without these programs, raising the ire of both private affiliates and the viewing public (cf. Peers, 1979:31-32).

The CBC sought television programs from the networks at the same rate it had obtained radio programs -- 15 per cent of the revenue received from Canadian sponsors. However, the U.S. networks were in the process of wresting control over program production from sponsors and, to maximize their returns from potential Canadian "affiliates," they wanted to sell programs

to Canadian stations separately (cf. Walters, 1960:94). The CBC refused to allow this. Within weeks of the CBC's going to air the U.S. networks agreed to negotiate, but they demanded 70 percent of the gross revenue the Corporation received from its Canadian sponsors for program rights (Walters, 1960:94). After four months of negotiations, a figure of 50% was agreed upon. By acting as a "middleman" between the American and Canadian markets, the CBC managed to maintain a degree of separation between them. However, this did not mean that private Canadian stations were beholden to the CBC for American programming. In a deal worked out with the CBC, private operators were given more or less exclusive Canadian rights to American syndicated programs -- including Hollywood telefilms (cf. Peers, 1969:62). This arrangement would soon return to haunt the CBC's operations.

Rationalizing Production: American Technique, Canadian Purpose

As in the radio field, in television the CBC began to deploy American production techniques to meet with Canadian purpose. Only in Canada the CBC twisted the logic of what, in the U.S., were strategies to promote "maximizing profits" to meet its own purposes of maximizing Canadian production.

Following the lead of the American networks, the CBC too moved to wrest control of program production from commercial sponsors in the early days of television (cf. Peers, 1979:32). However, the CBC employed its position between advertisers and the network program schedule to a much different purpose than the American networks. The Corporation used this position to force advertising agencies to "sponsor some made-in-Canada programming

if they wished to sponsor an American import" (Rutherford, 62). Thus, while American private networks deployed "participative advertising" to increase their "private" profits, in the hands of Canada's national "public" broadcaster the logic of the practice was twisted to promote the public purpose of "Canadian" program production. (cf. Wier, in Smythe, 1981:181).¹⁶

Despite these efforts to wrangle sponsorship, commercial sponsors did not support the whole cost of Canadian "commercial" television programs in these early days of the system:

Canadian advertisers generally could not pay station-and-transmission charges as well as production costs... Advertisers using Canadian productions made very substantial contributions to the national system, but with many programs (their) commercial contribution was more than equalled by the CBC itself, to cover program costs.... if such (public) subventions ceased, more than 80 per cent of sponsored programs would be lost. (Weir, 1965:295)

Because the CBC often had to "subsidize" commercially sponsored programs, it sometimes suffered criticism that it was actually subsidizing its advertisers. This was not the case. Rather, the logic underlying the CBC's production and scheduling practices did not evolve simply to attract a large audience of particular demographic characteristics that could then be sold to advertisers, as it did with the American networks. Rather, for the CBC the "public interest" was always paramount. Consequently, as the U.S. networks deployed their program schedules to construct one "big" audience through the evening hours, the CBC attempted to ensure that its programs served a diversity of interests -- or, one might say, diverse "national" audiences. As Weir (1965:294) notes:

the CBC had to strive constantly with the problems of program balance, providing within its means a sensibly balanced pattern designed to give minority as well as

majority interests a fair share.... While popular entertainment was in demand, television had to furnish many other things that people wanted: reports on Canadian and world events; women's features; programs for fisherman, farmers, children; information and idea programs; religion and personalities of the day....

The pattern of cross-subsidization that developed out of these concerns led to popular American programs being tailored into the CBC's program schedules alongside Canadian programs not only to act as "bait" for the sponsorship of Canadian programs, but also to maximize audience flow from U.S. programs to Canadian programs. In this position, American programs were both a key source of income for the Corporation, as well as an important vehicle for constructing "national" audiences that could then be carried through to Canadian programs. (cf. Weir in Smythe: 1981:181.) As we shall see though, as this programming strategy developed it brought the Corporation in conflict with both its privately-owned affiliates and "cultural" critics: the affiliates wanted the CBC to develop a schedule that would promote audience flow into their own "local," program schedules; the critics simply wanted less foreign programming in the Corporation's program schedule.

As the larger process of rationalization that accompanied the introduction of television crept through the CBC, it also had an impact on the labor process within the organization. As the Corporation moved in to television production, it sought flexibility in both its creative and labor requirements and began "hiring producers on contract, rather than bringing them on permanent staff" (Peers, 1979:32). In part, this might be seen as an effort to forestall the growing movement to organized labour and the professionalization of broadcast workers (cf. Raboy, 1990:104-105; Hodgetts, 1946: 457-459). But within a few years of establishing the television service the majority of the CBC's workers were unionized. Through the late 1950's and 1960's, a series of

labour disputes followed. For the most part though, these disputes weren't simply motivated by wages or working conditions. Rather, they revolved around attempts to establish the independence of the CBC's productive resources from larger political forces, and the role and purpose of public broadcasting in Canada. (cf. Raboy, 1990:139-143; Rutherford, 1990:52-53 & 56-59).¹⁷

Subsidization Fuels Extensive Growth

With the CBC pouring the proceeds of the excise tax and its commercial revenues into the system, television broadcasting in Canada grew at an extraordinary rate. Within two years, the system "ranked second in the world in the number of stations, and only Britain and the United States had more receivers (Walters, 1960:97-98). The first private station opened in October of 1953 in Sudbury. A year and a half later there were seven CBC stations and 19 private stations. And by March of 1958, there were eight CBC stations and thirty six private outlets (Ellis, 1979:35). The CBC contributed substantially to this growth and between 1952 and 1957 the Corporation pumped \$170,000,000 into the system (CBC, Annual Report, 1959). Moreover, as Weir (1965:331) notes, "During the first three months of the life of most private stations 85 per cent of their programs were supplied by the CBC without cost to them." As stations became viable and acquired programs of their own, the CBC still "made no charge to private stations in the case of sponsored or unsponsored programs made available to them" through its network service (Fowler, 185). And when the affiliates carried the national network's sponsored programs, the CBC shared the revenue with the private stations. Still, the CBC soon

began to experience a familiar problem.

Because of the high cost, the private stations produced few programs of their own (cf. Fowler, 153). However, Hollywood telefilms offered these stations a ready source of relatively cheap programming. But, because telefilms often offered greater commercial return than the service supplied by the CBC, they became a favoured product of private Canadian broadcasters and the full CBC network service "was seldom transmitted by any private station to the public in its area" (Weir, 1965:293). Thus, the profit motive of the private stations began to interfere with the distribution of the national, network service. As the Canadian stations went to air then, the Canadian television market provided both U.S. networks and program syndicators lucrative new markets for their programs. But even in these early days of Canadian television profits weren't limited to the foreign program producers. As Rutherford (1990:61) illustrates: "A front-page story in The Financial Post (17 December 1955) noted that station owners were 'riding the crest of a prosperity wave' because the demand for airtime by advertisers was apparently insatiable... (And) (t)he Canadian Bank of Commerce Letter of 6 June 1960 ranked broadcasting the third-best profit-maker among 140 industries in 1957" (cf. Fowler, 143-157). As in the development of the radio system however, harnessing these private profits to public purpose would prove to be a difficult proposition.

The Fowler Commission

While the CBC continued to muster a wide base of support for its role in regulating the system through the mid-1950's, that position was being increasingly questioned (cf. Peers,

1979:55-62; Raboy, 1990:110-117). Intensive and extensive development were shifting relations of power within the system and providing new perceptions of the relationships within it. As the number of private operators increased many joined the ranks of the continuing campaign to have commercial regulations relaxed, issuing increasing public pressure to remove the CBC from regulation. As well, more newspapers began to raise their voices against the CBC's powers of regulation, apparently motivated by their increasing ownership of radio stations (Peers, 1969:55-62). Moreover, as the development of television proceeded, fuelled by investment from both the public and private sectors, the developing system began to be "envisaged as a 'partnership,' in which the private stations earned their place in the system by acting as carriers of national programs in areas without CBC service" (Raboy, 1990: 115). Thus, the conception of the CBC as the centre of the system that had prevailed through the 1930's continued to slowly erode. In the midst of these developments, the government followed Massey's recommendation and struck a Royal Commission to investigate broadcasting in December of 1955. The Report of the Royal Commission on Broadcasting (Fowler Report) was issued in March of 1957. Illustrating that it was born of a long and noble nationalist lineage, the report noted:

The building of the first Canadian transcontinental railway was only the first of many devices to pull together into a nation the vast expanse of Canadian territory. In different ways but with the same purpose we created a national financial structure through the chartered banking system and we sought to build up industry and trade through a protective tariff. At a later date we developed a national air-transportation system.... The natural flow of trade, travel and ideas run north south. We have tried to make some part, not all, run east and west. There is no doubt that we would have had cheaper air service and cheaper consumer goods if we had simply tied ourselves into the American transportation and economic system. It is equally clear that we could have cheaper radio and television service if Canadian stations became outlets of American networks. However, if the less costly method is always chosen, is it possible to have a Canadian nation at all?

Unlike the majority of the members of the Massey Commission, Fowler had few qualms about commercialism. As the Report (Fowler, 174) states, "We regard the commercial activities of the CBC as a proper feature of the system... Advertising is a positive contributor to living standards and economic activity and should not be regarded as a regrettable, even deplorable, feature of our public broadcasting system." Toward bolstering commercial revenue, the Commission made numerous suggestions on how the CBC might approach commercial activities "with skill and vigour." Although the point was also made that the Commission was not "recommending some abandonment of basic CBC policies or the sudden expansion of its commercial activities" (Fowler, 185-186). Following a nationalist logic, the Commissioners were very strong on the role of the public element within the system and often praised the CBC's accomplishments. The report noted that the CBC "has accomplished much in a short time," that "it has produced programs of comparable quality and at substantially lower costs than similar programmes in the United States," and that no "mishandling in the administration of CBC finances could be found." It found "that CBC has given a good deal of tangible encouragement to Canadian creative and interpretative talent and that much of that talent was of superior quality" (68). Moreover, it was noted that the CBC had also worked to help subsidize the establishment of other community cultural resources, such as symphony orchestras. And, the Commission noted that while "a number of artists developed and made known by the CBC have later been lured to greener fields, particularly in the United States... the slow drain of some of our best talent... is (not) a valid reason to stop encouraging the development of that talent" (Fowler, 69). To alleviate the Corporation's impending financial crisis as the proceeds of the excise tax fell, the Commission recommended that Parliament finance the Corporation through statutory grants,

based upon a five year budgetary period and reviewed annually.

Judged against the efforts of the CBC, private broadcasters were seen to be lacking. Generally many were found to be "leagues away from anything resembling bankruptcy," yet they were loathe to undertake public responsibilities (Fowler, 68, 146-154). To rectify this situation the Report recommended firmer enforcement of existing regulations and that "regulations requiring improvement in the programme content of some stations might be progressively introduced." It was also noted however, that the CBC's job of enforcing regulations had been complicated by the fact that the Corporation had no way of knowing the financial position of the private stations and thus, "the tendency has been to be lenient" (Fowler, 25). In light of these observations, it would seem that the "property rights" of private broadcasters were mitigating against comprehensive regulation.

Although there was some division in their ranks, the private broadcasters and their association, now the Canadian Association of Radio and Television Broadcasters (CARTB), again pushed charges that the CBC was both "regulator and competitor," that "they were bound in the web of a power-hungry Corporation," and that an "independent regulatory body" should be instituted (Fowler, 148&130). Although, in recognition of the expense involved in program production, the CARTB shifted the position they had taken in the earlier history of the system and noted that they were not interested in undertaking network responsibilities in the current economic climate (Fowler, 153; Peers, 1979:75).

While the Commission did not agree with many of the charges of the private broadcasters, following the lines of the Massey Commission, the Commissioners did indicate that they thought it was time that "the principle of retaining private elements in our broadcasting

system be placed beyond doubt" (Fowler, 144). Further, they felt that there were in fact "two public elements" in the broadcasting system: one, "an operating agency," to expedite "the national programme service;" and the other, "a board for the direction and supervision of the Canadian broadcasting system" (Fowler, 90-91). Under the existing structure, where the CBC performed both these functions, they felt that "some public confusion as to the nature of the relations between the governing board and the operating Corporation" had arisen and that steps should be taken to alleviate this situation (Fowler, 91). Toward these ends, the Commission advocated the creation of a separate regulatory agency which would be responsible for all matters of regulation.

The Commission took great pains to illustrate that this agency was not the independent regulatory board so long sought by the private profit-oriented stations, but an administrative organization directly responsible for the whole system that would, among other things, act as the CBC's board of directors (Fowler, 130-136). Under this new agency, the CBC was to retain its control of national programming and the private sector would still, in principle, be regarded as somewhat subordinate to the national purposes of broadcasting and the CBC. However, under the new structure private broadcasters would be recognized as an essential part of the system and before the new board there might be "competition between the CBC and private applicants for new licenses."

In fact, the Fowler Commission (224-225) was quite keen on competition and enthusiastically advocated "vigorous active" competition between the CBC and the private stations in both advertising markets and in applications for new licenses (177). Initially, the object of this competition was envisioned as licenses for "second" stations in centres that already

had television service, as well as licenses in areas without stations. However, the Commission also tacitly acknowledged that the CBC acted as a kind of development vehicle within the system, and it noted that "(t)he tendency will be to expect the CBC to undertake those extensions which are certain to operate at a loss" (224). The Commission also maintained that the CBC should continue, and even enhance this role it played within the system. Among the recommendations the Commission made in this regard were that the CBC should: continue to subsidize both the production and distribution of programming -- including sponsored programs; work toward creating new programming and extending the broadcast day (178-179); provide regional services beyond the economic reach of the private sector (189); and undertake program experiments with "less immediate commercial appeal than the programme fare of the private stations" (190). Still, the Commission claimed that there was "no reason why all economically attractive opportunities for new stations should be necessarily left to private enterprise" (224).

But the Commission did not want this "competition" to be one-sided. Consequently, throughout the report the private sector is consistently admonished to take up more programming duties in both radio and television. The Report even had some programming ideas for the private stations. Illustrating a rather quaint naiveté of the economics that drove private broadcasting, the Commission recommended that private stations produce programs that introduced "budding or amateurish" artists to local audiences. While they noted that it would be unreasonable to expect the CBC to do this, "(i)ndifferent as some of these performances might be from a purely esthetic point of view, the local audiences would likely enjoy them because the artists are part of the same community" (Fowler, 69).¹⁸ Thus, guided by an ideological vision of the Canadian broadcasting market as simply "national" in its dimensions, the Fowler Commission seemed to

perceive this "competition" between the public and private elements of the system as taking place in a relatively closed "national" system where they would compete for audience share with programs they had produced themselves.

In what appeared to be a considerable shift in perspective from the Massey Commission, Fowler sought to meld public purpose with commercial motive within the system. No longer were the private and public elements of the system to be conceived as operating in different markets at the "local" and "national" levels as they had in the development of the radio system, but in those areas where their interests clashed they might actively compete for audience share and advertising revenue. From this perspective, commercial revenue was of key importance to the welfare of the system, for it would help drive the growth of both the public and private sectors and contribute to the overall objective of the system -- program production.

Although seldom acknowledged in the literature -- shed of elite disdain for "commercialism," and apart from the recommendation of a new "regulatory" agency -- Fowler's recommendations were in many ways quite similar to Massey's.¹⁹ The public sector was still to lead the development of the system and the private sector would assume greater programming responsibilities as the economics of the system were better organized. In this way, the Fowler Commission built upon the growing view that the public and private elements were partners in the development of the system (cf. Raboy, 1990:115) Supposedly, clearer regulations and stricter enforcement would ensure the private sector's compliance to the larger "public" objectives of the system. Here again, like Massey, the Fowler Commission exhibited little understanding of the underlying economic dynamics of the system and the ways in which the drive to private accumulation served to focus the private sector toward minimizing its investment in

programming in order to maximize profits and fuel growth. Still, this apparent "failure to realize the real position of the private broadcasters" was not a simple capitulation to "unreformed and unregenerate capitalistic enterprise" as some have argued (Irving, 1957:314).

Fowler in Historical Context

Because historical processes often take place "behind the backs" of social participants, there is often a tendency to read the more public and visible moments of development as new or novel. This is often the way developments in the broadcasting system after 1958 and the legislation of a new Broadcasting Act are portrayed -- as though the Act introduced a whole new dynamic to the system and thereby set it off on a new historical course (cf. Crean, 1976:41; Nelson). As we shall see in the next chapter, in some ways this is true. Generally, however, the system simply built upon long established historical precedents. The period of industrial expansion that followed WW II issued enormous change in the development of the Canadian broadcasting system. Understanding these changes, and the prescriptions of those that took part in them, necessitates placing them in historical context.

Since its inception, the broad discourse of nationalist purpose that informed regulation conflated public purpose with private pecuniary interest.²⁰ As Brockington had pointed out in 1938, under the guise of public purpose the CBC's broad mandate ensured that commercial profits were reinvested within the system, while the interests of the private, profit-motivated broadcasters lay in extracting as much revenue from the system as possible. But, as we have seen, the way private interests were configured within the system by public policy obscured this

difference in "mandate" between the public and private sectors.

Throughout much of radio's development, and now with television, the private stations were indeed part of the system and responsible for carrying the national service to many parts of the country. Moreover, in the early stages of radio's development, and now with television, many of the private stations were dependent upon the CBC for their survival. In 1955, of 144 private radio stations studied, 33 operated at a loss (Fowler, 149). In television, of 14 stations reviewed, 5 operated at a loss (152). For many, it would appear that carrying the CBC's service made the difference between staying in business and walking away. Consequently, there was a kind of partnership between the CBC and many private broadcasters: in exchange for income and extending the reach of the national service, the private sector provided facilities to the national broadcaster at a fraction of the cost of building its own.

Moreover the private sector did deliver a popular service and, driven by the ongoing expansion of industrial forces, there was mounting pressure from an increasing array of interests to generally expand both radio and television services. Through the late 1940's and early 1950's, such pressures came from a variety of sources: from the public who wanted greater variety in programming; from advertisers who wanted more and cheaper broadcast time to sell products, particularly "Canadian" products; from "Canadian" broadcast equipment manufacturers who wanted markets for their products; from Canadian "talent" who wanted more outlets for their work; from private investors who wanted "a piece of the action;" from government officials who were pressured to increase investment and job opportunities; from American broadcasters who sought to construct Canadian audiences and appropriate Canadian radio frequencies; and from the "nationalist" mandate that framed regulation of the system, which provided impetus to

increasing both the scope and depth of the system in general. As the economy grew, so did these pressures. Indeed, the pressures to expand the scope and size of the broadcasting system were enormous. Growth could not simply be "stopped."

Meeting these demands for expansion under the terms of the abstract nationalist goals prescribed for the system entailed massive investment. Given the private sector's apparent willingness to undertake aspects of that investment -- as well as the fact that, ideologically, private enterprise was seen as the "natural" engine of growth -- refusing private capital's participation in the expansion of the system was neither politically nor economically expedient. Thus the state's allocation of an increasingly larger share of the broadcasting resource to private capital was driven by a wide range of historical forces, not simply an abstract appeasement of "capital." Still, in the face of both the extensive and intensive growth of capital within the system, forging the profit-motive that drove the development of capital to the nationalist objectives of the system was another matter, and it was becoming increasingly clear that the CBC was not adequate to this task. Thus, the Royal Commission recommended bolstering control over the development of the system with a new, stronger regulatory organization.

From this perspective, Fowler's suggestion of a regulatory agency was not novel to either the discourse or practice of regulation within the system. It was little more than an official recognition and formal institution of the regulatory relations that had been governing the system since its inception. As we have seen, parliamentary committees wielded an active hand in adjudicating between the public and private elements of the system from the beginning. With the introduction of television, the government moved to take closer control of the system under pressure from a variety of sources. Fowler's recommendations simply sought to rationalize this

administrative process, which had been growing increasingly complicated since the 1930's (cf. Hodgetts, 1946).

The Royal Commission was not alone in believing that new regulatory relationships were a necessity. Amidst the many controversies and pressures surrounding regulation, "a growing distaste for the regulatory role," had developed among the CBC's executive -- "a distaste that was expressed frankly by Davidson Dunton (the CBC's chairman) in the commission's hearings, and that had led in 1953 to the abandonment of the attempt to enforce provisions for Canadian content in the radio programs of the private stations" (Peers, 1979:111). New developments, such as "second" stations would definitely place the CBC in a competitive position with the private sector, further complicating its role of "regulator." Moreover, the CBC's growing responsibilities in administering and undertaking productive activities in the radio and television realms -- as well as the seemingly impending introduction of over-the-air facsimile technology and even perhaps subscription television -- all combined to exert further pressure to rationalize the regulatory process. Thus, Fowler's recommendation of a new regulatory agency might simply be read as a kind of "logical" extension of largely historical forces, and the result of an ongoing process of rationalization of the state apparatus in the face of extensive growth.²¹

Just as railway construction had led to extensive growth in the hinterland that it crossed, so too the CBC's development of the broadcasting system heralded extensive development throughout the network it created. As in the development of the railway, these new broadcasting interests also began agitating for a greater share of the resources it created. Private interests both within and surrounding the broadcasting system wanted greater control over the productive "resources" presented by the broadcasting system. For broadcast regulation however, the trick

was to keep impending development focussed on the nationalist purposes of the system. But, whether by default or by design, Fowler had an answer to the problem -- competition and the CBC would carry national development forward.

In the accelerated development of the television system, the CBC's role as a "development vehicle" was basically laid bare. Just as the CNR carried the debt incurred by railway development earlier in the century, the CBC carried the burden of developing the television system and, by all accounts, it had done a relatively good job thus far.²² At one level, the organizational schemata generated by the CBC's implicit mandate to both extend service and develop programming "efficiently" identified elements of the system that were undercapitalized and focussed revenue toward their development. At another level, the organization was able to adapt organizational techniques such as network structures and programming formats that had been developed to further private profit to this public purpose. Hence, the CBC's demonstrated success at creating a national system recommended the organization to the purposes that Fowler assigned it.

The Royal Commission didn't leave the CBC to meet these responsibilities empty-handed either. On the contrary, the Commission recommended public grants to the Corporation totalling \$353,393,000 over the next six years to help meet expenses (cf. Weir, 310). Moreover, the Commission fully recognized that there was a need to make the private sector more responsible to the purposes of the national system. In part, these considerations motivated the recommendation of a new regulatory agency for this very purpose. The Commission also made extensive recommendations as to both the authority and powers the new agency should wield and the situations under which it should apply them, including developing regulations that would

take into account the individual circumstances of stations so that those that were most profitable could be forced to carry a greater portion of the burden of the system's development (Fowler, 110-116). In this context, Fowler's recommendations were both reasonable and pragmatic, and so they appeared to many (Peers, 1969:110-114). Consequently, while the Commission might be charged with underestimating the propensity of the private sector to maximize their investments, and overestimating the ability of the state to control that behaviour, it certainly did not simply capitulate to the purposes of private capital.

Many of Fowler's recommendations were ultimately taken up by the government. However, while the Report may have successfully negotiated the interests of its time, changing historical circumstances would soon illustrate its weaknesses, and the general adoption of its prescriptions would signal two other important developments in the system.

While Fowler's assignment of the CBC to the unprofitable tasks of the system was simply an extension of an historical logic within the system itself, it marked a key turning point in the official discourse surrounding the CBC's place within the system. For in this formulation, the activities that the CBC had initially undertaken as self-assumed responsibilities, now began to be framed in regulation as "obligations." In combination with the CBC's own propensity to undertake "unprofitable" responsibilities, slowly but surely the CBC was not only moving, but now was also being officially assigned, to the economic margins of the system.

Secondly, as it had in radio's development, the evolving nationalist focus of the regulatory framework was locking many interests out of television's development. Under the sway of the federal state, ownership of broadcast facilities was reserved to either the public broadcaster or private capital. Thus, to have access to representation in the television realm,

social interests had to negotiate the organizational interests of either the CBC or private station owners. As was illustrated in radio's development, the all consuming necessity "to generate a profit" provided a handy excuse for the private sector to "legitimately" narrow the range of both the activities they undertook as well as the perspectives they incorporated in their programming. Consequently, as the system entered a new phase of development, pressure from interests seeking access to the system, whether to air programming or grievances, or simply find employment, would again be focussed toward the public broadcaster. At the same time, the CBC's own nationalist agenda would continue to focus the ways in which it represented Canada to Canadians.

Three months after the Fowler Report was issued a federal election brought the Conservatives to power after 22 years in opposition. However, they presided over a minority government until another election in March of 1958 brought them an overwhelming majority. Four months later, they brought down a new broadcasting act which roughly followed Fowler's recommendations and fulfilled Conservative party's longstanding promise to implement a regulatory board.

Endnotes to Chapter VI

1. In the face of an anti-trust suit, RCA bought out GE and Westinghouse's interest in radio broadcasting in 1931 giving the new RCA-NBC corporate entity experimental laboratories, manufacturing facilities, broadcast stations and two of the three major networks. While it would soon lose one of the networks in another antitrust suit (endnote 2 below), the resultant organization gave the company a commanding position in the marketplace (Barnouw, 1990:68-72).
2. In the previous decade a number of developments in the U.S. system worked to shape its advance. In 1939, television made a small appearance in the U.S. market. FM radio too, with its superior sound, also began to find its way to the market. However, with the American entrance to the war in 1940 both these developments were put on hold. In 1941, an FCC ruling forced NBC to divest itself of one of its two radio networks and in 1943 NBC-blue was sold and became ABC. After the war, CBS attempted to bring a new colour television to market based upon a standard that was not compatible with the earlier introduced sets. However the FCC scuttled these plans by giving the RCA-NBC coalition the go ahead to continue production of the black and white standard established before the war. Thus, despite the loss of one of its radio networks, the RCA-NBC coalition entered the television fray with a commanding market position. (cf. Barnouw, 1990:89-100)
3. Television production took form amidst a mixture of different technologies. Prior to the introduction of videotape to the U.S. market in 1956, much programming was produced "live." However, there were several recording techniques in use. "Telefilm" involved shooting a program or series on film and then airing it on television. "Kinescope," another common recording technique, involved making a film of a "live" television image which could then later be taken to air. By the mid-1960's both of these techniques had generally been replaced by relatively easily edited videotape, although film is still often used in television production because of the superior image it can capture. However, the introduction of "high definition television" (HDTV) may soon replace this technique too.
4. The state of distribution technology at the time provided impetus to the popularity of these products. Videotape was not introduced in the U.S. until 1956. Consequently, because the telephone lines that supported radio networks could not accommodate television's broadband signal until the advent of video compression technologies in the late 1980's, and ATT's coaxial cable network did not reach many stations in the early 1950's, the portability of "telefilms" gave them a ready market among independent television stations.
5. While fortunes have been literally built on the "science" of broadcast audience measurement, both the reliability and validity of measurement techniques have been vigorously disputed. Yet, although through history rating systems may have yielded more fiction than fact, they had had a very real effect on programs and programming decisions, largely because they have been accepted as fact by both advertisers and broadcasters. (cf. Eaman, 1994: 140-159).

6. Canada. Public Announcement No. 26. (Ottawa: CBC, April 11 1949).

7. Litt (1992:124-145) argues that the somewhat confused prescriptions of the Commission for broadcasting were the product of the range of interests they strove to satisfy. Even if this is the case however, as argued below, such difficulty in reaching consensus is illustrative of the changing dynamics of Canadian society at the time.

8. As a number of writers argue, this "high" cultural vision has enjoyed, and continues to enjoy, some currency in both the discourse and institutions of Canadian cultural policy (cf. Crean, 1976; Collins, 1990; Lee and Winn, 1991). Yet, as the work at hand illustrates, such critics overplay their hands in the field of broadcasting policy and, to some degree, in other policy fields as well. However, as shall be argued later, vestiges of this perspective do indeed haunt broadcasting regulation to this day.

9. Moreover, the Commission's lack of understanding of the commercial dynamics that drove television in the U.S., is illustrated in their charge that advertising was "spoiling" television programs through commercial interruption of both teleplay "intermissions" and "the very material of the show" (47). Thus, as they welcomed private capital's participation in the development of the system, and recommended the importation of "better quality" U.S. programs, it is questionable whether they understood what kind of "deal" they were actually proposing.

10. To meet with the technical requirements of network transmission, the Commission again placed its faith in private capital when it noted "our telephone and telegraph companies... with the assurance of television network business, would provide equipment" (45). Here, one wonders whether the Commissioners had any knowledge of the public broadcaster's past experiences with the common carriers.

11. Illustrating the fragmented ideology of the times, not all of the Massey Commissioners were in agreement on these broadcasting recommendations. Arthur Surveyer, the only one of the five commissioners without a direct affiliation to a university, filed a dissenting opinion on the question of the institution of an independent regulatory board recommending "that as a matter of elemental equity their demand for an independent regulatory board should be granted" (Massey, 391). But while Surveyer was more sympathetic to the private sector's claim "that nobody should act at the same time as controller and competitor, or as judge and as litigant," he did not believe they should be given wholesale commercial privilege (387). Rather, he felt that such a body would contribute to relieving the administrative duties of the CBC and help rationalize the system of regulation. As he pointed out there were more than a few contradictions in the current system, among them: i) that advertising is important to the "economic life of the country"... yet the CBC's "commercial network programmes advertise chiefly American goods" (387-388); ii) that many of the "smaller private stations were operated at a loss, and that for many of the others utilizing "local" talent was simply

not feasible (390); iii) and that while many of the "voluntary associations" that feared "American programmes and their advertising" did not realize that the CBC was by far the largest purveyor of such material (385). Toward sorting out these problems, Surveyor recommended that the CBC's efforts should basically be focussed upon producing programs that the private sector could not provide. However, in general, Surveyor's recommendations were, to put it gently, confusing. While, on one hand, he seemed to lament the current state of commercial broadcast programming and quoted a contemporaneous American cultural critic to illustrate that "the policy adopted by advertisers... aims at the glorification of youth and the prevention of maturity" - a view not far from those of his fellow commissioners - on the other hand, he argued that private enterprise should be the preferred vehicle for program production (397, 399). Considering that, at the time, most of the programs in the private sector were produced by commercial sponsors and their advertising agencies, his point is somewhat elusive. Similarly, he expressed the "conviction that, as a rule, private organizations can produce more economically than government agencies" (399). Thus, he reasoned in the next sentence, "the State... should attempt commercial production only when private enterprise is unable or unwilling to venture." Indeed, these explicit logical contradictions might be humorous except for the fact that, as we shall see, in the continuing development of the system, they might almost be seen as guiding maxims.

12. As we have seen, this concern for the production and promotion of "high" cultural forms already formed an important strand of the ideological fabric that sustained the CBC's operation. To the extent that Massey's recommendations served to develop and sustain this cultural vision both within the system and in the larger Canadian society as a whole, some of the implications of this perspective warrant further examination.

Equipped with a "deeply suspicious," idealist vision of culture, the Commission drew a stark contrast between high cultural forms and the burgeoning "mass" culture that strove to conjoin the burgeoning ranks of the lower and middle classes through a common act of consumption (Gruneau and Whitson, 1993: 102). In grand ideological fashion, they downplayed and even ignored several key dimensions of the process that drove the production of the cultural forms they rallied against.

At one level, the Commission appeared ignorant of the ways in which popular cultural forms move to represent and play upon the experience of everyday life. Just as the consumption and enjoyment of "great" art and literary works draws upon the intellectual and life experience of its patrons, so too the soap operas, comedies, and sporting events of popular culture both mock and celebrate the conditions under which their audiences live. For instance, in their condemnation of "soap operas," the Commission noted, "In a special study prepared for us on French daytime serials it is reported that only one of the twelve serials reviewed was a satisfactory production. The others were guilty of melodramatic exaggeration, unreality, and an excessive use of commonplace and stereotyped forms" (35).

On another front, the commissioners overlooked the ways in which "local" Canadian media outlets had, since the turn of the century, been building markets for both their products and those of their advertisers through incorporating the experience and circumstances of daily life into a larger continental "culture," in the broad sense of the term (cf. Gruneau and Whitson, 1993:80-86). Not

only did the advertising found in newspapers, periodicals and broadcast programming integrate the industrial infrastructure through producing markets for consumer goods on a continental scale, but the news, sports scores, lifestyle features, film and radio program reviews, and other "business" and "entertainment" features worked to anchor the experience of these media's consumers in the larger set of conditions that gave industry form. Indeed, just as advertising had helped create markets for the products of the industrial machine, so too the media helped create and reproduce the lifestyles that sustained it. Television's role in this process was not lost on NBC's President Pat Weaver. In a speech to the Detroit Economic Club in 1955 he said "Any product which is visibly enjoyed is an advertisement for itself... This process - call it advertising if you like - is at work everyday on television. On news, entertainment and other programs, people see the latest in clothing, furnishings, homes, cars, and what have you. In this way, quite apart from paid advertising, television spreads high standards of consumption" (In Boddy, 1987:352).

And while the Commission did understand that, caught in the web of larger transnational relations of production, what was missing in broadcasting, as in other Canadian mass media venues, was representations of "national" life. Rather than strive to find ways in which the myriad "ways of Canadian life" might be represented in broadcast programming on a self-sustaining basis, they sought to create a means of production that was itself dependent on forces of production they found inadequate to their purposes, and then fill the "space" it provided with their own elitist vision of national culture. Thus, at least in the latter assumption they were correct. The way it was configured in Canada at the time, private capital was not adequate to the task they proposed. However, little did they realize that the ongoing process of intensive capitalization within the system that they recommended would soon overpower and foreclose upon their vision of culture too.

13. The Massey family fortune was built upon Massey-Ferguson, the farm machinery manufacturer.

14. As Smythe (1981:178) points out, the Massey Commission dismissed the television standard question "as a trivial technical issue (when) it blandly stated that standards do '... not constitute a problem on this continent where it may be assumed that all countries will adopt the established system of the United States'" (cf. Massey :46).

15. As Weir (1965:417) notes, "Domestic sales of television sets in Canada from 1952-1961 totalled 4,467,000 - a value of \$1,250,000,000." But while the majority of these sets were apparently "made in Canada," the expected return on the excise tax is illustrative of the fact that like radio manufacturing much of this industry was consolidated on a branchplant basis. Moreover, with the average cost of maintaining and operating television and radio sets through this period estimated to be \$54.90 and \$10.25 per annum respectively - including depreciation, maintenance, and electricity - the electronics industry would appear to be the major direct financial benefactor of this broadcast boom (Weir, 1965:417). In fact, using these figures Weir goes on to illustrate that in 1961 the cash investment in receivers exceeded \$250,000,000, while the Dominion Bureau of Statistics estimated that \$103,000,000 was spent on broadcast advertising. Hence, as Miede (1988) argues, the growth of broadcasting, like other cultural industries, is inextricably both bound in, and

central to the growth of industrial production technique.

16. While Rutherford (1990:62) notes there was some reluctance on the part of both sponsors and advertising agencies to accept this new arrangement with the popularity of the medium "a modus vivendi was worked out," although some companies such as Proctor and Gamble and Lever Brothers refused to buy time under these circumstances. And while there were some attempts by sponsors to influence the CBC's program decisions, as he puts it, the CBC was generally able "to keep the demon of commercialism at bay."

17. As Raboy (1990:139-143) illustrates, perhaps the most bitter of these job actions was a strike by producers in Montreal seeking certification and, while it was in some ways a product of the larger rationalization and bureaucratization of the CBC organization, it also presaged growing political strife and might be seen as one of the first salvos fired in the Quiet Revolution. As we shall see, on the anglophone side, the strikes might be read as part of an ongoing struggle within the Corporation over control of programming in the face of both internal and external political pressures.

18. Further illustration that the Commission did not have a firm understanding of the commercial parameters of the emergent television market can be found in some of their suggestions for increasing the CBC's commercial revenue, such as export sales of programming to the United States where, as we have seen the emergent pattern of production focussed on creating a specialized product (Fowler, 183). However, while some aspects of both the Fowler and Massey Reports may appear to be both confused and retrograde even for their time, it must be remembered that these Commissioners were struggling to make sense of sweeping and rapid change, and that caught up in this larger social process, it was almost impossible for them to realize that some of the ways in which they conceived of the system no longer had resonance with the relations of production that underpin it. Indeed, even today the pervasive influence of the U.S. on Canada's broadcasting system is not well understood and the Canadian system is often still analyzed as a kind of closed "national system" despite the fact that the programming, techniques, and technology that comprise it are all predominantly American.

19. This not to say that the Commissioners embraced anything that might be termed a "popular culture." On the contrary, they seemed to retain the broad perspective that the system should function "to inform, to educate and to entertain" and were obviously alarmed by the growing presence of "too many disc jockey type programs" on the radio (Raboy, 1990: 127; Fowler, 41). However, perhaps reflecting the business background the commissioners brought to their task, in their eyes sound commercial practice appeared to be a prerequisite to sound cultural practice.

20. To what degree this ideological conflation of purpose may have been bolstered by the larger ideological chill brought on by the Cold War which set capitalism against socialism in sharp relief is difficult to judge. As Raboy (1990:115) illustrates, in 1953 the Conservative opposition brandished "the CBC as an example of the 'steady movement of the government toward socialism.'" Similarly, when, in 1956, a CBC radio play about the "labour martyr, Joe Hill" provoked

controversy, a government representative apologized for the production stating that "Apparently there are Communists everywhere and they infiltrate into organizations of government as well as into places of industry" (in Peers, 1979:130). Thus, both the operation of the Corporation and the system in general were certainly not shielded from this larger ideological war that characterized the period. However, as we have seen from the inception of broadcast regulation, the public and private sectors were to a degree seen as forged in common purpose and while the "Red Scare" may have helped legitimate the position of the private capital within the system it was not a primary determinant.

21. Under similar pressures, Australia had already instituted such an agency (Hull, 1964:118-112).

22. The CBC did not only help capitalize broadcasters. As we have seen, the Corporation provided a ready source of income to telegraph companies, and later telephone interests, to Canadian Press, and to BBM. Through the late 1950's and early 1960's, it would also play a large role in capitalizing the Trans-Canada Telephone systems microwave relay system, and through most of the 1970's it would be Telesat Canada's only broadcast satellite customer (cf. Weir, 1965, Babe, 1990).

Chapter VII

The Emergence of the Dual System

Through the late 1950's and into the 1960's American investment in Canada continued apace, accompanied by a slow but pervasive integration of the two countries' political and economic infrastructure.¹ But as C.D. Howe's branchplant policy for post-war reconstruction came to fruition, there was a growing backlash against American domination of the Canadian economy (Bashevkin, 1991:5-28). These nationalist stirrings first found official voice in the 1956 preliminary report of the Royal Commission on Canada's Economic Prospects (Gordon Report), and later in the populist rally that propelled Diefenbaker to power in the late 1950's. Neill (1991:206) argues that, in a large measure, these concerns issued pressure for a new national policy, as "the old one seemed no longer electable." As these pressures mounted, they focussed attention on foreign ownership of Canadian industries, including the media, and calls for repatriation mounted.

But easy solutions were not at hand. As Easterbrook and Watkins (1980:262) note, as "advanced industrialism, with its changed market-resource-investment alignments," gained hold on the economy, little "unity in thought or approach" could be found in the range of "Canadian economic thought" to the changes that had been wrought on the country. As Canada's political and economic infrastructure was increasingly brought under the sway of American influence, the country's nascent, Innisian inspired intellectual tradition met with similar forces. According to Watkins (1982:17):

The era of the Cold War saw the Americanization of the social sciences as an aspect of the Americanization of everything, and the destruction of a unified political economy appropriate to a hinterland status. Canada became, for Canadian social scientists, a 'miniature replica' of the U.S., a 'peacable kingdom,' America in slow motion with less of both the good and the bad. Economics, with its pretensions of fine-tuning the economy, became relevant with a vengeance when secular prosperity was thought to have been 'built in.'

Watkins might be accused of overplaying the influence of the staples tradition on the direction of economic thinking through the 1940's and 1950's. Still a reified economics that forced a distinction between political and economic processes did indeed combine with economic prosperity to leave prescriptions for action sorely divided. (Neill, 1972:117-122; cf. Neill, 1991: 119-128&219-223).² Caught between the near necessity of American investment to the well-being of the Canadian economy at large, and the isolationist tendencies of the nationalists, the Liberals vacillated on the nationalist project through the 1960's (Fraser, 1967:307-315).

However, as a combination of growing social tensions and increasing economic instability began to wrack the country through the late 1960's and early 1970's, the government did turn to a larger nationalist program that aimed to win back some of the ground lost to American investment (Magder, 1993: 112-115).³ This project expressed the contradictions that beset the political arena through the 1960's and earlier periods of development, and itself came to be divided between the pursuit of nationalist "cultural" goals and an industrial strategy limited by the exigencies of a branchplant economy.

In the meantime, installing an "independent" regulatory agency at the intersection between the state and the practice of broadcasting in 1958 provided the field some insulation from events in the larger political arena. But this did not exempt the field from the tensions that

were already apparent, such as those between the nationalist goals of the system and private capital. Indeed, the emerging structure of the system built upon a now familiar pattern.

Inside the System: 1958-1968

The close of the 1950's issued a "sea of troubles" for the CBC as the television system entered another period of explosive growth and the Corporation's responsibilities continued to multiply (Peers, 1979:176-214). In September of 1958 a new broadcasting act was legislated, drawing into place an independent regulatory board - the Board of Broadcast Governors (BBG).

With this legislation regulatory relationships within the system were formally altered. The new board was comprised of three full-time and twelve part-time members, with the former chosen to provide provincial representation. Imbued with nationalist purpose, it was equipped with powers to police, promote, and plan the growth of a system relatively shielded from the operation of larger economic forces.

Under Section 10 of the Act, the BBG was charged with "ensuring the continued existence and continued operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character." All powers of both regulation and licensing passed to the Board, although new licenses still required the approval of the Governor in Council (Sections 11&12). Thus, before the BBG, the CBC would compete with private broadcasters for licenses and privileges.

The BBG's regulatory powers included all of those previously held by the CBC. As well, the new Act provided the Board with the power to require licensees to provide information

regarding their "financial affairs and such other matters concerning their operation" (Section 11.1 (i)). Network regulation too passed to the BBG and there was provision for the construction of networks by private interests, although the Board retained powers over the terms and conditions of their operation (Section 13, 11.1.g). If the Board were to order the suspension of a broadcasting license, the licensee was also granted the right of appeal to the Court (Section 15). In a move that reflected growing nationalist concerns, future licenses were to be reserved for Canadian citizens and companies, although a "grandfather" provision provided protection for existing foreign licensees. While concerns persisted that the application of general rules made it difficult to harness the different market conditions of individual licensees to the national purposes of the system, this problem was not directly addressed in this legislation, other than in terms of network construction. To a large degree however, the legislation followed Fowler's recommendations and set the stage for both the expansion of the system based upon private capital and increased regulation of private behaviour.

Within this context, the CBC was empowered to operate a national broadcasting service. (Sections 29-36.) Against Fowler's advice, the Corporation was also given a new board of directors which, on an annual basis, was to report to Parliament rather than the BBG. This divided regulatory responsibility would become problematic, although not exactly in the way foreseen by the Fowler Commission. Under this arrangement the CBC retained its status as a relatively independent crown corporation, but its powers remained limited. For instance, the Corporation could not acquire or dispose of property valued at over one hundred thousand dollars, except in relation to program material, and it had to submit both capital and operating budgets to Parliament on an annual basis (Section 35). Although these provisions ensured some

measure of parliamentary control over the CBC, by limiting the Corporation's financial flexibility they heavily constrained its ability to effectively "compete" with the private sector.⁴

The Emerging Regulatory Structure

As the Board set to its task, a two-pronged strategy was devised that roughly followed the Fowler Commission's vision of the developing system: on one hand, the Board set out to devise regulations to ensure that programming of Canadian "content and character" had a central place on the screens of both the public and private stations; on the other, it made plans to license second stations.

To meet with the larger nationalist purposes of regulation, the Board announced that rules would be devised and applied:

so as to encourage the development of production facilities, the expansion of markets for Canadian productions outside Canada, the interchange of programs of Canadian content and character among television stations in the country, the use of Canadian talent and the increase of the pool of talent available to the industry. (In Romanow, 1975:42)

Moreover, illustrating the Board's motivation behind this expansion of the system of the system Dr. Andrew Stewart, the chairman of the BBG, later emphasized that it was undertaken with the "national interest" in mind:

the private stations should not operate on the periphery of the national broadcasting service provided by the CBC, but should be a part of a national broadcasting system; that the private stations should not operate largely on a local basis, but should make their contribution to the national purpose. (In Romanow: 1975:52).

Despite the seemingly "good intentions," the sorry saga of how the BBG's regulations and the licensing process it supervised were almost constantly subverted in practice by both the private broadcasters and the regulator itself is well documented (cf. Fowler II, 1965:45-49; Romanow, 1975; Babe, 1979:141-152). However, many commentators tend to portray these events as the product of ill-conceived regulations and/or bungling or favoritism on the part of regulators (cf. Babe, 1979; McFayden et al, 1980). In the process, these critics tend to downplay, and even overlook, the often intractable problems faced by regulation.

To a large part, the emergence of the Canadian television broadcasting system through the 1950's was the product of massive public investment. The excise tax and the commercial activities of the CBC provided much of capital to establish the system. Private investment extended the reach of this public investment. However, as the proceeds of the excise tax dwindled, to avoid the necessity of ever-escalating public subsidy, a new mechanism for generating investment capital was necessary. But, in 1958, this was not the only imperative.

As we saw in the previous chapter, with American television signals spilling across the border -- and Canadian manufacturers, broadcast equipment dealers, advertising agencies, and private investors, all clamoring for enlarging the system -- the pressures to growth were enormous. Moreover, these private interests sought to weave the broadcasting system into the larger pattern of capitalist, industrial growth that was fuelling the economy. In this atmosphere, the pressures against simply reserving the system for "non-commercial" purposes were difficult to resist. However, meeting with these demands while, at the same time, finding the means to finance the continued pursuit of the historical "nationalist" objectives of the system, entailed a complex process of negotiation.

As the BBG took up its appointed tasks, two possible regulatory strategies were floated: one proposed the imposition of "two hours reserve time during the period 8 PM to 11 PM 'for purposes to be prescribed by the Board of Broadcast Governors'" on the private stations; the other involved the imposition of a "quota" of Canadian programming on stations (Peers, 1979:219).

The first idea met with strong opposition from all of the major players in the system. Private broadcasters and the advertising agencies balked at the plan because it proposed the loss of some of the most lucrative time in the broadcast schedule. The CBC protested because it seemed to involve splitting their network schedule between both existing private licensees and the proposed new stations. Peers (1979:220) states that the Corporation's president's negative response to this suggestion was "surprising." But, it would have broken up the Corporation's developing strategy for maximizing both Canadian programming and audiences through its program schedule. Faced with this opposition, the Board fell back on the second option, and content quotas were initiated to encourage the production and distribution of Canadian programming.

Both the private broadcasters and advertising agencies also opposed this measure, but less stringently than "reserved time." Initially, the BBG suggested that "'the total Canadian content on any station shall not be less than 55 per cent of the total program content during any week' (In Peers, 1979:221). Research done for the Fowler Commission in 1956 had illustrated that the stations were close to this level, and since then these levels had apparently risen (Romanow, 1975:38; Peers, 1979:223).⁵ But much of this domestic programming emanated from the CBC's network and, in the fragmented advertising and program markets the second stations would

herald, maintaining this level would be difficult. In this light, both the CBC and the private sector advocated lower levels. Some advertisers also protested, and threatened that if such a high standard drove up "the already high cost per thousand of television," they would have to "switch into media that offered better value for money" (In Peers, 1979:222; cf. Ellis, 1979:49, fn.8). Accordingly, an initial level of 45% was set upon, with plans to raise the figure to 55% in April of 1962.

As we have seen in the history of radio, solutions for harnessing the private sector to the national purposes of broadcasting were difficult to come by. Such quotas had proven less than successful in radio. But alternatives, such as requiring licensees to devote a percentage of gross revenue to production, also had drawbacks in that a station might focus all of its revenue on one or two productions a year, leaving the rest of the program schedule to imported programs (Shea, 1963:73). So, bolstered by the Fowler Commission's confidence that vigorous regulation would bring the private sector to heel, the BBG proceeded with the quota system and attempted to draft a range of regulations that would ensure that program schedules "could not be filled with Canadian programming that required little effort to produce and which could be scheduled at low-audience periods" (Romanow, 1975:40). In this context, apart from the grumblings of the CAB and the advertisers, the quota's were reasonably well met and they had the support of a number of interests, including a resurrected Canadian Broadcasting League and the Association of Radio and Television Employees of Canada (Romanow, 1975:33-34).

The Board had to negotiate numerous difficulties in defining what actually comprised a program "basically Canadian in content and character" as specified by their proposed regulations.⁶ Because of the range of considerations at play, this definition had to be extremely

flexible. It had to accommodate the diverse scope of existing programming, as well as accommodate any new program ideas that might come along (cf. Shea, 1963:74). It had to enable the representation of the seemingly growing range of social differences that characterized the peoples and regions of Canada in programs (cf. Thomas, 1992). Although it had already been established that broadcasters did not enjoy the same speech rights as the press, the regulations could not be too restrictive in this regard either (Vipond, 1989:171). And, the regulations could not be too onerous, so that Canadian content didn't become "synonymous with 'mediocre,'" as the CAB's president put it (In Peers, 1979:221). In the end, such considerations focussed regulation away from program content per se and led to a definition based upon the "nationality" of a range of elements employed in production. Consequently, the regulations were based upon more-or-less technical considerations, such as the nationality of the company financing the production, and the nationality of the people employed in production (Romanow, 1975:30-32). As long as the companies, people, and places involved in production were "Canadian," then the program would be defined as Canadian. These kinds of nationalist, technical criteria would form the basis of content regulation through to the present day (cf. Babe, 1979).

Realizing that, despite these regulations, to maximize profits private broadcasters might attempt to schedule their "Canadian" programs during low viewing periods, the regulator made provisions to counteract this propensity. The percentage of Canadian content was to be calculated across specific periods of the program schedule -- such as "prime-time" (7 p.m. - 11 p.m.). In this way, it was hoped that private broadcasters would be bound to produce a range of Canadian programs. In an attempt to ensure they would be legally binding, these content regulations -- along with provisions delimiting the content of advertising messages and political broadcasts and

the number of allowable directly "commercial" minutes per hour -- were incorporated in the Broadcasting Act in 1959.⁷ However, despite these efforts to construct a rigorous framework for regulation, in the shifting currents of broadcast practice enforcing these regulations would prove another matter.

With the regulatory structure in place, the BBG set out to license "second" stations in eight of the principal cities across the country (Peers, 1979:224). Following the Fowler Commission's recommendations, these stations were to provide private sector competition to the CBC's television service, as well as work to repatriate audiences in markets where the signals of American broadcasters could be received. These stations were envisioned as forming a second national network and, in all of these centres, they were expected to be highly profitable.

Playing on the nationalist bent of this allocative process, the "contestants for these valuable rights made detailed and glowing promises to the BBG about the performance they would give" (Fowler II: 225). With a practiced precision that followed the pattern of radio license hearings, the applicants fuelled the Board's vision of a privately supported national system, complete with a range of Canadian programming (Weir, 1965). As these stations took up operation, another private company moved to form the Canadian Television Network (CTV). After lengthy and heated negotiations with the new licensees, the network took to the air. However, the program promises soon rang hollow.

To avoid the necessity of ever-escalating public subsidy, Canadian content regulations attempted to combine private investment with the revenue earned from broadcasting foreign programming to forward both the construction of new facilities and the production of Canadian programs. In the process however, these regulations ran head-on into the historical problems

presented by a private profit-driven, competitive domestic market both underpin and divided by transnational relations of production. The ready supply of cheap American "entertainment" programming that could be obtained for between 5% and 8% of its cost of production was key to the growth of both the public and private sectors (Fowler II:45). Equipped with its implicit, not-for-profit public mandate, the CBC worked to convert the commercial revenue from such programs to the production of Canadian programs and the extension of broadcast service. For the private sector though, producing domestic programs entailed a double jeopardy. Not only was Canadian programming generally much more expensive to produce than foreign programs were to purchase, but if a "Canadian" program was scheduled to replace an imported program - even if it drew as large an audience as the program it replaced - any return on investment would be severely reduced, if not lost altogether, unless the cost of the Canadian program was roughly equivalent to that of the imported program.⁸

Some private producers attempted to overcome these economics by producing Canadian programs that might be sold into the U.S. market. As we have seen though, the commercial strategy of the U.S. networks rested upon deploying programming tailored to produce specific, American audiences. Consequently, they showed little interest in these "foreign" productions. In this context, the owners of the private stations found such productions extremely risky, and they were generally undertaken by independent producers who, at this point in time, were not particularly successful in attracting the interest of the American networks (cf. Rutherford, 1990:116).⁹

Given these economics, the often-noted effect of these content regulations was that they set the commercial interests of private broadcasters against the nationalist goals of the system. To

maximize the return on their investments, private broadcasters were induced to invest as little as possible in Canadian productions. Content regulations did push private broadcasters towards producing some programs, but the profits generated by cheap imports, especially during "prime-time," focussed these efforts to the margins of the prime-time "entertainment" schedules. Consequently, private broadcasters quickly began to lobby the BBG to have the definition of Canadian "prime-time" extended to the hours of 6 p.m. to midnight so that Canadian content calculations over the evening schedule might include their "Canadian" local and national news programs (cf. Ellis, 1979:51).

As the second stations entered the market though, the BBG was faced with a more pressing problem. Many of the new licensees were mired in debt as they struggled to carve out a niche in the markets they served and several had to undergo radical restructuring to stave off bankruptcy. Over this period, the process of capitalizing their operations left private stations little revenue to devote to the production of Canadian programs. Faced with these problems, the BBG often took measures to boost the revenues of the "second" stations. Without adequate revenue they could not be expected to undertake "nationalist responsibilities. The Board shifted content regulations and relaxed limits on commercial time. It also followed a regulatory precedent set by the CBC and refused to license new stations in areas where it appeared they would heavily erode the revenues of existing private stations (Babe, 1979:23; Ellis, 1979:53-54).¹⁰ In taking these measures, the Board was often attacked for "protecting" private stations. However, in the years immediately following the licensing of the "second" stations, it would appear that the Board had little choice but to follow such a policy if it was to avoid losing some of these stations altogether. But once this pattern of regulatory protection was established, it would prove difficult to break.

Generally, the CBC bore the brunt of this new "competition, and as the second stations entered the market millions of dollars in advertising revenue that would have otherwise gone to the CBC soon began to flow their way (Peers, 1979:247). In this way, the new stations also received an indirect economic boost from the Corporation, as they were able to exploit advertising markets that it had already established. By 1963, in aggregate the "second" stations were showing a small profit, and by 1966 they were all profitable (Peers, 1979:224-232).

Partly as a result of these shifts in patterns of growth and regulation, turmoil gripped the broadcasting system, and it was under almost constant public scrutiny from 1963 through to the legislation of a new Broadcasting Act in 1968. First, a three member task force known as the "Troika" was struck by the newly elected Liberal government in April of 1963. A Committee on Broadcasting (Fowler II), chaired by Robert Fowler who had led the 1955 Royal Commission followed, reporting in September of 1965. Then, under the supervision of the office of the Secretary of State, the government undertook the project of drafting a White Paper that would eventually become the basis for the new Act.

Growth and Rationalization: Divided Responsibilities

Following trends in the United States, the television system grew sharply through the late 1950's and early 1960s (cf. Barnouw, 1990:198-99). In 1958 there were 8 CBC stations and 36 private stations. By 1965 there were 16 CBC stations and 59 that were privately operated. Of these 44 were affiliated with the CBC, and 11 with CTV (Fowler II, 8). The number of television sets in the country more than doubled between 1957 and 1965, and in 1965 92% of Canadian

homes were considered "television households" (Fowler II, 9).¹¹ Television advertising too experienced strong growth and, between 1958 and 1965, sales increased almost two and one-half times -- from \$37.8 million to \$91 million (Firestone, 1966:152).

Through this period, television became an increasingly important aspect of the economy. For instance, Weir (1965:417-418) estimates that in 1961 some \$425,000,000 was spent in the television field - including expenses for maintaining television sets, advertising and public grants (receiving set sales for that year are not included). This figure represents approximately 1.5% of the GNP for that year (Firestone, 1966:152).

If television was not an industry in 1951 as Massey maintained, a decade later it certainly was.

But this growth was not shared equally between the public and private sectors. From 1963 to 1968 the CBC's network revenues grew by 22.1 %, while the CTV's revenues rose by 74.3%. As noted in Volume II of the 1970 Special Senate Committee on the Mass Media (Davey Report v.2:291), "introduction of competition from CTV was largely responsible for the slowness in the growth of the CBC revenue."¹²

Yet, the introduction of new stations did not keep up with the demand for advertising, and between 1964 and 1968 television's share of advertising revenue outpaced that of other media by 12%, largely because of "limited advertising supply and increasing demand for time" (Davey, v.2:291). This rising demand for advertising time was expected to continue through the 1970's, following increasing industrial growth (Firestone, 1966:296). But, although growth was strong, it became apparent that fewer companies in Canada utilized television advertising than in the U.S. (Firestone, 1966). This market anomaly -- driven by such factors such as advertising "spillover"

from American "border" broadcasters that set their sights on Canadian advertising markets, and the absence of comprehensive competition in many Canadian consumer markets -- would be a continuing source of irritation to both regulators and broadcasters, as well as between the Canadian and American governments, for years to come. To some degree, it may have encouraged the "protection" of the private stations' advertising markets.

Delineating the CBC's Responsibilities

While the protected commercial environment afforded by regulation gave extra impetus to the growth of the private sector, it provided little solace for the CBC. In its 1959-1960 Annual Report the CBC voiced concern over the ways in which it was being forced to provide service in the gaps left by the private sector:

The problem is one of economics... 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 purpose. (9)

With the growth of the private sector pushing the CBC to the commercial margins, the Corporation laid out what it believed to be its purposes in the system following year:

TO BE A COMPLETE SERVICE, covering in fair proportion the whole range of programming; bringing things of interest, value, and entertainment to people of all tastes, ages, and interests, and not concentrating on some aspects of broadcasting to the exclusion of others.

TO LINK ALL PARTS OF THE COUNTRY in two ways: (1) through the inclusion of a wide variety of national and common interests in its program services; (2) by using its physical resources to bring the national program service to as many Canadians as finances allow. Whether Canadians live in remote or heavily populated areas the national system should serve them as adequately and equitably as possible.

TO BE PREDOMINANTLY CANADIAN IN CONTENT AND CHARACTER. It should serve Canadian needs and bring Canadians in widely-separated parts of the country closer together, contributing to the development and preservation of a sense of national unity.

TO SERVE EQUITABLY the two main language groups and cultures, and the special needs of Canada's vast and various geography. (1960-1961 Annual Report:27. original emphasis.)

Thus, in a seemingly defensive move, the CBC provided itself with something that Parliament would not - a mandate. Thereby, the Corporation strove to differentiate its purposes from those of the private sector and provide direction to its activities. However, for several reasons, this definition of organizational purpose did not hold any answers to the CBC's problems.

First, while it built upon the historical political purposes of the national broadcasting system to provide form and focus to the Corporation's activities, it also sketched the dimensions of a political project that we have seen was fraught with contradictions. As the CBC strove to serve the broadcast needs of a growing set of diverse social and geographic interests across the country, it would continue to divide its resources between a range of competing demands. Just as Canada's "two main language groups and cultures" had already forced a division within the Corporation such that it was already essentially two systems, so too competing local, regional,

and diverse "cultural" interests would exact increasing demands on the structure of television.

While attempting to balance such interests in a national system may simply be the fate of any federal cultural institution, these organizational purposes would also encounter a more fundamental problem. For as private capital took hold of the commercial centre of the system, and began capitalizing and investing profits in those aspects of the "national system" from which it might expect to turn a profit, the CBC's mandate relegated the network once more to those aspects of development that provided little or no commercial return. Thus, if private capital could not be controlled through regulation and turned to "uneconomical" national purposes, as it carried the system forward, this mandate would leave the Corporation open to an increasing range of necessarily uneconomical responsibilities. Without a consistent and growing source of revenue with which to meet these responsibilities, the CBC's efforts would become increasingly scattered and divided.

Contradictory Pressures and Divided Responsibilities

With the impending dawn of "free" network television, both the government and the Parliamentary Committees of 1959 and 1961 were hostile to the CBC's purposes, particularly its dependence on the public purse (Peers, 1979: 206-207; Raboy, 1990:143-151). In 1963, budget cuts undermined its parliamentary appropriation. In that same year, the Glassco Commission issued a report condemning both the scattered character of the CBC's internal organization and the unclear lines of authority issued through regulation. Even those commentators that were largely sympathetic to the CBC's plight, such as the 1965 Committee on Broadcasting (Fowler

II), prodded the beleaguered Corporation to greater responsibility - recommending that it continue to expand the system into unprofitable areas while, at the same time, work harder to develop and provide a balanced program service to meet the diverse interests of the Canadian public. Meanwhile, faced with competition from newly licensed stations, the CBC's affiliates demanded more competitive programming (Fowler II, 232-233).

Certainly, the programming utilized by the new stations and the new network offered stiff competition to the CBC's programs. The American tv shows were expensively constructed to have a broadly popular appeal. They were equipped with a narrative structure to draw audiences through commercial breaks. And they were deliberately priced at a small fraction of what it would cost to emulate similar production values. They also came equipped with information regarding the kind of ratings and demographics they commanded in the American market (Barnouw, 1990:234-235). For Canadian stations, this information was a valuable sales tool for attracting advertisers, as well as a weapon to be used in constructing counter-programming strategies designed to undermine the CBC's audiences.

The new regulatory regime further complicated the CBC's problems. From the outset, the CBC refused to fully reveal budgetary and planning information to the BBG, just as it had to parliamentary committees (Peers, 1969: 247-249). The Board felt this left it without the proper tools to carry out its own mandate and this refusal became a serious source of friction between the two organizations. Licensing decisions surrounding the second stations too became fractious. Although the CBC generally received the licenses it applied for, the circumstances surrounding the process smacked of attempts by the government to influence the Board's decisions in favour of political friends. In one instance, the Board itself clearly subordinated the commercial interests

of the Corporation to those of an existing private licensee (Peers, 1969:247-261). Indeed, in the competition for licenses and privileges within the system the CBC had to struggle to protect its own interests before the Board, just as it had before governments and parliamentary committees in the past.

In this regulatory process, the Corporation was increasingly positioned as an independent, though somewhat privileged, interest - not as the keystone of a single, national system. Moreover, having successfully repelled the BBG's efforts to divide its programs between the two sets of private stations, the Corporation again soon came into conflict with the Board over the latter's vision of a "single" Canadian broadcasting system (Peers, 1969:257).

By 1960, professional sports programming had proven to be consistently popular with audiences on both radio and television. The 1959 Grey Cup drew a record five million viewers, second only in size to the final game of the Stanley Cup Playoffs (Cavanagh, 1992:308). In 1961, John Bassett, who held interests in CFTO - Toronto's prized "second" station - as well as the Toronto Telegram and the Toronto Argonauts, purchased the television rights to both the Eastern CFL games and the Grey Cup, reportedly for twice what the CBC had payed for them in 1960 (Cavanagh, 1992:309). As CTV went into operation, these games provided half of the 8.5 hours a week programming the network provided its affiliates (309). Thus, as it had with news production, the intensive capitalization of Canadian telecasts by the private sector proceeded at another site of little resistance - on the margins of the prime-time schedule and through a sales agreement that sought to maximize the return to investors through a common ownership relation.¹³

As the 1962 Grey Cup game approached however, CTV could not muster enough

coverage to meet its sponsor's requirements and approached the CBC to carry the game. The CBC consented, but on the grounds that the broadcast be commercial free. Frustrated, CTV¹⁸ approached the BBG to intervene and, viewing the game as a national event, the Board ordered the CBC to carry the broadcast in its entirety, which the CBC still refused to do. With the game quickly approaching, heated negotiations and threats of legal action proceeded apace. In the end, the parties settled on a compromise and the CBC carried the game with "five courtesy announcements mentioning CTV's advertisers" (Peers, 1979:257).

Following this affair, the CBC president "pursued a campaign to promote the notion that the 'single system' of broadcasting was outmoded, unwieldy, confused and too complex" (257). After decades of being represented as the centre of the Canadian broadcasting system, the Corporation itself was seeking to withdraw from that position. By 1965 the CBC had no interest in returning broadcast administration to a "single board," and actively promoted that the system be perceived as a "dual system" (Peers, 1969:435).¹⁴

Representing itself as one of two elements within the system offered the CBC some protection from outside interests that coveted its resources. But it offered no relief from income problems. Increasing costs escalated the CBC's dependence on advertising revenue, raising its share of the advertising market to 25% by 1965 (Fowler II:221). In turn, this raised historical concerns from both inside and outside the Corporation that both service and programming standards were being compromised. (Fowler II, 220; Weir, 1965; Peers, 1979). The CBC also drew criticism from the developing lobby that wished it to extract more of its revenue from commercial sources. These interests argued that the Corporation's "cost-per-thousand" was set at a level considerably less than that of the private network, and that rates should be raised to a

more competitive standard (Fowler II;221-222; Firestone, 1966:293-296). Moreover, there were recommendations that advertisers should be found for the "high cultural" programs that were now delivered unsponsored (Fowler, 1965:222).

These suggestions for rationalizing the Corporation's commercial practices struck at the heart of its commercial policy. As we have seen, that policy was not designed to simply attract a mass audience. Rather, it was constructed to draw audiences for Canadian programming across the schedule as a whole, as well as to "subsidize" the cost of low audience Canadian programs. To some degree, the rates themselves reflected this pattern of cross-subsidization: advertisers paid less than market rate for time on programs with large audiences than might otherwise be the case, and more for time on Canadian programs than was warranted by market conditions.¹⁵ There may well have been ways to maximize the return from existing advertising time, such as developing a better description of the demographics of the CBC's specialized audiences, particularly those for the "high cultural" programs, so that they might be specifically sold to advertisers (Fowler II, 222). But maximizing the return on advertising time on the CBC was complicated by several problems: i) the development and execution of a rather expensive research program, as the available commercial audience research services did not produce the necessary data (cf. Eaman, 1995); ii) continued general disdain for commercialism evidenced by many of the producers and consumers of that programming (cf. Weir, 1965: 405-410); iii) adapting the narrative formats of sustaining programs to accommodate advertising messages (cf. Miller, 1992:196); iv) a drastic realignment of the existing commercial strategy at play. In other words, the internal schemata of the CBC's organization combined with its organizational culture, and relations to the larger structure of the broadcasting system, to yield a complex web of

resistance to such change. Consequently, the Corporation failed to fully embrace these suggestions, and the ire of yet another group of interests was brought to bear on it.¹⁶

Complicating this multitude of problems, internal strife also rocked the CBC. From the Montreal producers strike in 1959, to the cancellation of the popular "This Hour Has Seven Days" in 1966, a litany of labour problems and programming conflicts characterized the Corporation's operation. For most writers, these disputes are seen as arising from an array of problems within the organization (Weir, 1965; Peers, 1979). Labor disputes reflected the CBC's tight financial position. Conflicts over programming are portrayed as the product of the gap between management's view of the purpose of the Corporation and that of the production staff, conflicting definitions of Canadian culture, and in some instances, the result of direct government interference. Taking a somewhat different tack, Raboy (1990:168) argues these problems reflected the larger political problems of the Canadian state and were animated by "an approaching crisis for the political system that the Canadian Broadcasting Corporation had been created to serve" (Raboy, 1990:168; cf. Weir, 1965 & Peers, 1979). More simply however, this general turmoil can be seen as reflecting the tensions of a thinly spread organization, responsible to a highly diverse set of interests, and carrying a wide range of responsibilities.

Different, But Not Exceptional

As Barnouw (1990: 382-383) illustrates, the American networks also experienced intra-organizational strife during this period, particularly between management staff and the various program producers and suppliers as their different visions of the social role of a media

corporation came into conflict. However, in these organizations, this stress was tempered by the financial role of the sponsors, who by right of "financial veto" often had the final word on which projects went to air, or in what time slots they appeared. While the American networks were also subject to shifting political pressures, their reliance on private capital combined with a looser set of regulatory and constitutional arrangements to provide them more latitude in avoiding direct political interference.¹⁷

In Canada, the CBC's varied sources of financing combined with its nationalist mandate to provide somewhat more latitude in the range of programming it presented. At the same time however, the Corporation's professed responsibility to a wide range of interests combined with its dependence on parliamentary subsidy to subject its operation to a much wider range of demands. For instance, as we have seen, the "problem of commercialism" for the CBC was not generally the direct influence of profit-motivated sponsors over the content and scheduling of programs as it was in the U.S., rather it focussed on the ways different interests saw commercialism as interfering with what they perceived to be the Corporation's purposes. Over time, the problem of "balancing" these diverse interests became increasingly acute.¹⁸ Moreover, as Raboy (1990:175-184) illustrates, through the late 1960's the CBC's problems in meeting the diversity of demands made on it were further complicated by the federal government's initiatives to deploy the Corporation as a key tool in its project to shore-up the flagging project of federalism.

All of this was part of a context which contributed to the slow economic and political vivisection of the CBC's resources. A key manifestation of this can be viewed in the gradual decline of relatively expensive dramatic and musical programming in the CBC's prime time

schedule through the late 1960's (cf. Weir, 1965:388-410). In the meantime, the growing presence of private, profit oriented broadcasters within the system offered little in the way of new programs.

The Private Network: A Clear and Present Purpose

From its inception the structure of CTV was not conducive to the production of Canadian programming. In its initial incarnation, it was an independent private company within which the private stations owned only "23 or 24% of the stock" (Fowler II:235). It owned no production facilities of its own, "and the private affiliates, in their jealous concern that outside investors in CTV should not make a profit,... progressively made the affiliation agreements less attractive, so as to ensure that little profit was possible" (Fowler II, 236). In 1966, on the verge of bankruptcy, the network underwent reorganization with the largest affiliates each taking a share in its ownership. Under the new co-operative arrangement, the affiliates developed a revenue sharing agreement whereby the affiliate shareholders received "75 percent of the net revenues earned by the network from the sale of airtime to advertisers within network reserve time, leaving 25 percent of net revenue as the operating fund of the network" to cover program and transmission expenses (1986 Task Force on Broadcasting, 453). Meanwhile, program production facilities largely remained in the hands of the individual affiliates.

Obviously, this arrangement was structured to deliver maximum revenue to the affiliates, not network program production. In the process, it played upon the inconsistency in the legislation that left open the question of the regulator's power to impose individual rules of

operation on licensees. This corporate structure was considerably different from that of the American networks, which harnessed the economies of scale inherent in network operation to actually capitalize program production, rather than the network's affiliates.¹⁹ CTV's ownership structure and the revenue sharing pattern it realized became a site of struggle between the regulator and the affiliates, as well as between the affiliates themselves, as all parties began to fight over how the spoils it yielded were to be divided. In the latter years of the decade, there was apparently a brief struggle within the network offices too, as the network president advocated "producing a greater quantity of Canadian programming than was the legal minimum" (Rutherford, 1990:119). However, a change in management quickly quelled this internal dissension.

The struggle between the regulator and the network was more prolonged however, as the network continuously worked to avoid meeting the regulator's program demands. This struggle continued well past the tenure of the BBG. It came to a head in 1980, when CTV took the regulator to court, claiming that it did not have the jurisdiction to impose comprehensive production requirements upon the network (Kaufman, 1987:50-53; cf. Hardin, 1985:179-181). However, as we shall see, even though the regulator came away from this action equipped with a favourable judgment, harnessing the private sector's profit motive to the unprofitable enterprise of program production remained elusive. In the meantime, the CTV affiliates set out in search of profitable avenues of investment.

A quick review of the history of the CTV affiliates reveals, that turning surplus to investment purposes was indeed the name of the game. By 1969 the CTV affiliates were spun in a web of corporate ownership that echoes the names of the pillars of Canada's media industries

today. In 1996, Western Broadcasting (now WIC), Rogers, Baton, CHUM, and Irving are some of these early entrants that survive in the field, while the broadcast holdings of former compatriots such as Maclean-Hunter, Thomson, Selkirk, and Bushnell communications -- which all went on to enjoy periods of substantial growth and prosperity -- have all generally been folded into the holdings of today's broadcasting giants (cf. Davey, 22-37; Jefferey, 1996:234). Consequently, as broadcast profits were realized, the general trend would certainly appear to have been toward consolidating and capitalizing the affiliates' individual holdings, not the network co-operative.²⁰

Program and Audience Problems

As the new network was taking form, the difference in purpose between the public and private sectors was brought into focus on television screens. As Rutherford (1990:117) illustrates, the private sector never really attempted to produce the same kind of "serious" entertainment programming as the CBC and program expenditures were generally kept to a maximum of \$2,500 - \$3000 per half hour, roughly the same as the cost of imported programming (Rutherford, 1990:117.) Despite loud and concerted criticism from both the regulator and public enquiries, the transnational market began to set the financial terms for program production on the private network. Yet, in the face of both declining audiences and revenues, the CBC fought the commercial impulse and delivered a program schedule that was both original and diverse. Variety, comedy, drama, public affairs, news, sports -- all could be found on CBC television, although often nestled between American programs (Miller, 1987;

Rutherford, 1990). Moreover, through the 1960's, many of the CBC's drama programs were delivered in formats that were not amenable to commercial interruption and presented as sustaining programs (Miller, 1987:196). At the same time, original work from the regional production centres did occasionally find its way to the network schedule, although after the mid-1960's, rarely (Miller, 1987:325-353). For the "high brow" audience, symphonies, operas and ballets were offered and, despite the fact that they only drew 5% - 10% of the audience, they were continued through to the end of the 1960's (Rutherford, 1990:268-269).

The benefits of these program investments were also widely spread. In 1963, the total revenue of the private broadcasters surpassed the income of the CBC (Raboy, 1990:162). Yet, in that same year, the CBC paid out \$9.2 million for Canadian talent - three times that of the private sector (Rutherford, 1990: 273). Drama critic Robert Russell noted that in 1962, that CBC drama employed "more writers, directors, and actors than all other forms of professional theatre in the country put together" (In Rutherford, 1990:273). While this work alone rarely paid enough to support these workers, income from the CBC would continue to provide a key source of income for many Canadian artists and performers. Moreover, the CBC also led the way in setting wage standards for technicians and other production workers and generally settled on wage scales higher than the private sector - a practice that often led to charges of "inefficiency" from the Corporation's detractors (Weir, 1965:334).

But while these programming efforts were rewarded with substantial audience shares in the 1950's and early 1960's, competition soon took a toll. In cities close to the U.S., American border broadcasters cut deeply into the CBC's audiences. By 1967, the CTV network had captured 25% of the anglophone audience and, as we shall see, as cable-tv was introduced its

offerings of American network programs also ate heavily into the CBC's audiences. By 1967, the CBC held just 50% of the Canadian audience, and as the number of channels multiplied the CBC's audience share continued its downward spiral (CRTC, 1979; cf. Rutherford, 1990:134-137.) Set against this growing backdrop of American programming, the CBC never really had a chance in the competition for audiences.

In its early stages of development, American television also carried wide and varied program fare. But, by the early 1960's the popularity and economy of the formulaic serial situation comedies and dramas that were popularized by early Hollywood telefilms quickly became the mainstay of American commercial television. These serials brought both economy and continuity to television schedules as audiences were encouraged to return each week "same time, same station" to meet with a familiar set of characters and situations. Although initially expensive to arrange, the same sets, wardrobe, cast and crew were redeployed from "week to week," issuing economies in production. The established conventions of the star system allowed the players themselves to increase these programs' currency. Moreover, the stereotypical characters and situations employed by these productions wove established popular theatrical traditions together with familiar cultural forms and situations to play upon circumstances common to many living in a modern industrial society.

The popularity of these programs extended not only across the U.S. but also to audiences across the western world that were familiar with the terms and conditions of the expanding "consumer" society. Indeed, the cultural "melting pot" of America was an ideal place to develop programs that resonated with a range of diverse "tastes." Moreover, the fact that these programs had generally already generated a tidy profit before they were taken to the international market

allowed their owners unlimited scope in setting the price of license fees. Consequently, prices were set according to the individual circumstances of potential national markets, but always well below the cost of domestic production in those markets (Barnouw, 1990).

Striving to differentiate itself from these formulaic American network offerings, the CBC countered with a diverse range of dramatic forms. As Miller (1987:379) illustrates, "(l)inear or complex narrative structures, expressionist, constructivist, or realist design, presentational or representational conventions were all to be found on CBC TV in its first fifteen years." As she painstakingly details in her extensive study of CBC drama - Turn Up the Contrast - many of these programs were not "elitist" in character, and while all met "Canadian" content guidelines many were also explicitly Canadian. Yet, the CBC's mandate focussed the Corporation on tailoring these programs to different sets of interests, rather than a singular approach that encompassed diverse interests, as the American programs strove for. As the CBC's program schedule deliberately focussed on constructing different types of audiences from time-slot to time-slot through the evening, it seemingly encouraged viewers, whose tastes were not met by the upcoming program, to switch channels. Indeed, in producing programs to meet diverse sets of audience interests one would expect such movement. But once viewers switched to another station, whether Canadian or American, they became trapped in a schedule of foreign programming that was deliberately devised to hold large, diverse audiences through program changes and/or capture a portion of a competitor's audience at program breaks.

So, in scheduling its programs the CBC encountered a complex problem. Not only did it first have to pull its audiences out of this commercial maze so they might "discover" its programs, but once it turned that audience loose, it had to pull it back from a deliberately and expensively spun

web of seductive programming choices.

The battle for audiences was not only waged across the television screen and around the television set tuner. As the continental broadcast industry grew through the 1970's and 1980's, potential audience members were caught in an increasing spiral of circumstances that all pointed them toward American programs. Not only did practically all of the private Canadian stations build their schedules around the most popular American programs at every available opportunity, but advertising for foreign programs spilled over the border both in, and into, a host of media products, including television and programming guides. As well, Canadian entertainment writers and commentators made their livings publicly discussing the merits of these foreign programs. Thus, as the number of channels multiplied, even the seemingly simple task of making Canadian audience members aware of the potential "Canadian" choices available became increasingly difficult.

Moreover, as the Corporation became swamped in a sea of competitive program choices that beat to the rhythm of hour or half-hour program intervals, it had little choice but to give up programs that didn't conform to this temporal format. Otherwise, it risked losing viewers who wished to switch either to or from another channel at what was, on all other available channels, a conventional break in the schedule. However, as the CBC moved to take on such a "commercial format," it also encountered increasing criticism, mitigating against "competing" with the American television industry on the terms that it set for the system. As we shall see in the following chapter, this criticism continued through the next decade as well, reaching shrill proportions in 1974. In the meantime, all of these circumstances worked together to present the CBC with an almost unassailable opponent. As the decades wore on and the commercial

imperatives that gave form to program schedules became increasingly intense, it is surprising that the CBC managed to maintain an audience at all. But the competition would only get stiffer.

Impending Change

As the division of responsibility between the public and private elements of the system was taking hold, the rising availability of "cable" television was shifting the site of the regulatory struggle. Co-axial cable was first used in the United States to improve television reception in urban centres where buildings impeded reception. Soon after, entrepreneurs in California were deploying it to deliver "pay-tv." Meanwhile Canadian entrepreneurs set out to adapt this technology to Canadian conditions. They set their sights on capitalizing the distance between broadcaster and viewer created by the division between centralized reception and privatized transmission and, for a price, began delivering distant, generally American, signals to Canadian television markets. Although this technique appeared to present little threat to the Canadian system at the time the 1958 Broadcasting Act was written, and thus was outside its purview, by the early 1960's, the "distant" signals cable-tv brought to "local" markets were fragmenting audiences for programs and advertising. Despite the argument that cable-tv was simply dedicated to expanding consumer choice, the threat it presented to the national network system began to demand attention (Fowler II, 253-255; Firestone, 1966:277). Before cable could be brought into the regulatory fold however, new legislation was necessary and this concern was added to the growing list of changes to be encompassed in the legislation that was developing.

But cable wasn't the only new technology threatening change to the system in the mid-

1960's. With the American's launch of the satellite Telstar I, a trans-atlantic satellite news broadcast was undertaken and rampant speculation surrounding the broadcast applications of this new technology abounded (Barnouw, 1990: 308-315). In 1966, the BBG was presented an application to establish a Canadian satellite corporation that would distribute programming for a proposed new television network (Babe, 1990:222). While this application was somewhat premature, it helped spur the federal government to action and in 1969, informed by a discourse of nationalism that framed the company as "'strengthening and protecting Canada's cultural heritage,'" the Telesat Canada Act gave form to Canada's own satellite venture (In Babe:1990:220).²¹ However, another decade would pass before the satellites were drawn into Canada's broadcasting's infrastructure.

Meanwhile, in the U.S., non-profit television was undergoing a renaissance, of a sort. Educational television, which had survived the capitalization of the VHF band through regulatory assignment to UHF, was given a new lease on life in 1967 as "non-profit public television" and began to develop program formats to attract audiences that were disenchanted by the offerings of commercial television (Head et al., 1994:267-271). As this public service model developed in the U.S., it provided yet another yardstick by which to illustrate the CBC's shortcomings.

Canadian Broadcast Production: Caught in Contradiction

Through the 1960's, a dual system of sorts did indeed emerge within the Canadian broadcasting system. Under the direction of an "independent regulatory board," the division of

purpose between the CBC and the private sector - between public service and private profit-making - accelerated through the 1960's. Along one line of development, the CBC continued the struggle to convert both its sources of income and the profit-motivated behaviour of its affiliates to domestic program production and distribution. Along another line, the private network and its profit-motivated affiliates struggled to convert profits to both shareholder income and profitable investment. Meanwhile, inside each of these lines of development, or "elements" of the system, different interests struggled to realize their concerns. In the "public" sector, the fragmented interests of the Canadian "public" tossed the CBC on a tempestuous current of competing definitions of culture and service, while the Corporation itself wrestled with funding problems and with the demands of its affiliates. In the private sector, competing blocks of capital each sought to maximize their own interest. Straddling these two elements, the regulator strove to harness these very different behaviours to what it perceived were the national interests of the broadcasting system as a whole.

To a remarkable extent, the struggle to produce Canadian programs at the core of this system reflected many of the same difficulties encountered by Canadian industry at large.

Canadian manufacturers had long found it difficult to produce products of a distinctly Canadian character while operating within an industrial infrastructure dependent upon transnational relations of production. As Brewis (1968:131) observed of this larger context in 1968:

A distinctive Canadian character can be given to products, but corporate research and engineering departments required to build in such distinctive characteristics can only do so if there is an opportunity to market substantial quantities of the products in question, in competition with well-established foreign products developed under similar expectations. The chief limitations upon any Canadian manufacturer attempting to achieve this objective (are)... Foreign tariffs prevent

Canadian producers from breaking into world markets; and Canadian tariffs, by making possible the division of the Canadian market, hamper the efforts of Canadian firms to exploit the various economies of scale, including those elements of research and development which require large fixed outlays. It is not difficult to understand why firms producing small quantities of a wide range of product lines will rely upon designs provided at low cost by parent firms, or through licensing arrangements. It is the circumstances that maintain such structural conditions that must bear the responsibility for the consequent restraint on development of distinctive characteristics and products.

While the cultural character of broadcast products added another dimension to these structural conditions, the transnational relations of production underlying the broadcast system issued a similar set of problems for Canadian broadcast producers.

Although there were explicit sanctions against "foreign" broadcast products in some potential markets for Canadian programs these were not a major impediment. Just as Canadian audiences generally eschewed "distinctive" foreign programs, distinctive Canadian programs were only marginally accepted in foreign markets. (For instance, at this point in history, Canadian news, current affairs, or sports programs had little appeal in foreign markets.) In the U.S., the capital intensive project of developing programs designed to attract audiences comprised of "middle class" American consumers mitigated against the CBC marketing its wares in that venue. While some of the CBC's more expensive drama programs found outlets in Britain and European countries, the "Canadianness" of other of the CBC's programs mitigated against their currency in those markets. These circumstances didn't completely foreclose on foreign sales, but in the international market all comers had to find their place alongside the glut of cheap, "popular" American programs. Accordingly, export markets offered no great source of income for Canadian producers.

Meanwhile, in the Canadian domestic market, the system's dependency on foreign programming to finance production issued similar constraints. For the CBC, "licensing agreements" with foreign producers provided the Corporation with popular programming around which it built audiences (markets) for its own "product line" of "distinctive" Canadian products. These agreements also provided revenue to cross-subsidize Canadian production. Still, both commercial sanctions and the continued fragmentation of the Canadian broadcast market foreclosed on the Corporation's avenues of growth, making the organization increasingly dependent upon state subsidy to meet its objectives.

As for the private sector, these same "export problems" combined with the ongoing "division" of the market by new entrants -- including cable-tv -- to mitigate against developing the necessary economies of scale for large scale program production to fill the various elements of their own "product line." Meanwhile, the ready supply of American "entertainment" programming acquired through "licensing agreements" enabled private broadcasters to employ these programs to generate revenue for growth and profit, as well as for cross-subsidizing the development and capitalization of particular niches of their domestic program schedules.

The dependence on foreign broadcast products displayed by the Canadian system introduced it to a set of what Innis might have called "rigidities," whereby the expression of Canadian perspectives in programming became a function of the economic success of foreign products themselves (cf. Drache, 1982:36-37). Tied to this logic of "import substitution," the absence of a viable export market for Canadian broadcast products set the system on a course of development fully embedded in the logic of the transnational programming market. Within this logic the continued growth and financial success became dependent upon the very products the

system was avowed to eliminate. In the short term, state subsidy of the CBC worked to ameliorate this contradiction. However, in the longer term, the "inefficiency" of this growth mechanism in meeting with the ability of private capital to finance its own growth would set the public element of the system on a long path to eclipse (cf. Innis, 1956: 150; Neill, 1991:201).

In the meantime, the historically established "division of labour" between the two elements of the Canadian system would continue to develop under these structural conditions for decades to come: along one line, the "public" element would continue the struggle to convert revenue to the nationally defined public purposes of the system; along another line, the private element would continue to strive to convert its revenue to increasing profits. Within this system, the growth of the public sector hinged upon continued state subsidy and balancing the national interests it served against the need for commercial revenue. For the profit-oriented stations, growth hinged on extracting as much surplus as possible from scheduling foreign programs and then investing this surplus in profitable ventures. Straddling these interests, the regulator would need very different strategies to convert each of these elements to what it perceived were the national purposes of the system. Thus, the "dual system" rose to meet the changing circumstances of the 1970's.

In summary, under the guise of nationalism, the capitalization of the Canadian television broadcasting system proceeded along avenues of growth both framed and animated by transnational relations of production through the 1960's. In the process, the system was divided against itself, as the very programming regulation sought to marginalize within the system began to, ironically, marginalize Canadian expression. Indeed, if as Fowler II (3) put it, if "(t)he only thing that really matters in broadcasting is program content; all the rest is housekeeping," then

the new housekeeper - the BBG - couldn't seem to handle the job. The BBG certainly was not "captured" by the private sector, and even the most ardent supporters of the CBC and the public system generally recognized some place for private capital within the system (cf. Peers, 1979; Raboy, 1990). From a nationalist perspective private capital was viewed as one interest among many in a system of "formally free and equal legal subjects," and the failure of the system to meet the objectives set out for it was viewed as a series of "missed opportunities" engendered by bureaucratic fumbling and regulatory inefficiency (Mosco: 1988:102; Raboy, 1990:230). All of this tended to overlook the fact that while Canadian private capital was indeed beholden to the larger state infrastructure for its very existence, its interests were not always commensurate with the "national" interest (cf. Macpherson, 1984). However, neither was the BBG simply a "class instrument." The problem was more a question of ideology: private capital was simply viewed widely as the somewhat "natural" engine of economic growth.

Constrained by budget and focussed by mandate, the CBC had proven it could not be an effective competitor with the private sector. The Corporation set its activities on the edges of the system, improving its reach in both distribution and programming. Indeed, as Brockington had noted some thirty years earlier, the purposes of the public and private sectors were in many ways antithetical. The former returned investment to the people of Canada, the latter to private shareholders - in some cases shareholders who weren't even Canadians. Yet, while the relations of production that animated the growth and activities of the private sector were not conducive to producing any great quantity of programming that represented the character and diversity of Canadian life, set between the advertising and electronics industries the private stations and their network were central to myriad industrial relationships that underpinned Canadian life. "Program

choice" spurred television set sales, increased viewership drove the advertising market, and television advertising spurred consumption in general -- at least so the cycle appeared.

Attempting to cut the transnational relations of production underpinning the advertising industry and harness the revenue it produced to "national purpose" would form a major focus of the next stage of regulation, as emerging cable markets fragmented audiences for both programs and advertising messages, and provided impetus to the perception that a lack of advertising revenue was impeding the production of Canadian programming.

Meanwhile, as much of regulatory attention was focussed on the emerging television market, in radio markets the CBC was pushed to the far edges of the commercial system through the 1960's. Increased licensing on both the AM and FM frequencies foregrounded the American popular music format throughout the system and, as national advertisers moved to television, the CBC all but abandoned commercial broadcasting despite the urgings of various public and private studies (Fowler II, 1965). Thus, following a programming logic developed in the U.S., private profit-oriented Canadian radio broadcasting stitched itself to the margins of the American recording industry. To fill the gaps left in the system by its fleeing affiliates, the CBC deployed a network of small regional stations and retransmitters. By the turn of the decade, the CBC's direct impact on the revenue of the private sector was minimal and by the mid-1970's it was out of advertising altogether. Still, on occasion, the private sector complained that the Corporation was an unfair competitor because it existed on the largesse of the state and undercut their audience share.

So, as private capital gained hold of the system, it struggled to forge the relationships that broadcasting constructed to the purpose of creating a privately appropriated surplus. Where that

interest met with the interests of the state an alliance was created; where these interests collided, capital rebelled. By the end of the 1960's private capital had clearly illustrated two aspects of its character in the Canadian broadcasting system: first, it was single-mindedly tenacious; second, it was a fairweather patriot. But as the decade began to draw to a close, new legislation was put into place.

Endnotes to Chapter VII

1. As Storper and Scott (1986: 3-5) illustrate, the growth of the American economy through the late 1950's and 1960's was hinged between two events: i) the growth of the domestic market for consumer durables; ii) rising involvement in the Vietnam War, which was itself fuelled by the emerging "military industrial complex" and "cold war ideological climate." Both these events had strong impact on Canada's political economy: on one side, Howe's branchplant policy issued open invitation to American foreign direct investment capital as surpluses generated in the American domestic market sought profitable avenues of growth; on the other, this further integration of Canadian and American industrial infrastructure fuelled increasing political integration. Two examples of this process during this period are illustrated in the negotiation of a North American defense agreement and the auto-pact. In turn, these events fuelled the debate over Canadian sovereignty.

2. These shifting circumstances may have been instrumental in focussing Harold Innis' attention on the field of communication studies. As Easterbrook and Watkins (1980:262) note, "It is likely that Innis' shift to communication studies reflected his awareness of the 'increasing fragmentation of knowledge' that these changes were bringing with them and led to his search for 'an integration of basic approaches' beyond the limited range of Canadian experience."

3. The struggle surrounding the recommendations of the 1961 Report of the Royal Commission on Publications (O'Leary Report) illustrates these tensions. (cf. Bashevkin, 1991:61-82) Originally struck by the Conservatives in an effort to find a solution to the escalating domination of the Canadian periodical market by American publishers through the post-war period, the Liberal government moved to adopt O'Leary's recommendations in 1965. The intervention focussed on building an advertising market for Canadian publications and involved two measures to facilitate this end. The first was an amendment to the Customs Act to prevent magazines with a high percentage of advertising by Canadian companies from entering the country. The second sought to put an end to "split-run" editions published inside the country through an amendment to the Income Tax Act which stipulated that only advertising placed in Canadian owned publications would qualify for tax deductions by the companies placing those ads. Although many Canadian newspapers opposed the latter regulation because it "diminished their potential value as commercial properties, by excluding foreign bidders," the government proceeded anyway. Thus, once again the "national interest" overrode the interests of a particular domestic economic interest. However, in the midst of threats of economic retaliation by the American government, Time and Reader's Digest, which together accounted for a major share of the Canadian advertising market, were exempt from the latter provision and allowed to continue business as usual. By the mid-1970's however, the political climate had changed. And, in combination with an effort to "win back" television advertising from American border broadcasting stations, the terms of the income tax provision were extended to cover broadcasting and include these two magazines. This was not the end of the story though. The legislation remained a major irritant to American interests and, in the early 1990's, a copyright agreement wound its way through a complex regulatory maze to in fact restore much of the revenue "lost" to American program producers by this measure through a levy on Canadian

cable-tv subscribers. And later, in January of 1997, the U.S. won a judgement against Canada before the World Trade Organization under newly negotiated GATT provisions, whereby the preferential tax treatment of Canadian owned magazines was ruled illegal.

4. Weir (1965:366) illustrates that the CBC's "dependence on government advances" did indeed constrain the Corporation's ability to participate in the ensuing expansion of the system.

5. Generally, because the technology of the time made both dubbing the soundtrack of English programs with French almost impossible and importing French language programming difficult, French language stations had a much higher percentage of domestic content with Radio-Canada airing a total of 87% Canadian programming and the private stations 76% (Romanow, 1975:38).

6. While there appears to be no historical record of the BBG's deliberations on this matter, the following provides an overview of some of the parameters of the decision provided by other writers in this area.

7. As Barnouw (1990:) illustrates, to some extent such efforts to delineate commercials from programs were already becoming redundant as performers were often incorporating sponsor's products in program content.

8. These pressures are illustrated in the early programming budgets of the CTV where producers were limited to \$2,500 - \$3,000 per half hour show, an amount roughly similar to the cost of the rights to an American syndicated program (Rutherford, 1990; Barnouw, 1990:235).

9. Part of the problem in this respect was that the stations that comprised the private network failed to agree on almost every aspect of network operation, except extracting as much money out of the arrangement as possible (cf. Rutherford, 1990:117).

10. In its efforts to shepherd the growth of the system, the BBG was acutely concerned with ways in which competition undermined the revenues of private stations and impaired their ability to contribute to the national purposes of the system. Consequently, in December of 1962, after licensing second stations in major centres, they called a general moratorium on further licensing. When the process continued it was on a much more economically cautious basis and, to a degree, done in consultation with the CBC. (cf. Weir, 1965:363-366.)

11. In the radio realm, by 1965 private stations had already far outdistanced the CBC in terms of growth. Moreover, the CBC's radio advertising revenue had undergone a precipitous plunge, largely because the Corporation refused the new advertising practices brought on by the move to musical formats and stuck to selling time in blocks (Davey, v.2, 292-293).

12. As Weir (1965:363) notes, as the second stations came on stream major advertisers tended to focus and split their expenditures between the stations in the major centres, exacerbating this problem. Indeed, that the CTV affiliates urban locations yielded a more efficient vehicle for

advertisers is illustrated in the fact that in March of 1963 BBM reported that CTV's newscast reached a weekly average of 320,000 households a night from nine stations, while the CBC network reached 707,000 on 44 stations.

13. Predictably though, for the most part, through the 1960's the CBC broadcast largely amateur sports on a sustaining basis to its weekend audiences. On the other hand, the private network focussed on imported productions which were sold on an entirely commercial basis (Cavanagh, 1992:309).

14. In the face of these struggles, and the efforts of the BBG to fold the CBC into the growing system, one wonders what might have happened to the CBC if regulation had been constituted under a "single board system," particularly if that board approached its task in any way similar to the BBG.

15. As may be recalled, the dynamics of this problem are discussed in the previous chapter. For further elaboration see Austin Weir's testimony before the Fowler Committee in 1965 (In Smythe, 1982:181).

16. Interestingly, Firestone (1966:294) notes that between 1962 and 1965, the CBC's cost-per-thousand was rising at a faster rate than that of the private broadcasters - 5 1/2% as opposed to 5%. However, whether this was a result of the CBC being able to capitalize on its specialized audiences or simply the rising value of the rural audiences it constructed to advertisers is not known.

17. This is not to say that the American networks were not subject to the vicissitudes of political patronage and manipulation. On the contrary, as Barnouw (1990) clearly illustrates in his Tube of Plenty, throughout the history of television the networks were subject to both overt and subtle political manipulation by both the larger state apparatus and different levels of government. However, their position in this larger institutional array was considerably different than that of Canadian television interests.

18. Behind the idea of program "balance" at the CBC resides an ogre of immense proportions. As Fowler II (124) "balance" was illustrated in the range of programming the CBC presented to meet the needs of its diverse audiences such as "news, public affairs, science and general information, sports, drama, music, ballet, opera, and light entertainment." However, as McKay (1976: 197-201) illustrates in a landmark participant-observational study of the internal workings of the Corporation, balancing the diverse demands placed upon the organization so that they might be manifest in such program categories or formats put incredible pressure on both managerial and production practices as they were shifted to accommodate literally dozens of complex and contradictory objectives. Indeed, from McKay's observations, it seems miraculous that the organization was able to function at all.

19. Exactly how profitable this relationship was to the individual affiliates is not known because

financial returns to the regulator were kept confidential (Hardin, 1985:180) It would appear that through the late 1960's, and well into the 1980's, many were incredibly profitable - particularly the larger stations. As the 1970 Report of the Special Committee on the Mass Media (Davey Report) illustrates, of 29 television stations operating independently of radio stations in 1968, 8 stations had operating revenues of \$1.5 million or more and accounted for 92% of the total net revenue of all these stations. Obviously, these were not CBC stations and the relative size of their revenues would necessitate they were in the larger urban centres. Hardin (1985:180) claims that as a return on net assets, profits hovered around 55% and perhaps higher for CTV affiliates in major centres. Still though, despite the fact that many private stations may have generated high returns on investment for many years; the large expense of "high quality" dramatic productions has always precluded their being undertaken by individual stations, and only the largest and most profitable - generally the CTV affiliates - would be in a position to make the cash contributions necessary to enable such production. However, given that these "investments" never had any real chance of exacting a return for their investors during this period, there was little incentive to their production (cf. Audley, 1983:289).

20. As noted in the DOC's 1991 Report of the Task Force on the Economic Status of Television, over the next several decades there would be a variety of pressures upon private stations to consolidate their services. And, in this process, rising corporate debt often undermined the economies of scale that restructuring promised. However, patterns of investment often took a much broader scope than such industry studies account for, as these corporations also moved to invest in new services, such as satellite systems and pay-tv networks, as well as foreign broadcast holdings. Tracing the extent of these investments, and the degree to which they were financed through income from Canadian television station holdings is beyond the scope of this thesis. However, public records hold many illustrations of how corporations such as WIC, Canwest/Global, Baton, and Rogers have, over the last several decades, parlayed their ownership of both the CTV affiliates and a handful of cable systems into large corporate empires. These investments boldly illustrate the difficulties in issuing state control of private capital and attempting to deploy it to public purpose.

21. As Babe illustrates, the new corporation was not a crown corporation and had a unique share structure. Under the terms of the legislation, the government, the common carriers, and the public - through a public share offering - were to each hold one-third ownership in the company. However, the public offering was never held. This corporate structure has some interesting parallels with COMSAT, the American satellite agency organized in 1963 (1990:310). However, the reasons, if any, for this similarity are not known. As Babe (220-228) goes on to illustrate, the struggle over the ownership and control of Telesat between the federal government and Telecom Canada is one of intense corporate intrigue as the telephone companies basically blackmailed the government into handing them control of the company over a period of two decades.

Chapter VIII

The Capitalization of Canadian Communication and Culture

-By the mid-1960's the post-war boom that had signalled rapid industrialization across the western world had begun to wane. As Storper and Scott (1986:4) note, "the very success of the boom was creating market conditions which were starting to undercut its further advance. Markets were already becoming saturated and industrial overcapacity was pervasive." The effects were stilted growth and a series of "multiple recessions and recoveries, with the recessions becoming each time more severe, and the recoveries more shallow in terms of employment, personal income, and profitability increases" (Storper and Scott, 1986:4). On the margins of the American economy, Canada was particularly vulnerable to these volatile conditions and through the 1960's increasing state intervention sought to provide relief from tempestuous bouts of inflation and recession (cf. Bliss, 1982:35-38). In the mid-seventies the crisis reached global proportions and, over the last half of the decade, "restructuring" became the byword of politics.

As Harvey (1989) illustrates, at the heart of the problem were a series of "rigidities" that constrained the temporal and spatial dimensions of capital flow. Long term and large scale fixed capital investment, combined with heavily entrenched labor markets and increasingly onerous financial commitments on the part of state institutions, to stifle investment and the movement of capital in heavily industrialized centres. But just as capital's growth under the centralized fordist regime of production focussed on crossing geographic distance and bringing spatial relations under a common temporal rhythm, so too the move to ameliorating the problems the regime faced focussed on first shattering the rigidities that constrained those relations, and then reconstituting them in extended and intensified form (Harvey, 1989: 142-172).

In a slow, halting fashion, this reshaping and revitalizing of the accumulation process took on several dimensions. Along one line, capital sought to reduce the costs of production by seeking out and exploiting social conditions that were amenable to its purposes across vast geographic space. "Newly industrialized countries" (NICS) began to mark the economic transformation of the "Third World" through the late 1960's and 1970's, as production processes were reconstituted across transnational dimensions that exploited differences in wages, government regulation, and market demand. By the 1980's, trade agreements had become the hallmark of political process. Rationalizing production processes by reducing overhead and labor costs was another dimension of this change. Automation, restructured labor markets, deregulation, and privatization were touted by governments as the sacrifices that had to be made in de-industrializing countries to remain competitive in this shifting environment. Across a third dimension, capital began to traverse the social divides between work and leisure and between production and consumption to re-regulate and capitalize social life in the service of displacing costs and more closely targeting consumers.

In this atmosphere, new productive relations in several sectors of the economy increasingly turned to systems of "flexible accumulation," whereby capitalist relations of production shifted across geographic and social space, seeking units of production and consumption that might be joined in the larger process of accumulation (cf. MacDonald, 1991). Realizing profits, however, required the expeditious completion of the cycle of capital. Thus, compressing space through time became the key to exploiting these new productive relationships and the "annihilation of space through time" became the unspoken creed upon which this new social order developed.

At the technological centre of these economic shifts were new "communication" technologies. Increasingly sophisticated telecommunications networks incorporated satellite transmission to "wire" the globe, while the micro-chip handled the complex processing and switching tasks. Not only did the "high-tech" electronics industries offer new avenues of industrial growth in the face of wide-spread de-industrialization, but these technologies offered the vehicle for coordinating and controlling processes of investment, production, and consumption -- across both physical and social distance -- literally at the speed of light. In Innis' terms, the technology carried a "hyper" space bias and offered an ideal medium for "annihilating space through time." Through this technology producers might be linked directly with consumers, issuing increasing control over the cycle of capital (cf. Robins and Webster, 1988; Mosco, 1989; Straatsma and Murray, 1995).

Within these new electronic distribution systems, information took on the form of a "resource" -- a vehicle key to planning, promoting, and undertaking production and consumption at all levels of social life (Schiller, 1988:27-41; Mosco, 1989). At this level, "information exchange" offered a new realm of commodity relationships -- the basis for a new economy that might take form around the slowly depleting industrial infrastructure. Building on existing market and exchange relations, the technology was deployed to rationalize the production, distribution, and consumption of information itself. Sound, images, text -- all became resources upon which new commodity relations could be founded. Copyright formed the legal infrastructure for new property relations and, increasingly, market transactions began to form the arena within which information was exchanged (Babe, 1988). Set in the shadow of the American empire, the Canadian economy in general, and the broadcasting system in particular, were slowly

drawn into this new regime of accumulation.

The Evolving Communications Infrastructure and Canadian Policy

Largely driven by efforts to seek strategic advantage under the ideological sway of the Cold War, the American military-industrial complex invested heavily in developing domestic and international communications technologies through the 1960's (Mathison and Walker, 1970; Mosco, 1989:135-137). In the midst of these efforts, apparent civilian "spin-offs" abounded as new cable, satellite, and computer technologies were set on a collision course with existing telecommunication systems. This fuelled visions of new integrated, broadband communication networks that would revolutionize both work and leisure by rationalizing distribution and production processes (Streeter, 1986).¹

By the late 1960's, these "wired-city" forecasts and scenarios were a favoured topic both private "think tanks" and popular "futuorologists" throughout the U.S..² However, as the post-war boom began to wane through the late 1960's and early 1970's, the development and application of these technologies shifted to focus largely on industrial processes, and the direct benefits to consumer households that they had promised -- such as home shopping, home delivered educational services, video on demand, and regular polling of public choice and preference -- faded to the future. In the interim, however, those elements of the technical system that presented attractive avenues for capital growth met with intensive capitalization, and through the mid-1970's cable and satellite were forged in partnership to change the face of broadcasting (Head et al, 1994).

The Canadian Response: Communication and Culture

By the end of the 1960's, these larger political economic events were shaping the direction of Canadian public policy, and technological developments in the U.S. were driving similar events in Canada. These developments were beginning to undermine the market and regulatory distinctions that had characterized the longstanding division between the broadcasting and telecommunications. But the peculiarities of the Canadian political system set a distinctive course for policy development. On a broad front, growing Anglo-nationalist sentiment combined with increasingly unstable economic conditions to engender a political climate within which the nationality of capital appeared increasingly important. Gaining control of the economy seemed to necessitate Canadian-based industry. Thus, the industrial imperatives that had broadly followed lines set by the National Policy in the late 19th Century began to shift. No longer could branchplants be relied upon to act in the national interest. As the "wired world" began to take form in the U.S., the Canadian state set out to create its own national system: a system that would meet the needs of Canadians and stitch the vast geography into a common social fabric. At the same time though, the rising social discontent illustrated that the new nationalist project could not simply be an economic project, and the development of a common set of symbols, ideas, and perspectives drew the government's attention. A new flag, bilingualism, centennial celebrations, and Canada's "own" industries became political projects of the time. Among the policy directions taken during this period, for our purposes, two stand out: communications and culture.

Communication Policy

In 1969, the federal government established the Department of Communication (DOC), and under its direction a "Canadian" version of the emerging high technology communication system was pursued. In this process, the government followed the Canadian state's traditional strategy of attempting to forge private capital to "national" purpose, bridging gaps in the productive infrastructure through a range of policy vehicles (cf. Bliss, 1982:38). Key components of this structure, like Telesat Canada -- the new satellite company -- were to be Canadian-owned.³ In large measure, however, these new communication projects were "economic" in nature, and the focus was on establishing Canadian relations of production to carry them forward -- not on the qualitative character of the information that the system might eventually carry. Through the 1970's, as American capital focussed on retrenching productive relations both at home and abroad, the outlines of a comprehensive Canadian system -- complete with Canadian satellite, computer, and telecommunications technologies -- began to take form. But as this system came into focus, Canadian markets alone were unable to sustain its extensive development and, with the economy held in the grip of recession in the early 1980's, a new policy direction began to emerge.⁴

By 1971, all of the technological components necessary for what was trumpeted in the early 1980's as the "convergence" of communication technologies were envisioned within the field of "communication policy" (cf. DOC, 1971; Conference Board, 1972; Lyman, 1983:21). Of course, as innovations in semiconductor, digital, and optical technologies accelerated under competition between competing blocks of transnational corporate capital the technological

character of these components would change, as would the role of both the Canadian government and industry in their development (cf. Lyman, 1983:3-8) Yet, in broad outline, the integrated communication systems heralded in the early 1970's bore a striking resemblance to the information systems of today, and through the 1970's the federal government began to develop policies toward instituting an integrated communication infrastructure.⁵ Putting these plans into action would prove difficult.

Having developed on the margins of the American industry, and under the protective hand of regulation, the structure of the Canadian telecommunications industry was both highly concentrated and parochial (cf. Restrictive Trade Practices Commission, 1981; Babe, 1990). Moreover, regulatory jurisdiction in the field was divided, not only between different levels of government but also between different government departments. Consequently, as the federal government moved toward developing an integrated, national communications policy it encountered a series of setbacks in orienting both state interests and private capital to the task.⁶ While these conditions necessitated a turn in policy direction, by the early 1980's the outlines of a seemingly coordinated "culture and communications policy" had begun to appear, drawing the field of "cultural" policy ever closer to the imperatives of industrial development (DOC, 1983).

Steps to Consolidate Canadian Cultural Markets

As this larger Canadian "industrial" strategy took form, broadcasting, as well as other Canadian media systems were set on a different path of development. Early in the 1960's, the Liberals signalled a new strategy for mending the increasingly fractious relationship between Anglophone and Francophone Canadians.⁷ As they came to office in 1963, the Liberals struck the

Royal Commission on Bilingualism and Biculturalism, pointing to the direction this strategy would take (Magder, 1993:118-119). "Culture" - broadly defined - would become the field for constructing a common national vision while, at the same time, increased federal funding and coordination of the public and private elements of that field would provide the vehicle. By 1965 "the Secretary of State had taken on administration of... The Canada Council, the CBC, the Board of Broadcast Governors, the NFB, the National Gallery, the National Museum, the National Library and Public Archives, The Centennial Commission and the Queen's Printer" (Magder, 1993:118). And, beginning in the mid-1960's, a series of somewhat tentative measures were taken to carry this project forward.

Framed by nationalist concerns for American domination of Canadian industry in general, the federal strategy built upon the traditional pattern of deploying state intervention to establish a national economic base for cultural "production" (cf. Bliss, 1982:34-35,38). The accent was on creating relations of production based upon "Canadian" private capital, rather than simply subsidizing the production of largely high cultural forms as had been suggested by the Massey Commission. Thus, the broad commodification of the realm of Canadian culture became the target of public policy.⁸

As the state moved to establish these "Canadian" units of production, it did not directly engender any new direction or innovative forms of cultural expression or representation. Rather, these policies simply built upon existing market definitions to create "Canadian" versions of largely "popular" cultural vehicles. While the images or representations that were foreseen as arising from the relations of production it created were to be "Canadian" in origin, the larger logic of this new cultural market was sketched across the shadows of the American industries

that framed its development.⁹ This logic encouraged the growth of popular media products not only for the Canadian market but, in some instances, also for export markets.

For instance, in the film industry efforts to bolster Canadian production put finance capital in the hands of profit-motivated entrepreneurs - first, with the Canadian Film Development Corporation (CFDC), and later the Capital Cost Allowance (CCA) (Magder, 1993). Neither of these interventions was designed to confine investment solely to products for consumption in the Canadian market and, in effect, they actually encouraged the participation of foreign capital in productions, and focussed producers toward designing cultural "products" for foreign, particularly American, markets (Berland & Straw, 1995; Magder, 1997).¹⁰

Through the 1970's, radio broadcast regulation instituted similar transnational relationships. In the mid-1970's, efforts to harness private broadcasters to national purpose through Canadian content regulation were undertaken in concert with a move to bolster the Canadian recording industry. Musical programming formats that mimicked those deployed in the American market were coupled with Canadian content quotas, and laid across local Canadian radio markets, to ensure that Canadian listeners had diversity in programming as well as Canadian versions of these musical "genres" (Berland, 1994). As a result, the regulations helped promote the growth of an "independent" Canadian music industry whose products were readily adaptable to transnational markets. Multinational distribution companies soon moved to take advantage of these products, and they were integrated into the larger, flexible structure of the transnational recorded music industry (Berland and Straw, 1995).¹¹

Steps were also taken to consolidate and strengthen Canadian advertising markets. In 1976 the federal government passed Bill C-58, an amendment to Section 19 of the Income Tax

Act. In effect, this legislation built upon provisions that had arisen out of the O'Leary Commission's enquiry into the periodical publishing industry in the early 1960's. It ended the tax deductibility of advertising expenditures by Canadian companies with American "border broadcasters" and brought Time and Reader's Digest magazines under the purview of the earlier legislation. Because of a number of other changes taking place in the structure of these industries during the mid-1970's, the impact of this legislation is difficult to assess. However, both Audley (1983: 269-274) and Vipond (1992:178-179) present evidence that these measures helped shift tens of millions of dollars in advertising revenue to Canadian-owned, private television broadcasters.

Through the 1970's and 1980's, this logic of developing and maintaining distinct "Canadian" markets for cultural products would gain momentum, as the Canadian state struggled to deploy "protected" Canadian markets as springboards for developing products that might later be exported into foreign markets. But as this process of capitalizing Canada's "cultural industries" began to take form in the late 1960's, rising concentration of ownership began to draw public attention. Within "communication" policy, consolidated Canadian ownership offered the opportunity to develop monopoly markets that encouraged economies of scale and, ultimately, research and development opportunities (DOC, November, 1983:8). However, in the cultural field, concentration of ownership and centralized management of resources had the added effect of narrowing the range of perspectives and program choices available in the media marketplace. Consequently in 1969, in the midst of the development of policies that encouraged Canadian ownership, The Special Senate Committee on Mass Media (Davey Report) was struck to investigate "the impact and influence" of "ownership and control" of the mass media.

Although frank and thoughtful, the Davey Report never really questioned the place of private capital in the media field. In fact, the later legislation of Bill C-58 and the subsequent strengthening of Canadian private capital that it engendered are often attributed to Davey's recommendations (cf. Vipond, 1992: 63-65). Yet, while the Report was laying ground for bolstering private capital in media markets, it also made careful note of the escalating trend to concentration and issued a litany of complaints over the fact that private media outlets of all stripes put the pursuit of profit over their supposedly more public responsibilities. To issue greater responsibility in this direction there were recommendations for all players, although some of the Report's strongest admonitions for action were to those who had the least control over the product: journalists, the government, and the public (4, 255-260).

Thus, as industrialism gathered momentum and corporate capital came to inhabit a growing portion of what was perceived as the "public sphere" of communication, the state's representatives were again at odds over how to discipline private property to public purpose. The contradiction they met was that this "public space" wasn't simply "inhabited" by private capital, it was also created by capital. While the media offered familiar forms of representation -- forms which at one time had at least seemed to offer diverse opportunities for public expression and reflection upon the conditions of social life -- these media industries were now increasingly focussed on a single purpose: the production of surplus.

Caught at the centre of this struggle were the shifting, diverse interests of the "Canadian public" - in all of its local, regional, national, ethnic, linguistic, and gendered forms. And, as we shall see, as Canada's premiere "cultural" institution, the CBC was increasingly the focus of this public alienation.

The Cable Conundrum

Through the late 1960's and 1970's, the cable system straddled the emerging fields of communication and cultural policy, where it acted as a lightning rod for all of the political and economic tensions of the time.¹² Often envisioned as set between developing satellite and computer terminal technologies, cable's high-capacity switched-network capabilities promised the keystone to a system that would draw consumer households into the fold of the information revolution (Conference Board, 1971:190).

For both the state and private capital, the economic opportunities cable heralded seemed boundless. Whole new electronics industries might be built on developing the hardware that would give form to the system, while the channel capacity cable offered promised a whole new range of broadcast and information services. Conceived as a direct information pipeline into the consumer households of an information economy, the cable system offered the epitome of "flexibility" in the rising regime of flexible accumulation.¹³

The promise of cable also resonated with a variety of political interests. For different levels of government, it was a whole new communications "medium," capable of uniting interests at the local, regional, or national levels.¹⁴ For those interests feeling increasingly disenfranchised by the existing broadcast system, it presented myriad new venues of representation. However, cable also presented a clear threat to powerful established interests. Telecommunications companies eyed the young cable companies as potentially dangerous competitors and, in Canada, they took steps to contain cable's development (Babe, 1990).

Developing the potential of cable was a daunting task. As cable entered the regulatory

arena, the "cable system" was generally comprised of a highly diverse set of small local companies with little investment in anything other than wire. It would be many years before this "industry" would be ready to assume any of the larger services or responsibilities foreseen for it. Set within the broadcasting system, however, cable did present a clear threat to the established logic of regulation. The ease with which cable operators could import distant signals into Canadian broadcast markets simply annihilated the older system through which broadcast markets were defined.

Up until cable's appearance, markets had been defined by the physical reach of broadcast signals. By fragmenting local broadcast audiences, cable shattered the carefully cultivated dimensions of those markets, and undermined the larger regulatory strategy of providing local licensees a firm revenue base within local advertising markets. Left to develop outside of the purview of broadcast regulation, cable's development threatened to dash all hope of developing the economies of scale necessary for program production. As a new regulatory framework was constructed through the mid-1960's, cable was defined as a "broadcast receiving undertaking" and set within the purview of federal regulation. Regulatory jurisdiction was not the only problem cable raised. Because such operations were largely involved in rebroadcasting signals emanating from other companies transmitters, cable also raised a host of copyright issues at both the national and international levels. Moreover, cable's "common carrier" capabilities -- such as two way data transmission -- issued conflict between different fields of regulation, such as broadcasting and telecommunications (Davey, 1970:213-223). Despite the fact that it would be several decades before the potential foreseen for cable systems in the 1960's was actually developed on any scale, these systems were the harbingers of both the promise and problems of

the "information millennium."

New Regulation

Earlier chapters have discussed how, under the purview of an independent regulator, broadcasting developed as a relatively distinct policy field through the 1960's. It would continue to do so, for a time, under a new broadcasting act. After making slow and arduous passage through the House and its committees, the new broadcasting act was proclaimed on April 1, 1968. Generally, it followed the lines of its predecessor and offered only incremental changes in the larger process of regulation. In substance though, the 1968 Act was considerably more comprehensive than any previous legislation and, for the first time, the nationalist goals of the system were enunciated. In addition, the act contained a mandate for the CBC.

Section 2 (c) stated that the system "should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, and economic fabric of Canada." But while the Act stated that the broadcast undertakings within the system constituted a "single system," two elements were defined - a "national broadcasting service" and a "private element." Following the lines set out in the CBC's self proclaimed mandate, the public broadcaster was charged with the presentation of "a whole range of programming," extension of service to "all parts of Canada," "contributing to the flow and exchange of cultural and regional information and entertainment," and contributing "to the development of national unity and provide for a continuing expression of Canadian identity" (Section 2.g). The private sector, on the other hand, was given the more modest responsibilities of issuing a program service that

would provide "reasonable and balanced opportunity for the expression of differing views.... of high standard.... (and) using predominantly Canadian creative and other resources" (Section 2.d).

In its original form, the Act clearly placed the interests of the national broadcaster over those of the private sector, but under pressure from the Conservatives the wording was changed to defer both of these interests to the larger "public interest." Still, in the case of conflict between the two elements, "paramount consideration" was to be given to the "objectives of the national broadcasting service" (Section 2.h) (Raboy, 1990:179). Moreover, while there had originally been provision for a five year funding formula for the CBC, by the time the legislation reached the House, annual appropriations were still the rule.

The powers of the new regulator -- the Canadian Radio-Television Commission (CRTC) -- were considerably enhanced over the BBG's. The Commission was given full power to bring cable under its control, as well as establish the terms and conditions of licenses (Babe, 1979:29-39; Kaufman, 1987). Thus, while regulations might be promulgated that applied to all undertakings within the system, the regulator was finally give official power to formulate regulations to meet the individual circumstances of licensees. Under these terms, regulation might be comprehensive, yet flexible -- conditions that had hitherto eluded legislation. The Commission's relations with Parliament were also clearly defined. The Governor-in-Council could issue specific direction regarding the classes of applicants that might hold licenses, and refer back to the Commission decisions which "in his opinion, the Commission failed to consider adequately" (Sections 22&23). Thus, the Commission was indeed relatively independent from Parliament -- a relationship that would soon lead to controversy.

With this legislation, the dual economic systems that had underwritten broadcasting

policy at its inception and driven development of the system for more than thirty years were enshrined in regulation. Similarly, reflecting both its historical position within the system as well as the political tenor of the times, the CBC was defined as a "national" broadcaster -- not a "public" broadcaster.¹⁵ Moreover, the CBC's new "mandate" also reflected the difficulties in forging private capital to the larger interest of public communication, and left the Corporation with larger purpose of constructing programming that reflected the diversity of interests that comprised Canada's different communities while, at the same time, attempting to forge these interests to the larger national purposes of unity and the expression of a "Canadian identity."

Over the next thirty years, the characters of both the public and private elements of the system would change considerably, as new kinds of broadcast organizations were instituted to meet with changing circumstances and demands. But, even in the face of these shifts, the public and private elements would follow much the same paths as they had always followed. Private broadcasting continued its attempt to capitalize only those elements of the system that presented a potential for profit, while the public sector continued to pursue the more ephemeral goals of extending service and program production into areas where capital was loathe to tread.

The Growth of the System

The growth of the broadcasting system after 1968 is well documented in a number of sources and need not be fully rehearsed here.¹⁶ What is not well illustrated in this literature however are the the dimensions of growth that we have concentrated on thus far: i) how the structure of regulation and the assumptions it carried encouraged a particular division of

responsibility within the system and that drove the public element to the commercial margins; ii) how the growth of the system, particularly after 1980, was shaped by the imperatives of the new "post-fordist" economy and the demands it placed upon the Canadian state.

1968-1980: The Rise (and Demise) of Comprehensive Broadcast Regulation

The years 1968-1976 are generally seen as a period of close management by the CRTC, as it worked to consolidate Canadian ownership of the broadcasting system and rationalize the relationships between cable companies, television broadcasters, and the CBC, so that each might make more focussed contributions to the growth and character of the system. Regulation sheltered the field from the pressures of the larger economic environment, as the Commission struggled to bring an increasingly complex set of circumstances under regulatory control. The CRTC pursued this task along several dimensions - all of which built upon established or already emerging principles within the system.⁽¹⁷⁾ However, this project met with mixed success.

First, under the guidance of an Order-in Council, new licenses and license renewals were only issued to companies under Canadian ownership. Despite protestations and legal maneuverings by the private sector, the Commission was largely successful in this project. In some cases though, it contributed to escalating concentration of ownership.

As a second line of attack, new Canadian content regulations attempted to close the "loopholes" of earlier versions. As Babe (1979:141-148) illustrates however, despite the CRTC's increased powers these efforts met with much the same problems encountered by the BBG and,

in the end, left the peak viewing hours filled with American programming. Efforts to promote program production followed the familiar pattern. Where aspects of the program schedule could be turned to profitable enterprise, such as in news production, the private sector willingly undertook responsibility. Generally however, "Canadian" programs took cheap and easily produced form, such as "public affairs and interviews, panel and game shows, music and sports" (Babe, 144). Although, the private sector did undertake a few co-productions with independent producers, these were designed for "international" markets and were "virtually indistinguishable from American programs" (144).

Despite these continued problems though, the Commission continued its efforts to channel commercial benefits to Canadian units of production. In 1972, it set guidelines to ensure that "at least 50 percent of the total cost" of co-productions and coventures "were spent on 'Canadian participation'" (Babe, 143). At the request of the Senate Standing Committee on Transport and Communications, the Commission formulated and promulgated content regulations for commercials themselves in 1975 (Babe, 1979:143). The Commission also took aim at the American border broadcasters and requested that the government amend the Income Tax Act so that advertising expenditures with broadcasters not under Canadian ownership would not be eligible for tax deduction. And, to protect advertising markets for "local" broadcasters, the Commission began to prescribe geographic boundaries within which stations might solicit advertising. Thus, to a large part, the Commission simply carried the historical logic of regulation forward, protecting the revenues of private broadcasters while continuing the attempt to force compliance to content regulations. However, in an increasingly competitive environment, the focus of this protection began to shift. Whereas through the 1950's and 1960's,

protective measures were largely focused at the "local" level, through the 1970's they took on a more "national" flavour and attempted to more clearly delineate the Canadian from the American market so that more commercial revenue could be wrung from the system.¹⁸ At the same time, there were the first stirrings of attempts to forge common production arrangements between the Canadian and American market (Babe, 1979).

On a third front, the Commission moved to make cable systems responsible to the larger purposes of the system.¹⁹ Carriage rules were imposed to limit the import of distant signals and to foreground the signals of the CBC, local stations, and provincial educational broadcasters. While the carriage of American signals was initially limited to "one commercial and one non-commercial" channel, under pressure from both the public and industry three U.S. signals were allowed by 1971 (Babe, 1979:71; 1990:210-211). In cases where the system carried Canadian and American stations offering the same programming, substitution rules were imposed whereby the cable operator was required to replace the commercials on the foreign station with those from the Canadian signal.²⁰ In this effort, the Commission again moved to define the new broadcast "space" created by cable in terms of the productive dimensions of a Canadian market. As is often noted, because the substitution rules encouraged broadcasters to "match" their program schedules with those of the American networks to maximize audience reach and advertising revenue, to a large degree these rules actually worked to discourage the viewing of Canadian programming during peak viewing hours.

To meet with pressure from other interests, the CRTC also created and introduced new types of broadcast licenses during this period. Cable operators were directed to provide, equip, and staff a community access channel to encourage "direct citizen participation in program

planning and production" as well as programming pertaining to local events and information (In Raboy, 1990:215). Provincial governments were issued licenses for "educational" purposes, and the Commission also approved applications for community radio stations - generally run on a cooperative basis (Raboy, 1990: 237-238). Thus, under increasing pressure from interests that felt disenfranchised by the structure of the system, other venues for expression were created. But despite the fact that these stations' programming was generally by definition "Canadian," they were not allowed to solicit advertising and, as with the CBC, the interests of all these new broadcast "competitors" were subordinated to the interests of private capital within the larger system.

A fourth dimension of the CRTC's strategy was to increase Canadian programming by issuing new licenses to private capital. As the Commission noted in 1971, further productive capacity was necessary within the system to prevent it from simply becoming a "technically sophisticated distribution system for imported programs" (In Raboy, 1990:215). Following an allocative rationale, the CRTC contributed to this end by licensing six "independent" stations in the period 1968-1976. Among the hopes of the Commission was that through these measures a "third, English-language television service would thereby evolve" (Babe, 1979:148). This was not to be the case. Rather, within two years of beginning operation, two of the licensees that held the greatest promise for increasing the availability of Canadian programming -- CITY-TV and the Global Television Network -- lay on the verge of bankruptcy, victims of their own ambitious production plans (Babe, 1979: 187-193). After restructuring, both of these stations fell into the familiar mode of offering popular American programming through peak viewing hours and making minimal investment in Canadian programs. Moreover, while the new licensees increased

audiences of Canadian stations in general, with the increased American programming they brought to the system, overall viewing time of Canadian programming suffered a slight decrease (Babe, 1979:149).

These failures also had more far-reaching implications for the system. As licensees turned to purchasing American programming to fill their program schedules, the ensuing competition for American programs reportedly drove up their price for all Canadian buyers by as much as 30-40% (Babe, 1979). Consequently, like the BBG, as the CRTC set out to increase Canadian programming choice, the Commission's inability to directly raise and allocate capital ran headlong into the rigidities of the national system, and private capital's dependence on foreign programming foreclosed on the abilities of these new licensees to produce Canadian programs.

Finally, a fifth avenue of action pursued by the CRTC was an attempt to make the CBC more responsible to its mandate. Early in its tenure, the CRTC began envisioning the CBC as a key player in preparing the system "to compete with the rest of the world" (In Raboy, 1990:214). The CBC's 1974 network license renewal hearings provided the CRTC a venue for disciplining the Corporation to this vision.

The Commission received 305 briefs in the 1974 hearing, most of which argued that the CBC did not adequately serve the interests of the public (Babe, 1979:112-113; Raboy, 1990:228-234). Regional and local interests claimed there was not enough program consultation or production at these levels. Representatives from "northern and native" groups as well as "ethnic organizations" argued that the Corporation was "failing to reflect the multicultural and multilingual character of Canada in its programming" (Raboy, 1990:229).²¹ Advertising in

general suffered the usual criticism. Women's groups complained of the representation of women in programming and commercials. Other groups argued that audience size should not be as an important consideration as the spectrum of interests a program attracted. The CLC argued that while the CBC should in fact strive for a large, diversified "'national' audience; ... it doesn't have to be a mass audience'" (In Raboy, 1990:231). Graham Spry appeared to argue for stable funding for the Corporation (Raboy, 230).

The CRTC's ensuing decision broadly reflected all of these concerns (CRTC, Decision 74-70). The Commission argued that "(d)espite the need for the CBC to continue to provide a 'popular' service" it should guard against "considering the audience as a 'mass'" (In Raboy, 1990:233).⁽²²⁾ The Commission claimed that the CBC's programming practices reflected "'an exaggerated concern with the American way of doing things'" and that the prime time schedule should contain more Canadian programming (In Babe, 1979:11). The Commission also took the opportunity of this license renewal to admonish the general industrial character of North American program production and the mass marketing strategies that underlay scheduling practices in general, arguing that these imperatives "'impose on their audiences a limited number of expeditious and lucrative formulas instead of enlarging the possibilities of viewer choice" (In Babe, 1979:145).

Given the tone and tenor of this hearing, it would appear that the CBC once again became a focal point for many of the interests that felt disenfranchised by the larger commercialization of the system. As in the past though, the CBC was responsive to these regulatory criticisms. Generally, the Corporation moved to raise levels of Canadian content and cut back on advertising revenue. With these moves, the CBC's advertising revenue fell from 21.9% of total income in

1969-1970, to 16.7% in 1975-1976 (Babe, 1979: 103). Through the late 1970's and 1980's, the CRTC kept up the pressure and, in turn, the CBC responded. But as has already been demonstrated in the larger history of the system, by admonishing the CBC to undertake greater responsibilities, the CRTC was largely preaching to the converted. Moreover, in meting out their criticisms, many of the Corporation's detractors again displayed an inadequate knowledge of the Corporation's operations. By the time of the 1974 license hearings the CBC had already taken steps to meet with many of the concerns of its detractors.²³ And while the Corporation's efforts to anticipate and meet all of the diverse demands placed upon it often fell short of expectations, to a large extent these were a product of the conditions for which it was created -- a lack of revenue within the system and the attempt to construct a "national" perspective through broadcast technology.

As the 1970's continued to unfold, the CRTC generally managed the system along well-established lines. The focus toward constructing larger "national" conditions for capital growth within the system continued during this period and, again, followed older regulatory principles. Although through this period, this shift in focus was also encouraged by both the increasing size and scope of the system, as well as the political and economic tenor of the times (cf. Bliss, 1982). The impact of regulation also followed well-established lines.

As the private sector expanded and audiences were fragmented, the CBC's overall audience share fell. Under regulatory protection, the private sector was generally profitable - in some cases extraordinarily so (McFadyen, 1980:255). The greatest profits continued to accrue to the affiliates of the CTV network with the companies holding four of the affiliates accounting for 40% of the industries profits, and the top ten television "groups" - again generally the CTV

affiliates - accounting for 65% of those profits. (McFadyen et al: 1980:248). Harnessing these profits to program production proved another matter, though. Between 1968 and 1979, the amount of Canadian programming the CTV network scheduled from 8-10:30 p.m. fell from 22.8% to 5.7% (CRTC, 1979:48). Through this period, the Commission's vociferous attacks on the CBC's seemingly "commercial" programming activities bore almost direct relation to its inability to control the private network's programming. At the same time, the CBC's declining audience share seemed to correspond with its increased Canadian content.²⁴

The CRTC experienced similar problems controlling the cable sector. While the industry was responsive to regulations that could be "enforced by the Commission," it was "much less responsive... to regulatory policies in areas where the Commission's jurisdiction (was) in doubt" (Babe, 1979:134). Similarly, while the Commission generally provided cable companies wide latitude in setting rates -- seemingly in hope that profits would be reinvested within cable systems -- as with television broadcasters, converting those profits to "public purposes" was another matter (Babe, 1979:157-168).

While the private elements of the system were generally enjoying profit levels well above other Canadian industries, following its now legislated mandate, the CBC continued to voluntarily undertake unprofitable program production and delivery responsibilities. At the same time, the Corporation delivered "more balanced and diversified" Canadian program schedules than its private counterparts, and generally attracted a much larger percentage of its audience through Canadian programs than the private sector (Babe, 1979:101; McFadyen, 1980:261). Through the 1970's, however, the CBC's total share of revenue within the system declined significantly and its parliamentary appropriations rode shifting political and economic tides

(Audley, 1983:279). Consequently, as the Corporation was both "pushed" by the regulator and "pulled" by its own mandate to ever increasing responsibility, it was spread ever thinner across the commercial margins of the system. One of the obvious symptoms of this financial crisis was that dramatic programming almost completely faded from the CBC between 1977 and 1982 (Miller, 1988:381-382).

Regulatory Ineptitude or Systemic Imperatives?

By the late 1970's there was a growing critique of the CRTC's regulation of both broadcasters and cable companies (cf. Canadian Broadcasting League, 1976; Babe, 1979; McFadyen, 1980).²⁵ Accusations that the Commission had been "captured" by industry and that it condoned "license trafficking" were common, and a host of suggestions for improving both its performance and that of its charges were forwarded. Yet, as we have seen, the CRTC was in a difficult position. With the system under both internal and external technological assault, the growth of Canadian program producers was imperative if the system was to meet with the national objectives Parliament laid out for it. But lacking investment capital and/or control over the CBC's budget, there was little the Commission could do other than exercise its allocative powers. To encourage investment, the private sector had to be profitable. But once the profit-motive was unleashed within the system, it was almost impossible to control. Various other regulatory schemes -- such as auctioning licenses, rate-of-return regulation, or fixing percentages of revenue to be devoted to "public purpose" -- all had their drawbacks. Similarly, depreciating the market value of broadcast outlets through some form of regulatory fiat and/or directly

imposing a cap on profits might deter private investment, and thereby undercut investment in both distribution and production.²⁶

Perhaps most importantly, though, caught up in the nationalist rhetoric that has framed the broadcasting discourse, critics reviewing this period generally overlook both the central role that private capital played in the larger development of broadcasting, as well as the role of broadcasting in the economy at large. With Parliamentary approval, the growth of the system became increasingly dependent upon private capital since the 1930's. Seemingly, without significant, ever-escalating public expenditure, ongoing private investment was required to meet with the growing presence of foreign programming within the system.²⁷ Moreover, "broadcasting," and "culture" in general, played an increasingly important role in the economy through the 1970's. Most commentators focus on the early 1980's as the time when a shift in government policy reframed broadcasting as a "cultural" industry, and began to set industrial priorities over "cultural" considerations. Yet, as we have seen, since the advent of television, broadcasting played an increasingly important role in the economy at large and, despite the downturn in traditional economic sectors through the 1970's, it continued to record strong economic growth and performance (DOC, November 1983). From a policy point of view, it would probably have appeared to be almost foolhardy to discourage this strong economic performance by "excessive" regulation at a time when many other industries were failing (cf. DOC, March 1973). All of this is to say that CRTC simply followed the path that both history and Parliament laid out for it, and struggled with the consequences.

Cable regulation was another matter. Once a regulatory schemata had been devised to contain the threat CATV presented to broadcasters, other considerations mitigated against a firm

hand in rate regulation. Through the early 1970's, the imperatives that were incubating in the field of communications policy began casting a shadow on the field of broadcasting. In 1973, the DOC published "Proposals for a Communications Policy for Canada" (DOC, March, 1973), portending dramatic change for both the fields of communication and broadcasting. The document noted that the "regulatory link between transportation and communication is no longer of special importance," and that in a time of "very rapid technological change" there was a need to move away from "ad hoc" forms of profit regulation such as "rate of return" and towards more flexible forms of performance "surveillance" (19). In this shifting environment, a new regulatory framework seemed required. Developments in telecommunications, satellites, computers, and CATV appeared to need central coordination so that CATV systems might develop their potential in terms of "remote-access data processing and information based services," and conflicts between these developing systems and those of existing telecommunications companies could be "reconciled to the greatest advantage of the public." (20-21). Toward these ends, the DOC recommended the institution of a single regulatory agency to oversee development. In 1974, the CRTC published new "criteria" for determining cable rates (CRTC: Public Announcement, 18 September 1974). Among the criteria were "additions to or improvements in service" such as "new forms of local origination services... the improvement of technical quality beyond minimum requirements.... (and) the introduction of converter service." With these changes, it appeared that cable was being prepared to become more than a simple broadcast delivery vehicle. In 1975 the CRTC was assigned responsibility for telecommunications regulation, and in 1976 it took over the field. As is often noted, from this point on the Commission began to take a more "supervisory" role in regulation (1986 Task Force, 177). But

while this stance was generally dictated by an increasing regulatory burden, it also met with the larger concerns of the DOC.

As these events unfolded, pressures were building to expand the role of cable. In 1975, Time Inc. launched the first satellite to cable pay service in the U.S. -- Home Box Office (HBO) - a 24 hour subscription "movie" channel. A year later Ted Turner's WTBS (Atlanta) followed suit, offering cable companies a satellite delivered, advertising-sponsored, channel for ten cents per subscriber (Head et al, 1994:79). As well as capitalizing on the economies of scale that satellite broadcasting offered, these services began to issue cable operators and satellite companies economies of scope upon which they could capitalize their systems.

More importantly, these services ushered in a new era in commercial broadcast strategy (cf. Head et al, 1994:248-250). Services such as HBO eschewed the traditional commercial strategy of attempting to harness a large audience of diverse interests and began to seek audiences of "special interest." In this way these satellite broadcasters began the intensive capitalization of specific program genres or "categories," as well as introducing new types of programming. Following in the footsteps of HBO, Turner launched the Cable News Network (CNN). Music Video and all-sports satellite-to-cable networks quickly followed, as well as networks devoted to "cultural," "family," and "educational" programming. While most of these services were initially financed solely through subscriptions, many soon carried advertising too. And some, like the music video services, were essentially pure product advertising. Thus, the age of "narrowcasting" was born and consumers "varied interests" were supposedly directly catered to through a market mechanism. Later, as the technology improved, satellite broadcasters would begin directly targeting consumers with subscription "direct broadcast satellite" (DBS) services.

In the meantime, as these American networks went to air the broadcast footprints of the satellite systems that carried them bled into Canada, issuing a new threat to national broadcast markets.

Crisis and Change: 1980-1991

Through the late 1970's the economy continued to falter, and the DOC continued its efforts to jump start Canada's "information revolution" by stimulating prospective information industries. To fill the gap in domestic computer technology, research into "Telidon," an interactive videotex system was funded (cf. DOC, April 1973; Gillies, 1990). To spur the development of the cable system, increasing pressure was applied to the CRTC to introduce pay-television. However, the Commission was recalcitrant. While a series of hearings on the service were held through the decade, no public demand was found for the service and cable's propensity to fragment audiences was seen as a threat to the existing system (cf. CRTC, 1978).²⁸ In 1980 however, the situation shifted. Increasing "spill-over" from U.S. satellite broadcasters began to present an even greater threat to Canadian sovereignty in the broadcast system. Throughout the north, and increasingly in urban locations, Canadians were purchasing satellite dishes and directly receiving American broadcast signals (CRTC, 1980). In the same year, government reorganization shifted the Secretary of State's cultural responsibilities to the DOC.

With this reorganization, the regulator seems to have been brought to heel and the industrial imperatives so long simmering behind and around broadcasting policy quickly came to the fore. In April 1981, the CRTC issued a call for pay-tv license applications, and less than a year later a range of national and regional applicants were licensed (Raboy, 1990:276; cf.

Woodrow and Woodside, 1982). Shunting aside both the CBC and non-commercial proposals, all of the new licensees were firmly informed by the profit motive. Also in 1981, a consortium of private broadcasters (Cancom) were licensed to provide a satellite broadcast service to northern and underserved communities. Given the economic tenor of the times, and the fact that the CRTC had already noted in 1978 that only private capital appeared to have the "flexibility" required to meet with the rigours of introducing these services, the private-character of the licensees was no surprise (CRTC, 1978:40).²⁹ Given the traditional over-optimism by all parties for the Canadian system to sustain new services, neither was it a complete surprise that the new pay-tv licensees soon met with severe financial problems, particularly as the CRTC itself noted in 1978 that, due to the various risks involved, a "single national" pay-tv network offered "the maximum opportunity to generate and consolidate available resources" (CRTC, 1978:38). In the face of impending bankruptcies, the new pay-tv system quickly had to undergo re-organization, complete with rollbacks on Canadian content requirements. Similarly, with its largely "Canadian" program offerings Cancom experienced trouble attracting subscribers, so it too was granted an increase in its American program offerings.

With the introduction of these new cable services the channel capacity that had lay dormant for years finally began to be utilized. New levels or "tiers" of service were introduced, and each apportioned a consumer entry fee. Under such a strategy it was argued, audiences long held hostage by commercial program schedules designed to appeal to a range of tastes (but, in the process, appealing to none in particular) might be finally freed. It was to be the triumph of the market over the tyranny of technique as new technology finally "solved" the problems of centralized transmission and privatized reception. The possibilities seemed endless, as long as

people could, and would, pay. Several problems remained however: one was to provide the range of programming to make this choice possible; another was to attract Canadian audiences for the new products; and a third was to find private investment capital to support the project.

The "commercialization" of culture quickly proceeded on other fronts too. In 1979, the Consultative Committee on the Implications of Telecommunications for Canadian Sovereignty (Clyne Committee) wrestled with the problems of forging the diverse and fragmented interests of Canada's communication environment to the common purpose of forwarding economic growth. In 1980, a Federal Cultural Policy Review Committee (Applebaum-Hebert) was struck to "pick up the threads of cultural enquiry" where Massey-Levesque had left off (Applebaum-Hebert Report:5). However, while still decidedly liberal in focus, the enquiry bore little of the elitism of its predecessor. The Committee's 1982 Report unequivocally linked culture with economy and set the tone for the development of the new portfolio of "culture and communication." In 1983, the DOC published a series of papers that laid out broad plans for the growth of this policy field as well as details of how broadcasting in general, and the CBC in particular, fit into its larger industrial strategy. Taken together, these documents sketch the dimensions of an emerging strategy to situate Canada's culture and communication industries as part of a larger, transnational system of production.

The DOC's broad strategy was laid out in "Culture and Communication: Key elements in Canada's economic future" (DOC, November, 1983), a brief submitted to the Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Commission). The Macdonald Commission was the crucible within which Canada's industrial strategy to meet with the shifting political economic conditions was formed. The Report laid out two key directions for

policy development: "a free trade agreement with the United States" and a reliance on "market forces over state intervention as the appropriate means through which to generate incentives in the economy, from which growth will follow" (Canada, 1985:66). The DOC's submission illustrates that the Department was prepared to at least partially embrace these principles early in the process of policy development.

Within this document "culture" is clearly framed as an "industry" -- although it represents the field as comprised of two types of activity: "commercial" and "non-commercial." The brief also unequivocally links the development of both the cultural field and information technology with the de-industrialization of traditional manufacturing industries. It deploys a host of figures to illustrate the rising importance of culture and information industries in creating employment and contributing to Canada's GNP over the previous decade (29-37). In a shift from the optimism of the early 1970's, however, the brief goes on to note that because of the stilted character of Canadian capital and the R&D expenditures required to build a comprehensive information infrastructure, Canada could not hope to be a full competitor in the development of the technology (11-12). Hence, it was necessary to "rethink its approach to industrial support in this area" (13).

Consequently, the brief recommended that trade barriers should be forsworn so that Canada might have access to the "most advanced equipment in the world" and that industrial efforts should focus on deploying the domestic market as a set of "seedbeds" within which products might be developed that could then be exported to "niche" markets in the larger transnational marketplace -- in the case of telecommunications technologies, particularly for components in larger information and telecommunication systems (11-12).³⁰ Thus, the DOC set

out to position the fractured blocks of Canadian capital that formed the economy as specialized, yet flexible producers in the global market for information systems.

Within this new policy framework, broadcasting rode the division between the commercial and non-commercial elements of culture (DOC, November 1983:15). However, the new broadcasting policy that sprung out of the broader framework lent itself more to the commercial side (DOC, March, 1983).

After more than a decade of sitting on the cusp of industrial development, cable's position within the policy field was shifted to make it the "cornerstone" of a new system that would help "sweep Canada into the information age" (Babe, 1990:212). Key to this shift was the planned introduction of a range of new cable services that would provide the programming necessary to draw audiences into the system. Important to this project was a new pool of capital provided by the CFDC that would help "seed" program production - the Broadcast Development Fund. By increasing the range of choices within the Canadian system, especially through extended cable services, the strategy was envisioned as serving several purposes at once: i) it would head off the threat presented by a growing range of American satellite broadcasters by pulling Canadian viewers into the system and containing them there; ii) it would provide both a delivery vehicle and a catalyst for the wide range of programming and non-programming services that were heralded as "soon to be available" as the information revolution gripped the Canadian economy; iii) the new investment in plant required by cable companies and consumers would be a boon to Canada's nascent high technology industries (Babe, 1990:212). Meeting the emerging logic of the larger "information economy," much of this programming was to be offered on discretionary cable tiers and delivered on a pay or transactional basis. The traditional technological divide

between centralized transmission and privatized reception was set to the purpose of capitalization as the gap between production and consumption was itself closed through technological innovation (cf. Robins and Webster, 1988:55).

The CBC was also allotted a "key" position within this system (DOC, October 1983). In the new "multi-channel broadcasting environment... the Canadian broadcasting system as a whole, rather than the CBC, (would) provide a balanced and comprehensive programming service." The CBC was to provide a Canadian programming service that would "complement" that of the private sector and help spur program production. Toward this end, the Corporation's Canadian content targets were raised to 80% in peak viewing times, to be met over five years. Meeting with rising pressure from both independent producers and policy makers, the CBC was to contract 50% of its programming from private producers within five years -- excluding news, public affairs, and sports.

In the face of this new environment, the regulator would again fall back to a more "supervisory" role within the system, allowing private capital the flexibility necessary to establish itself within this new territory. Thus, plans for the Canadian road to the "information age" were laid. Cable would serve as a central rail in the new electronic system leading to the untapped Canadian information hinterland, and the broadcasting system would play a central role in capitalizing and building it.

Television as Cultural Industry

Although events rarely proceed as policy pronouncements predict, over the next decade

the system roughly developed along the lines laid out for it in the early 1980's. In combination with the federal government's larger policy shifts toward "free-trade" and closer adherence to market forces, by mid-decade the industrial imperatives that had been simmering in the fields of communication and culture since the late 1960's had risen to the foreground, where they were reflected in the policy directions taken by the DOC (cf. Comor, 1991). Still, as the development of the broadcasting system met with the intricacies of Canada's social geography, it took some interesting turns.³¹ In 1984, the CRTC began what would become an ongoing series of licensing hearings to add new pay and specialty services to the cable system. While in the first round only two Canadian offerings were licensed -- a sports network (TSN) and a music video service (MuchMusic) -- at the same time, cable companies were authorized to import a range of U.S. satellite services. The idea was that these American services would be "packaged" with Canadian offerings by cable companies to increase the attraction of pay-tv to Canadian audiences. Cable companies were given a relatively free hand to negotiate agreements with the new services and to arrange the content of these packages. By tying these new "Canadian" products to American programming, the regulator initiated a well rehearsed strategy for drawing Canadian audiences to Canadian television. Following a similar historical pattern, this strategy began to encourage Canadian programmers to mimic the American stations and, as similar Canadian services came available, the regulator replaced the American signals with the Canadian versions. Thus, just as in the 1870's the building of the CPR paralleled the American railway system, the new path to development once again followed the American model - the sure road to success.

It wasn't long, though, before trouble appeared again. Amidst charges of profiteering on

the part of the cable companies, pay-tv "penetration rates" were lower than anticipated. Consequently, as eleven new services came on stream in 1987, the sports and music services were lowered from the optional tier to the basic service. At the same time, a number of new services were added at this level, including a CBC English language all-news channel -- Newsworld. New financing arrangements were instituted too, with some of these "specialty" channels receiving a mandatory subscription fee levelled on cable subscribers. Again, a storm of protest ensued. In Anglophone Canada, Newsworld caused perhaps the greatest public debate in that in the face of an appeal from a defeated private applicant, Cabinet referred the licensing decision back to the CRTC. After a round of heated negotiations though, a deal was struck whereby the private sector was awarded some participation in the channel (Raboy, 1990:322-321).

On another front, the Broadcast Fund - later, renamed Telefilm - was immediately successful in stimulating independent production.³² It provided a new outlet for both film and television producers alike, as they geared their products for the opportunities the new broadcast environment offered. Still, the Fund was not well supported by "conventional" (over-the air) private broadcasters. Under the terms of the Fund, financing for up to 30% of the cost of projects might be arranged. But foreign programming still provided a much better return on investment. Consequently, like the 1960's, when they did participate in productions, conventional broadcasters were reluctant to contribute any more than the price of equivalent foreign programming. At this time, that "equivalent" appears to have been about 15 or 16% of the cost of these new Canadian productions -- the amount the broadcasters were willing to pay for Canadian "license fees" for these programs. Simultaneous program substitution complicated this scenario.

While it captured much needed revenue for the system, it ensured that the most lucrative elements of the program schedule were filled with American network programs. Until "Canadian" programs could yield the same revenue as these American programs, they would remain on the margins of this schedule (1986 Task Force:367; Ellis, 1992:167). To some degree, this problem continues to dog the Fund (Magder, 1996: 168). Although, as we shall see, by the mid-1990's a "solution" to this problem was beginning to develop. On the other hand, through the 1980's independent producers proved to be highly entrepreneurial. Set between public and private television broadcasters, and foreign -- often American -- markets, they began to cobble together complex licensing and co-production agreements. As technological developments gave rise to an increasing range of broadcast delivery vehicles in both domestic and foreign markets, the exploding market for broadcast content provided these producers with expanding opportunities to develop their financing talents (Ellis, 1992; Magder, 1996). In this atmosphere, deals might be arranged such that, in some cases, "a Canadian broadcaster may pay as little as 10% of the budget" for such programs, while as much as 50% might come from the American in the deal (Ellis, 1992:137).³³ By 1992, this flexible financing strategy was so successful that it was actually leading to a "glut" of "Canadian" programs on the market and driving license fees down (Ellis, 1992:136).

Under growing pressure to meet with the terms of this emerging transnational market, the trend to "deregulation" continued through the late 1980's -- at least for the profit-oriented broadcasters.³⁴ At the same time though, there was increasing pressure for new legislation to meet with shifting technological conditions (Rafoy, 1990: 279-334).³⁵ For the CBC the regulatory burden increased, as the Corporation was admonished to meet ever increasing levels

of Canadian content while its parliamentary appropriations continued to shrink. This made the Corporation more and more reliant on commercial revenues (cf. CRTC, Decision: 88-181, 30 March, 1988). As Salter (1988) illustrates, in this atmosphere, "public" broadcasting came to mean "access" broadcasting -- that is, broadcasting that catered to "special" interests that were not served by the increasingly transnational, commercial marketplace.

To meet with the growing set of social interests that were unable to find their voices represented in this burgeoning, commercial field the CRTC spawned a new set of policy fields in the late 1980's (Thomas, 1992). Building upon regulatory directions taken in the previous decade, the CRTC gave "official" policy recognition to "community," "multicultural," and "aboriginal" broadcasters. Yet, just as these diverse Canadian interests were finally offered official voices in the broadcasting arena, they too were subordinated to the larger commercial purposes of the system and, for the most part, they were forbidden to garner advertising revenue (CRTC, Public Notice 1985-139 & 1985-194; cf. Spiller and Smiley). Over the last decade, there has been some movement to allow these broadcasters more leeway in establishing financial bases for their operations. But, despite the fact that by mandate, many of these organizations, like the CBC, are directly focussed upon turning all of their revenue into "distinctive" Canadian programming, they remain handicapped by regulatory constraints on their commercial activities.

In summary, just as the Canadian state, in concert with private capital, discovered ways to adapt the Canadian telecommunications industry to the new transnational environment in the late 1970's and early 1980's, by the late 1980's it had hit upon a similar strategy for broadcasting. In encouraging a "monopoly" Canadian broadcast marketplace through the 1970's, the state established an economic base for developing broadcast products. As federal economic priorities

took new direction through the early 1980's, this market was deployed to develop and then springboard Canadian broadcast products into the transnational marketplace. Once again, -- and, again, apparently more by "default than design" -- state intervention worked to shape the industry to meet with the changing economic circumstances of the "new" economy. The strategy that developed was flexible, in that the broadcasting system offered a market within which a wide scope of products could be developed. Because it provided a range of products at a much lower cost than either of these producers could obtain in their own markets alone, the strategy also met with the accumulation concerns of both domestic and transnational producers alike. The problem was, and remains, that the new market has difficulty generating "distinctive" Canadian programming. Indeed, the price of market success is often the "cleansing," or removal of distinctively Canadian elements in the representations these products deploy (cf. Lorimer, 1996; Magder, 1993&1996). In turn, this direction of development has put increasing pressure on the CBC to offer a "distinctive" Canadian alternative to the growing range "transnational" Canadian broadcast products.

Yet, around the corporate core of this industry a wide range of smaller, generally marginally profitable, or even not-for-profit producers also took form. Cobbling together operating revenue from the web of direct and indirect support systems spun by different agencies and levels of government, such producers "explore the dramatic diversity of everyday life in Canada" (Magder, 1996:174). As Magder (1996:174) points out, "(i)t is pointless to enter into a debate about which face is more revealing or more authentic; each speaks to different dimensions of Canadian cultural life. It is, however, important that each face be given the opportunity to show itself." We will return to this problem.

The 1990's: Consumer driven TV and the Transactional Audience

After almost a decade of study and legislative wrangling, a new Broadcasting Act was passed in 1991 (Canada. Economic Status, 1991; cf. Communications Canada, 1988). The legislation provided much clearer description of the now multiple elements of the system, including "educational" and "alternative" broadcast services (Section 3). Among other changes were a new responsibility for all elements of the system to provide wide range of programming incorporating Canadian perspectives on the world (Section 3.1.d.ii) and the removal of the clause holding the CBC responsible for promoting "national unity." In place of this latter concern, the now "public service" was charged with delivering programming "essential to the maintenance and enhancement of national identity and cultural sovereignty" (section 3.1b, cf. Raboy, 1992). To avoid situations such as the conflict of purpose that had seemingly characterized the relationship between the government and the CRTC surrounding the introduction of pay-tv in the 1970's, the government provided itself with the power to "issue to the Commission directions of general applications on broad policy matters" (Section 7.1).

However, since the late 1980's, the continued fragmentation of broadcast markets has combined with the impending convergence of broadcast and telecommunications technologies to amplify the tension between industrial and cultural objectives within the system. Conventional "over-the air" broadcasters point to rising corporate debt and depleting revenues in a call for relaxation of their regulatory burden as pay-per-view, pay, and discretionary cable services attract increasing audience shares (DOC, 1991; CAB, 1991; Jeffries, 1996). Meanwhile, as the revenues of cable operators have surpassed those of other elements of the system, they continue

to look for ways to enhance their services, increase revenues, and head off the threats presented by increasingly popular transnational DBS services and a host of new transmission technologies (Pike, 1995; Attallah, 1996). As the direction of these developments has become increasingly difficult to control, the further play of market forces they have engendered has seemingly forced yet another a shift in regulation, and the CRTC has heralded the age of "consumer-driven TV," whereby it has increasingly eschewed comprehensive regulation (Pike, 1995:62-63; Jeffrey, 1996:250-253; cf. Rowland and Tracey, 1990).³⁶

In the interim, the structure of regulation had shifted to accommodate these changes. Following the CRTC's 1993 Structural Public Hearing, new "price-cap" regulation for cable operators was initiated to provide both financial incentives for upgrading their systems, as well as money for a new program production fund as this project met with fruition. In a similar move toward relaxing the regulatory environment, "in the 1994 license renewal decisions for local broadcasters, the CRTC offered private broadcasters a choice of regulatory mechanisms -- content quotas or proportion of program spending in specific target program areas" (Jeffries, 1996:250; cf. CRTC 1995-48). In concert with ever entrepreneurial independent producers, these regulations appear to have begun to address the problem of persuading private broadcasters to schedule "Canadian" programs in peak viewing hours. Through co-productions between American networks and Canadian broadcast companies arranged by these producers, programs, such as Global's "Traders," are now appearing on both U.S. and Canadian broadcast schedules at the same time. Such programs meet Canadian content regulations while, at the same time, they capture the benefits of simultaneous program substitution rules for Canadian broadcasters. Consequently, to some degree anyway, it would appear that Canadian and American program

markets have fully "converged."

Meanwhile, the CBC has had increasing difficulty finding a place within this emerging framework. With the changes introduced by the new Broadcasting Act, the Corporation's once singular responsibilities have, in theory, been reapportioned amongst the myriad new players in the system, cutting the Corporation loose to the ever fragmenting demands placed upon the system as a whole. A "repositioning" strategy floated in the early 1990's would have strengthened the Corporation's regional role (at the time, a noticeable "gap" in the system), as well as issuing some economies through centralization. But it was cut off at the knees by the CRTC's refusal to allow the Corporation to solicit "local" advertising for "regional" service and, by public outrage at the loss of local service (CRTC, Decision 1991:423; Raboy, 1996).

At the same time, government support for the Corporation has been in decline. As Audley, (1996:14) illustrates, in "constant" dollars, the CBC's parliamentary appropriations declined by 37.5% between 1984-85 and 1996-97 and, if planned cuts are implemented, by 1997-98 parliamentary support will be only 53% of what it was in the mid-1980's. Plans for implementing new sources of funding too have been set aside, such as the 1995 Mandate Review Committee's innovative suggestion for providing the Corporation with a stable and growing source of funding through a telecommunications levy. Meanwhile, the Corporation has continued its traditional course, apparently squeezing efficiencies wherever possible, as it continued to increase "distinctive" Canadian content in the wake of these cuts.³⁷ Similarly, the CBC continues to devote a much higher percentage of its income to program production than the private sector and, in the early 1990's anyway, it accounted for 42% of spending on Canadian programming while receiving only 20% of the system's total revenue (In Raboy, 1996:194-195). Moreover, the

CBC contributes 25% more to the production of Canadian programming than private broadcasters and it continues to attract a much higher percentage of its audience through Canadian programming (CBC, February, 1993:5; Jeffries, 1996:226-227).

For conventional private broadcasters, the fragmenting market appears to continue to undermine profitability. (Or, perhaps, shift the dimensions of profitable activity.) In February of 1997, Baton Broadcasting -- once the "flagship" of the CTV network and the epitome of profitability within the system -- announced extensive layoffs, ostensibly because the regulator's long-standing program of protecting the revenues of private broadcasters in local markets was no longer working (Globe and Mail, Feb 12 B2).

Similarly, policies designed to protect markets for Canada's "cultural industries" developed through the 1960's and 1970's, such as Bill C-58, have begun to encounter difficulties in a period of shifting technologies and ever falling trade barriers. While the Mulroney government trumpeted that "culture" was protected under the terms of the Canada-U.S. Free Trade Agreement in 1988, the protection granted has proven inadequate as new, overlapping trade agreements such as NAFTA and the GATT provide shifting ground for pressing grievances (Mosco, 1990). While, for the moment, broadcast regulation has generally escaped direct assault, with Canadian "protectionist" policies under attack by the American government across a range of fronts in the culture and telecommunications industries, it appears to be only a matter of time before this policy field too begins to meet the impact of further trade negotiations.³⁸

To some extent, however, the regulatory delineation of market boundaries and the subsequent allocation of resources within those boundaries that regulation provides is increasingly ineffectual anyway because, in the near future, technology may in fact prove to be

the "ultimate deregulator" (Ellis, 1992). In technological terms, the convergence of broadcasting and telecommunications is essentially complete. While there still may be a few technical problems in delivering high volume broadband signals across conventional telecommunications networks, video compression techniques are combining with system upgrading to quickly overcome such limitations. In the interim, Microsoft has introduced a new service - Microsoft Network - which offers a range of broadcast and non-broadcast products across the internet, including four video channels. Although it will probably be at least several years before this service offers any real competition to existing broadcasters, with both cable and telephone systems quickly moving to make consumer friendly internet access a priority, controlling audience behaviour in this environment will eventually be practically impossible. Moreover, DBS services are becoming increasingly sophisticated and difficult to subject to regulatory control while, at the same time, a range of new "wireless" broadband delivery vehicles inhabit the margins of the marketplace (Globe and Mail, October 30 1996 B1).

In today's world of broadcast communication, the traditional dimensions of time and space within which markets have been constructed have all but dissolved, as geographic, temporal, technical, and political constraints fall under pressures to capitalization.³⁹ However, just as larger shifts in the economy have put increasing reliance on market forces for allocating and producing social resources, in the broadcast realm, access to production and consumption are increasingly mediated by market forces. Quite apart from the host of other social concerns this trend issues, such as equity and privacy, in a field where both production and consumption are increasingly mediated by transnational relations of production (in the current environment, based upon "narrowcasting") the central question that has haunted broadcasting policy since its

inception remains. How might the broad set of diverse interests and practices that comprise Canadian culture at all of its local, regional, and national levels be represented in broadcast programming?⁴⁰ As the Canadian state continues to respond to the apparent economic imperatives of the "information millennium," this question is not easily answered (Davey Report, 1971:214).

Chapter VIII Endnotes

1. Streeter, (1986) argues that the discourse of "industrial transcendence" that emerged with cable technology during this period in the U.S. provided impetus to favored treatment by both regulators and investors, despite the fact that the state of development of both cable and adjunct industries provided little if any possibility of those visions coming to fruition. This argument is similar to the one presented in this thesis regarding the Canadian "discourse of nationalism." While I generally agree with Streeter's assessment of the cable discourse, he tends to overlook its relationship to the larger political and economic circumstances of the times. And, while in the early 1980's, it would have appeared that there was little possibility of actually fulfilling the circumstances the discourse posited, in the late 1990's the "dream" is now closer to fruition, although in a considerably changed set of social circumstances and with a new range of possible social impacts.

2. As early as 1945, both government studies and the popular press had held visions of satellites locked in geosynchronous orbit keeping a watchful eye on terrestrial activity while flooding the airwaves with broadcast messages (Babe, 1990:219-220; Barnouw, 1990: 311). The Soviets 1957 launch of Sputnik brought the U.S. face to face with the military implications of this technology and fuelled their ambitions for its rapid development. In 1962 the Communications Satellite Act set a legislative framework for forging a relationship between the state and private capital for satellite development. And, in 1963, a private company - COMSAT - was organized through this legislation to direct development and raise capital on the stock market. Half the stock of the this company was to be offered to the general public, the other half was held by six of the U.S.'s leading communications companies - AT&T, RCA, Western Union International, and International Telephone and Telegraph (IT&T) among them - and on the fifteen-person board of directors positions were designated for three people "to be chosen by the President, six by public shareholders, (and) six by the communications companies investing in COMSAT" (Barnouw, 1990:310). Thus, in an "arrangement reminiscent of the way RCA had been established in 1919," the American industry entered the satellite age (Barnouw, 1990:310). Satellites however, were only aspect of the technological vision that was beginning to grip both American industry and policymakers. Through the late 1960's a series of high profile studies began to promote a vision of new telecommunications systems that would "carry voice, computer and television signals all on the same wire" (Streeter, 1986:125). Linked through satellite ground stations, this system was envisioned as providing a strategic tool in both military and industrial development. By 1972, cable television technology, with its capacity to carry high volumes of broadband signals had become a strategic part of this vision and was receiving preferential treatment at the hands of the FCC, and by the mid-1970's satellite to cable television systems were operational in the U.S. - the first link in the new integrated information systems (Streeter, 1986:136-146).

3. Despite the larger move to build Canadian ownership, the gaps in Canadian industrial infrastructure soon signalled difficulties with this strategy as, in 1971, federal money was apportioned to "Spar Aerospace in Toronto and RCA's branchplant in Montreal" to seed the development of a commercial satellite industry (Babe, 1990:222). Thus this nationalist project was immediately inscribed in transnational relations of production. As well, of course, placing the satellites in orbit would also be dependent upon American technique.

4. As Babe (1996:295-298) illustrates, in part this problem resulted from the structure of Canadian industry itself. For instance, from the inception of Canada's satellite system, the telephone companies were suspicious of the ways in which it might work to replace the terrestrial systems they had in place and, thereby, undermine their revenue base. Thus, they were reluctant to participate in the deployment of the system and worked to force a regulatory regime upon the company through which its capacity remained underutilized. In the face of these efforts, the system remained mired in debt through the 1970's and early 1980's. Although the CRTC was able to force some change in the structure of the system's operations through the mid-1980's, in 1991 the federal government's divestment of its shares in the satellite agency resulted in even closer control by telephone interests.

5. See for instance the DOC's 1973 "Proposals for a Communications Policy for Canada" and "Computer/Communications Policy: A Position Statement by the Government of Canada," also the 1975 "Communications: Some Federal Proposals." Many of the contemporary issues raised by the large scale adoption of these technologies are to be found in these documents. For instance, just as contemporary private and public studies call for the necessity of producing greater "content" for the information "superhighway," so too questions of where the content for these new systems was to come from were increasingly raised. In Canada though, through the early 1970's questions of content were generally confined to the arena of emerging cultural policy, as "communications" policy was envisioned as largely industrial in nature.

6. The problems encountered by the federal government in both these areas are exemplified in the stream of policy documents and proposals issued by the DOC through the 1970's and early 1980's, as well as in a number of studies done during this period (DOC, 1971, March 1973, April 1973, 1975, 1979, 1980, 1983). As well, Raboy (1990:184-272) details the parameters of some of the struggles between the federal government and the provinces - particularly Quebec - in attempting to formulate such a comprehensive policy, and Babe (1990) illustrates some of the difficulties in attempting to elicit the cooperation of private capital in consolidating a productive infrastructure to undertake this larger task - particularly in the fields of telecommunications and satellite policy. Moreover, the Report of the Restrictive Trade Practices Commission Parts I & III (Supply and Services, 1981 & 1982) offers a detailed account of the stilted and self-interested structure of the Canadian telecommunications industry. Taken together these sources illustrate that the "rigidities" of Canada's political economic infrastructure issued practically insurmountable problems for developing a coordinated effort in meeting with the challenges faced by the larger shifts in the world's economy during this period and, in some ways, inevitably led to the further consolidation of Canadian and American telecommunications and broadcasting markets through the 1980's and 1990's.

7. Interestingly, through the 1960's, Canada was only one of a number of countries that set up specialized government departments for cultural policy (cf. UNESCO, 1969).

8. These measures touched upon a number of media industries and included a range of policy instruments. For instance, as we have seen, in the periodical industry the mid-1960's saw

amendments to the Income Tax Act and the Customs Tariff, as well as a slight adjustment to the postal subsidy (Litvak & Maule, 1974:64-78). (as we have seen, this legislation also guaranteed Canadian ownership in the newspaper industry.) In the film industry, the Canadian Film Development Corporation (CFDC) was established to provide capital "loans" to bolster feature film production, although the funding base was small and the legislation did not preclude funding co-productions with the American majors (Magder, 1993:121-132). And, as we shall see, in 1968, under Cabinet direction, the new regulator took steps to repatriate the ownership of broadcast outlets. Thus, as capital burgeoned in the wake of its postwar industrial successes, the federal government moved to provide political form to emerging relations of production across a range of media industries. To a large extent, these moves paralleled government actions in other areas of production, as it struggled to gain control over an increasingly fickle economy (Howlett and Ramesh, 1992: 203, 219-221, 248-252).

9. To some extent, the logic of these interventions followed on of what economists commonly call "import substitution," whereby domestic manufacturing industries are encouraged to develop behind protective tariffs or other barriers to market entry along lines similar to those foreign companies the barriers are designed to exclude (cf Howlett and Ramesh, 1992:248).

10. As we have seen, there were also attempts at such co-productions in broadcast production through the 1960's and early 1970's. However, not until the 1980's would the infrastructure be in place to support such efforts on any scale.

11. Other producers, such as those in the publishing sector, were less successful in this enterprise. But while there might be a tendency to view this failure in developing export markets for these products as a function of their "distinctive" Canadian focus, or some other qualitative feature, this is not necessarily the case (cf. Gliberman, 1983). Rather, access or distribution in such markets is generally controlled by large corporate entities whose economic interests lie in maximizing the return on the products they carry. Thus, as a number of writers illustrate, the key to the failure of these products to gain distribution in foreign markets may largely rest on the economics of distribution, rather than the qualitative features of the products themselves. (cf. Dubinsky, 1996; Lorimer, 1996; Straw, 1996).

12. In regulatory terms, the dilemma it presented was that, on one hand it displayed the characteristics of a "common carrier," replete with interactive or two-way communication capabilities and the capacity to carry a high volume of diverse signals; on the other, it was already deeply entrenched in the broadcasting realm. However, despite the fact that its common carrier characteristics lay generally untapped until the 1980's, in the face of the heated rhetoric that surrounded the technology, resolving this regulatory "dilemma" encountered ongoing problems (cf. Babe, 1990).

13. Streeter (1986) offers a good overview of the ways in which the emerging cable system was heralded as a panacea for almost all of North American society's ills through the late 1960's and 1970's.

14. As Babe (1990:209) states, "Inception of cable as a broadcasting-receiving undertaking in 1968 sent sparks flying: first, from traditional broadcasters threatened by increased competition, second from levels of government squabbling over jurisdiction, and finally from telephone companies eyeing cable as a latent competitor." For Quebec especially, cable appeared as a means of instituting its own, comprehensive "national" media system. Details of these disputes may be found in Babe, (1990:208-228) and Raboy (1990).

15. Raboy (1990:175-178) takes particular issue with the ways in which the "national unity" clause of this legislation focussed the CBC toward the national purposes of the state rather than the larger public interest and locates the impetus to this wording in the difficult political times that federalism faced during this period. However, to some extent, this perspective overlooks the larger historical role that the "national" broadcaster had, to this point, always played within the system. Indeed, as we have seen, the public element of the system was created to serve this "national purpose" in the first place.

16. For instance, see: Babe, 1979; Audley, 1983; Raboy, 1990; Collins, 1990; Ellis, 1992; Raboy, 1996; Jeffrey, 1996; Magder, 1996.

17. In this project, it deployed strategies similar to those that Mosco (19??) illustrates were deployed by the FCC in its efforts to simplify the increasing complexities of broadcast regulation as private capital took hold on in the system.

18. As Audley (1983), notes the weakness of the Canadian television advertising market as compared to the American market first noted in the 1960's continued to dog the system through the 1970's, issuing concern from both broadcasters and regulators alike.

19. Apart from the carriage of American stations and the commercial substitution policy, these "Canadian" cable regulations were very similar to those enacted by the FCC in American markets a few years earlier (Head et al, 1994:76). Thus, as the cable system was integrated into the broadcasting system, American technique was again adapted to Canadian purpose. And, just as in previous instances of such technology transfer, not only did the Canadian system follow the outline of the American system in both physical and regulatory outline, but as in both the radio and television systems before it, American programming ensured the adoption of this "Canadian" technology by Canadian audiences.

20. This move brought court action by American stations, but in 1977 the Supreme Court ruled that such regulations were within the Commission's jurisdiction (Babe, 1979:161-162).

21. Indeed, as the CBC set out to improve and extend its service to the north, the contradictions between the its nationalist project and the interests of the communities it set out to serve were thrown into sharp relief (cf. McNulty, 1985; Koeberling, 1988). Yet, in the face of these problems, the CBC was able to provide a unique venue for the representation of a range of Canadian perspectives that would have otherwise not found voice within the system and, in the process, helped set these interests on the path to developing their own media.

22. Here, it would appear, the CRTC did not adequately understand the CBC's programming strategy. Through the early 1970's, the CBC continued to deploy the principles of balance and audience flow to "combine popular imported programs, information programs, and programs of specialized appeal in a way that will maximize the audiences for each" (In Babe, 1979:107). As we have seen, to some extent, this practice was designed to develop a kind of mass "Canadian" audience, but it was undertaken with considerably different intention than the "flow" strategy practiced by the private broadcasters and American networks. At the opening of the hearings, the CBC representatives touted this strategy as increasingly important in the face of the further fragmentation of Canadian broadcast audiences that cable had issued (Raboy, 1990:229). No one seemed to agree. However, as we shall see, as this strategy was undermined by increasing Canadian content, the CBC's audience share fell precipitously.

23. The CBC had already made a concerted effort to undertake regional programming and steps to "Canadianize" the prime-time schedule were taken in 1968 (cf.; Babe, 1979:111). From the period 1969-1974, the CBC had shifted the programming mix within its prime time schedule from being predominantly American, to 72.1% Canadian in a "representative winter week" (Babe, 1979:108). The Corporation still refused advertising for news programs and voluntarily removed ads from children's programs. In 1967, it moved to take television to remote communities through its "Frontier Coverage Plan" and, in 1974, moved to speed up extension of service through its "Accelerated Coverage Plan." In 1973, the Corporation became Telesat's first broadcast customer and began to introduce "live" television to the North - pioneering the delivery of television via satellite. Moreover, as we have also seen, the CBC was keenly aware of its responsibilities to serve the diverse interests of Canadians and attempted to incorporate these interests into its programming through a variety of measures, including its preoccupation with meting the multi-faceted criteria of "balance" and a variety of audience research measures (MacKay, 1976; Eaman, 1994). Moreover, as McFadyen et al (1980) clearly illustrate, despite critics charges that CBC programming through the 1970's was "virtually indistinguishable from that of the private broadcasters.... CBC does, in line with its mandate, provide a better overall balance of programming and more diversity than the Canadian private networks or groupings" (261). Also, throughout this period the CBC also continued to spend a much higher percentage of income on program production than the private sector and continued to be Canada's largest "patron of the arts" (Babe, 1979:110).

24. In 1979 the CRTC issued its "Special Report on Broadcasting," reviewing the systems development over the previous decade. The report illustrated that in the face of increased program choice through this period, the CBC network's overall audience share for Canadian programming "declined from about 18 per cent to something slightly less than 13 per cent" (100). Thus, as Canadian content on the network went up, the overall audience for such programming decreased. Whether the loss of this audience was simply the result to increased fragmentation or other factors, such as changes in scheduling practices that fractured audience flow, is not clear. What the report does illustrate though, is that between 1967 and 1976, the overall audience share of Canadian english-language programming remained relatively steady at 29% (99). However, within this percentage, the viewing of news and information programming rose from 12.5-16.8%, with the gain largely shifting to private stations (100). Through these years, the private stations also

generally increased foreign programming in the peak viewing hours, drawing audiences away from the CBC network stations. Thus, as audiences migrated to the foreign programs on these stations, it would appear that they did indeed flow through to the private stations news programs. Similarly, although there is not enough information to support the assertion, it is possible that as the CBC broke up its balance of American and Canadian programming within its schedule, audiences migrated to the foreign programming offerings on the private and American stations, thereby decreasing the network's overall audience for Canadian programming - much as the Corporations executive feared such a move would. Indeed, the CAB itself would appear to have believed that scheduling had a strong impact on audience behaviour. As a CAB representative argued before the 1982 Federal Cultural Policy Review Committee, "Scheduling programs is a craft, not an objective. If private broadcasters obtain a greater or equal viewing share when compared to the CBC for their Canadian programs, what is the justification for requiring detailed regulatory involvement in a stations' scheduling policy?"

(Summary of Briefs and Hearings, 220).

25. It is interesting to note how just as the institution of an independent regulatory board served to shield the government from public criticism, so too the structure of regulation here deflected much of the criticism regarding both the broadcasting system at large and the CBC from the government itself toward the regulator.

26. While it is sometimes suggested that this problem could have been, or still be, avoided by "auctioning" licenses to the highest bidder and thereby supposedly capturing "all of the monopoly returns" from the license over and above a market determined rate of return, under the evolving circumstances of the Canadian system, this was not an effective solution. Under such an arrangement, the private sector would have been largely relieved its public responsibilities of carrying "Canadian" programming.

27. Thus, it would appear that to the degree the Commission is dependent on private capital to promote the growth of the system Mahon's (1980) characterization of the CRTC as a component of the capitalist "hegemonic apparatus" of the Canadian state is indeed correct. However, as we have seen the CRTC was also concerned that interests other than capital were represented within the system and took steps to ensure that they were. Thus, there would not appear to be a necessary correspondence between the actions of the Commission and the promotion of private capital. Rather, in combination with this "structural" constraint, the problem would seem to be more a combination of several social forces such as: i) varying degrees of access to the regulator by different social interests; ii) ideology, and a (generally) reigning perspective that private capital is the most efficient and effective way to promote economic growth.

28. This seeming intransigence on the part of the Commission was an ongoing source of irritation to the DOC and sparked a series of moves to have the Broadcasting Act revised to allow the government to issue broad directives in policy direction to the agency (cf. DOC, April, 1975; Federal Cultural Policy Review Committee Report, 1982). This dispute is yet another illustration of the difficulties encountered by the state in formulating a comprehensive communication policy

during this period.

29. Raboy (1990:277-279) note that given the history of difficulties involved in harnessing private capital to the public purposes of broadcasting, all the government and the regulator had to do to resist further adoption of the American television model was "say 'no'" to private capital and adopt one of the non commercial proposals. Moreover, he goes on to note that, "Incredibly, American style pay-television was adopted amid waves of rhetoric about serving Canadian national objectives" (279). However, as we have seen, in the face of the larger historical circumstances and "promise" of cable-tv, "saying no" was not an option as private capital was able to undertake a much greater range of offerings than either the CBC or a non-commercial service would have been able to. Similarly, such services would also have put competitive pressure on the licensees, slowing or even endangering their growth and threatening the DOC's larger industrial objectives for the system. Indeed, as we shall see, the following year the DOC publicly linked the growth of cable with such larger economic objectives. Moreover, the "nationalist rhetoric" surrounding the introduction of these services was not "incredible" at all. Rather, as we have seen, it was simply an extension of the larger logic that had informed the growth of the system since at least the early 1950's.

30. Looking back on Northern Telecom's success in developing digital switching equipment that it was later able to corner "world" markets for, the DOC's "Culture and Communications" put the advantage of "Canadian" monopoly ownership this way in 1983: "...in 1971 Northern Telecom decided to establish a separate R&D organization to develop new products, Bell Northern Research.... This was only possible, however, because of the... fact that they enjoyed unrestricted access to a captive monopoly market" (8). As the report goes on to note, with this "assured Canadian market," the company was able to sustain the costs of quickly developing a digital switch, which it was then able to sell in the United States. Based upon this export success, the company went on to become the "world's largest producer of fully digital switching systems" (8).

31. In the midst of these changes, a Task Force on Broadcasting Policy (Caplan-Sauvageau) was struck in May 1985 and mandated to investigate "the challenges and opportunities in the increasingly competitive broadcasting environment presented by ongoing technological developments." In 1986 the Task Force delivered a comprehensive and thoughtful overview of the broadcasting field, complete with a series of wide ranging recommendations for both restoring the CBC's profile within the system, as well as encouraging the production of "distinctive" Canadian programming. However, it too was hung between the benefits of commercial and non-commercial cultural enterprise and as these recommendations moved into the larger policy arena, pressures again pushed the more publicly minded benefits aside (cf. McNulty, 1988).

32. In 1984, the CRTC adopted the "point system" for calculating Canadian content deployed by the DOC's Canadian Film and Videotape Office facilitating the use of the fund for broadcast purposes (CRTC, Public Notice 28 April 1984). And, although the Fund was initially capitalized with only \$35 million in 1983, rising to \$60 million in 1988, because it was expected to assume no more than one-third of production costs it represented a reasonably large investment in production

(Magder, 1993:209). Moreover, as an "investor" Telefilm was expected to reap a "return" on the productions it enabled. However, like so many crown corporations before it, the CFDC has received only a small return on the investments it has made (cf. Magder, 1993).

33. As Magder (1996: 174) illustrates, at the core of this industry rests a handful "of financially successful production companies, more and more oriented to foreign markets."

34. As Mosco (1990b) argues, the term "deregulation" is often, at best, a misnomer for the ways in which the regulations surrounding the growth of capital in communication markets have shifted in recent years, and a better way of categorizing these shifts is as "reregulation."

35. As Raboy, (1990:312) notes, under increasing commercial pressure, both television and radio broadcasters were allowed to "self-regulate" in a number of areas, particularly advertising (Raboy, 1990:312). With this move, private capital was again given greater "flexibility," and the regulator relieved of some responsibilities in the ever more complicated environment.

36. In an almost comic caricature of this logic Keith Spicer, former Chair of the CRTC, spent some of his last days in Washington, D.C. promoting the introduction of the "V-Chip" into the American broadcast system. The device - a Canadian invention - allows consumers to program their television sets to block out offensive signals.

37. As the Report of the 1996 Mandate Review Committee (70-93) argues though, there may be some question as to exactly how "distinctive" the CBC's programming is at present compared to the private sector's offerings.

38. For instance, Canada is apparently the only holdout in changes under the GATT that now allow increased levels of foreign ownership in telecommunication industries (Globe and Mail, February 17 1997 B12), provisions under Bill C-58 that prevent "split-run" magazines in Canada have apparently been ruled illegal by the World Trade Organization, and there is increasing pressure to both cutback on "protectionist" measures in other fields as well as to encourage other cultural industries, such as magazines, to reach out to foreign markets (cf. Globe and Mail: Jan. 28 1997 A 12; Feb. 11 1997 A1). Moreover, as Mosco (1990:49) illustrates, while supporters of the Canada-U.S. free trade agreement argue that Article 2005 (1) exempts Canada's cultural industries from the provisions of the Agreement, Article 2005 (2) allows that "if one Party believes that the other is unfairly subsidizing an industry, including culture, it can retaliate by raising duties in some other area" -- thereby largely nullifying any "protection" the exemption might offer. These provisions were later incorporated in the North American Free Trade Agreement (Article 2106).

39. Indeed, capital has shown remarkable flexibility in its abilities to both create and inhabit broadcast space as the plethora of overlapping financing techniques generated by advertising, subscription fees, and pay-per-view illustrate.

40. For discussions of the issues of equity and privacy, see Mosco (1989) and Straatsma and Murray (1995).

Chapter IX

Summary and Conclusions

The critical political economy of communication offers a unique lens for illustrating how the historical development of mass communication systems are the product of a weave of political, economic, and social relationships. From this perspective, I have argued that broadcasting has assumed form and function as a "space-binding" technique in the context of industrial growth and political process. Crossing both geographic and social space, it is a key thread in the complex weave of industrial and social processes that form the fabric of life in the late twentieth century. Within this broad context, however, broadcasting has not been shaped simply by economic imperatives. Both its diffusion and the character of the relationships it entails have been the product of incessant social struggle -- a struggle fought at the intersection between the relations of production, the larger set of social values, interests, the material conditions within which those relations are constructed, and the character of the symbolic forms the productive system realizes.¹

As a system of governance set between the transnational elements of the American system and the diverse interests of the Canadian polity, the Canadian state has played a key role in mediating the terms of these struggles in Canada. The state not only provided the terms for the definition, allocation, and division of the social resources to constitute a national broadcast system, but it also constructed a distinctive social space within which new Canadian "domestic, urban, industrial, regional, and national patterns of social and spatial relationships" might take form (Berland, 1992:43). For the most part, the scale and complexity of these broadcast

relationships precludes their utility for constituting direct dialogic relationships between individual members of Canadian society (cf. Thompson, 1990:119-120). Still, as a means for producing and disseminating symbolic forms at the national, regional, and/or local levels, broadcast technique holds potential for creating ways of both seeing and imagining Canadian social life.

"Canadian" Broadcasting

At one level, to draw a clear division between the "American" and "Canadian" broadcast systems is to create a false distinction. From the inception of broadcasting in Canada, not only has the form and function of the Canadian system been defined and animated by the presence of American capital and technique in adjunct Canadian industries, but domestic development has also leaned heavily on American broadcast technology and programming. The import of American technique and capital has not only given form to much of Canadian industry in general, it has also provided the basis for Canada's broadcasting system.

In the face of stilted industrial growth and foreign broadcast incursions, the Canadian state has attempted nonetheless to construct a distinctive broadcasting system through regulation. This process has had several broad dimensions: i) a discourse of nationalism that has defined Canadian geographic territory as the realm of a separate "broadcasting system;" ii) regulatory intervention that has attempted to shield this system from market forces and foreign broadcast incursions; iii) the growth of productive units financed by public funds and private capital that have been charged with producing and distributing broadcast programming and, to a degree,

broadcast advertising. A summary of the ways in which these different elements of the system have worked together to construct a distinctive Canadian system is offered below.

Through a discourse of nationalism broadcast relationships were represented as an extension of the Canadian state. Framed, motivated, and defended through this discourse, the practice of broadcasting was partially separated from larger market forces and a Canadian broadcasting system took form. Within this system, the nationalist discourse has seemingly foregrounded one singular historical goal -- the production and distribution of programming that provides Canadian perspectives on the world through the representation of Canadian issues, concerns, and ways of life. While, over time, many of the disparate interests that constitute the Canadian polity have sought to impose their own interpretations of "Canadianness" on the symbolic character of broadcast products, this larger goal has remained relatively constant. Still, while this cloak of nationalist purpose has provided broad form and focus to the project of regulation through shifting social conditions, under its cover regulation has drawn from a tradition of its own -- one that has been focussed on the development of a national economy (or productive activities) based upon the growth of private capital in Canada (later, Canadian private capital).²

The structures of both the regulatory board and the crown corporation reflect this fact. The CRTC is broadly structured to "plan, police, and promote" the growth of a system where productive units are assumed to have their own means of revenue production. The Commission has no direct access to investment capital and must necessarily focus on creating the conditions necessary to accomplish any larger public purposes it pursues. Similarly crown corporations, such as the CBC and Telefilm -- although very different in structure and purpose -- have been

expressly created to undertake productive activities that, at the time, were by their very nature "uneconomical" in respect to producing a privately appropriated surplus. Limited in their access to investment capital, these government-owned corporations have forged alliances with private capital to accomplish their purposes. But, while Telefilm was expressly created for promoting such alliances, the CBC was not. When the CBC did create alliances that appeared commensurate with the national purposes of the system, it began to indirectly promote and subsidize the growth of private capital. As this process of development met with the "rigidities" of the Canadian broadcast market, the public element of the system pursued one goal and private capital another. Thus, in the context of the broadcasting system the discourse of nationalism gave rise to "conditions that it failed to describe" and, through time, the system was divided in purpose.

Public and Private Purpose

Equipped with an "implicit" mandate to produce programs and extend service at the national level both the CRBC and the CBC acted as development vehicles, generating and focussing revenue to aspects of the system that the private sector was loathe to approach. Meanwhile, at the "local" level, the private sector too followed an implicit mandate -- the production of private profit. In meeting their purposes, both the public and private sectors have leaned heavily upon foreign programming. Although American programming has often been cast as a pariah within the Canadian system, without this ready supply of cheap, popular programming the economics of both the radio and television systems would have been

considerably different -- particularly if American broadcast signals were still readily available in Canada. But the two elements of the system have deployed this programming in very different ways. The public broadcaster has scheduled foreign programs to attract audiences for Canadian programs and supplement its income -- income which was directly set to the "national" purposes of the system. On the other hand, private profit-oriented broadcasters have deployed foreign programming instrumentally, to further their own interests. In turn, because most programs produced for Canadian markets alone yield a much smaller commercial return on investment than foreign programs, private broadcasters have generally shunned investing in program production in favour of investments with greater return. These facts have been the central limiting features of Canada's broadcast marketplace.

At the outset of regulation, the poor capitalization of both the public and private broadcasters limited their reach. Keeping the local, private broadcasters "in business" -- and having them distribute programming -- was seen as necessary to the broad public purpose of constructing the local dimension of a "national" broadcasting system.³ At the same time, the rigidities imposed upon private broadcasters by the small Canadian market, already flooded by foreign programming, made profitable program production almost impossible. To bolster this difficult position, the revenues of the private sector were also sheltered from the broad play of market forces. Working together, the public and private elements constituted a national system. But, by strengthening the position of the private sector, the public broadcaster began to undermine its own position within that system.

As private capital grew, and further opportunities for profitable investment were identified, the private sector began to issue demands for turning the apparent resources of the

system (eg. audiences, the radio spectrum and, later, broadcast "channels") to profitable enterprise. Because these plans generally involved further import of foreign programs they were at first refused. But, Canadian private broadcasters were not the only interests keen on exploiting the broadcast market: American broadcasters continued to capture a large share of Canadian audiences; the advertising industry sought broadcast markets which, in turn, were seen as important for Canadian-based manufacturing interests; and the largely branchplant electronics industry sought to increase the market for broadcast products too. As these industrial pressures converged with regulatory interests in keeping Canadian audiences available to Canadian broadcast outlets, pressures mounted to expand the system.

Limited in its abilities to generate investment capital, the CBC was not well positioned to undertake this expansion. In the absence of some form of cross-subsidy, the key to generating investment capital within the system was the importation of foreign programming. But such growth was in some ways antithetical to the very purposes of the public broadcaster. Moreover, because program sponsorship, and later advertising, were viewed with disdain by interests close to the public broadcaster, these mechanisms for generating capital were also limited. In the absence of ever escalating public subsidy, expansion of the system ultimately fell to private capital and was undertaken through commercial means.

As new technologies and further capital development created increasing demands upon the system, an independent regulatory board was instituted. Faced with a variety of pressures both external and internal to the system, first the BBG, and later the CRTC, adjudicated further expansion of the broadcasting field. In this process, private capital continued to present the most logical vehicle for expansion. Not only was the perennially underfunded and legislatively

constrained CBC without ready investment capital, but dominant, liberal economic assumptions concerning the "benefits" of competition, the "flexibility" of private capital, and the "risk" of investment also held sway over these decisions. Moreover, investment in the broadcasting field has often been risky. With the introduction of both new services and new broadcast technologies many private entrepreneurs suffered heavy losses, despite comprehensive regulation. While critics have often pointed to the "excessive" profits of private broadcasters, claiming that these were the product of "favouritism" on the part of the regulator, from a market perspective, unless private operators were in a position to generate a large surplus from their operations they could not be expected to undertake further responsibilities in the system. Harnessing that surplus to the broad public purposes of the system has proven another matter.

As the presence of private capital increased within the system its growth was not limited to new areas of broadcasting service. Rather, in pursuit of profits, private broadcasters also sought to separate the CBC from its audiences and advertisers. New licensees flooded the system with foreign programming and some of the CBC's affiliates sought more lucrative markets through private affiliation or as independents. Consequently, not only were the CBC's revenues undermined but, focussed by mandate, the Corporation also took up increasing programming and distributional responsibilities at the "regional" and "local" levels.

The profit-motivated expansion of the broadcasting system did not simply pressure the CBC to produce and distribute more programming. As the private broadcasters became increasingly focussed on the bottom line, non-commercially rational interests put increasing pressure on the CBC to provide a range of services at the national, regional, and local levels that the private sector seemingly "could not." The profit motivated behaviour of private broadcasters

also fuelled arguments that "commercial imperatives" were necessarily antithetical to the purposes of public broadcasting. As private capital and foreign programming came to occupy an increasing portion of the system, pressures mounted on both the CBC and the regulator to provide largely "non-commercial" avenues for the representation of interests that were not accommodated by the "private" elements (cf. Salter, 1981:196-197). Focussed by mandate, and prodded by the exigencies of profit-motivated expansion, the CBC was literally both "pulled" and "pushed" toward the commercial margins of the system.

Over the last several decades, these pressures had two impacts on the structure of the system: i) the CBC has continued to focus on the commercial margins, increasing Canadian content and attempting to accommodate a range of "minority" interests in the face of shrinking markets and revenue; and ii) a new range of broadcasting categories and policies have been created to serve "community," "multilingual," "aboriginal, and "alternative" interests (cf. Canada, 1988; Salter, 1988; Raboy, 1996). But in the face of the larger imperatives that have confronted the Canadian economy over the last fifteen years, neither the CBC nor these new policy areas have been well supported. Rather, because these productive forms have been largely defined as not-for-profit, their access to the central mechanisms of revenue production -- foreign programming and advertising -- have been limited, leaving them to vie for public subsidy and/or favor in an uncertain economic climate.

Shrinking support for the CBC in particular appears to be the product of a number of inter-related circumstances: i) the fading currency of elite definitions of culture that drew a clear division between culture and commerce; ii) the broad crisis in public funding precipitated by shifts in the larger economy; iii) a general, increasing reliance on market mechanisms for the

allocation, production, and distribution of social resources and products; and iv) an increasing volume of privately produced programming and privately-owned delivery vehicles in the broadcasting system that are displacing the perceived need for public broadcasting. In the face of these changes, the complex coalition of forces that has sustained public broadcasting in Canada has broken down. Under the reign of industrial imperatives the system continues to expand with a flood of private capital, while funding cutbacks continue to marginalize the CBC's presence and constrain the growth of kinds of not for private profit productive units.

The Consequences For Symbolic Production

Historically, the problem of harnessing the surplus generated by private profit-oriented broadcasters to the larger public purposes of broadcasting and the broad representation of Canadian life has had several dimensions.

First, private broadcast properties are purposefully constituted to issue benefits to their owners or shareholders -- not the public in general. Although these broadcasters make their living through access to "public resources," their operations remain private property, as are the profits they generate. While the state may impose conditions on the way this property is deployed in relation to the public resource, issuing direct control over its allocation, organization, and disposition presents complex legal and political problems. Unless the state is willing to directly intervene in the ways in which the assets of these organizations are organized internally - - at which time they would by definition cease to be private -- then regulation will be necessarily limited in scope.

Second, for a variety of reasons -- including the relative size of the Canadian market, direct competition from American broadcasters, and the production strategies deployed by American producers -- the construction of Canadian audiences through distinctive Canadian programs has generally been a much more expensive proposition than constructing similar size audiences through American programs. Consequently, in the face of scarce Canadian investment capital, both public and private broadcasters have employed U.S. programming to generate revenue.

Third, because the production of investment capital has been predicated upon imported programming, regulation has traditionally been focussed toward encouraging or coercing broadcasters to cross-subsidize the production (and distribution) of Canadian programs with the profits generated by foreign programming. Because the rate of return on such Canadian programs is generally less than the return on American programs -- if indeed they yield any return at all -- private profit-oriented broadcasters have been reluctant to make such investments. Not only do distinctive Canadian programs generally require substantially greater investment than imported programming, but unless they can generate a greater surplus than the foreign programs they replace in the program schedule they directly undermine broadcasters' principal source of income. As competition for audiences and advertising becomes greater, so do these pressures. (On the other hand, focussed by "mandate," the public broadcaster has voluntarily "reinvested" its surplus in in the production process and "distinctive" Canadian programming.)

Together, these circumstances have yielded an almost impossible situation for regulation -- one in which private capital is necessarily encouraged to avoid meeting the state's larger historical objectives for the system. Of course, this does not mean that some producers and/or

broadcasters will not attempt to produce distinctive Canadian programs despite these problems -- some do. Neither do these conditions dictate that profitable, maybe even very profitable, distinctively Canadian programs cannot be produced -- some are. However, for the purposes of private capital, under these circumstances such programs will generally be marginal to foreign products in their broadcast schedules.⁴ Generally, it would appear the recent regulatory initiatives do little to undermine this larger logic of broadcast production (CRTC, 1997).

Recently, independent producers, and even some private broadcasters, have been remarkably successful in cracking these traditional rigidities of the system and creating a new economics of program production. Still, to improve the currency of these programs in foreign, mainly American, markets these producers purposefully construct their programs to look like U.S. programs and often reflect identifiably "American," political, economic, and social sensibilities (eg. "Due South," "Traders," "The Adventures of Sinbad"). The development of these transnational productive relationships has begun to create the conditions whereby these kinds of "Canadian" programs may come to replace "American" programs in Canadian "prime-time" markets. But the problem of producing and distributing distinctively Canadian programming remains. Moreover, because the foreign broadcast rights to these programs in major markets are often held by foreign "co-producers" and distributors, the revenue they generate in foreign markets is largely outside the reach of Canadian companies.

So called "narrowcast" programming offered by specialty services offers little relief from this economic conundrum. Like their conventional counterparts, the economics of production underlying Canadian specialty networks are generally the same as their conventional counterparts. This is precisely why the regulator's strategy of "import substitution" in Canadian

pay and subscription television markets has been relatively successful. Still, under the private profit motive, there is little chance that any volume of distinctively Canadian programs will develop in these markets in the immediate future either. Moreover, the transactional nature of many of these services mitigates against their wide distribution to the Canadian public anyway -- raising yet another problem for the "public" purposes of broadcasting.

Based upon these observations of historical patterns, pressures, and limits, it is clear that within the Canadian broadcasting system "different methods of financing and organizing cultural production" have indeed had "traceable consequences for the range of discourses and representations" within the system (Golding and Murdock, 1991:15). More importantly however, it is also clear that within this system the means of financing broadcast production is not as important a determinant on whether or not broadcast programming "reflects Canadian attitudes, opinions, ideas, (etc.)" as is the explicit or implicit "mandate" of the broadcast organization. For those organizations focussed toward creating a privately appropriated "profit" from their operations and/or improving private shareholder value, the general impetus is to undertake activities that yield as large a profit as possible. Whether the patterns of distribution and program production used by private broadcasters contribute to the representation and circulation of "Canadian" perspectives is almost necessarily subordinate to this larger purpose.

However, for the CBC, an organization with a clear mandate to produce and distribute programming that incorporates particular perspectives on a "not for private profit" basis, all of the resources of the organization are in, large measure, focussed to these purposes. Not only is a larger portion of revenue devoted to programming, but the programs themselves more clearly reflect Canadian perspectives on the world even though they may be directly financed through

advertising, or cross-subsidized through the import of foreign programming. Indeed, as we have seen, while the private sector's deployment of advertising as the primary vehicle for revenue generation has led directly to importing programming, for the CBC; the revenue yielded by advertising has always been secondary to creating distinctive Canadian programming as well as a wide range of professional standards.

What is to be Done?

With the convergence of telecommunications technologies the broadcasting system is now perhaps more than ever a key site for the development of Canadian capital and Canadian industrial technique in a transnational broadcast marketplace. Still, despite the larger transnational pressures at play upon regulation, the government appears loathe to relinquish many aspects of its control, particularly with respect to the ownership of the organizations involved in production and distribution. But as industrial imperatives capture the agenda of broadcasting policy, and the system moves to a "consumer driven," transactional model of development, the broad representation and circulation of the milieu of interests and perspectives that comprise the Canadian state and its publics are being increasingly subordinated to market forces. At the level of production, "consumer choice" in the broadcast field is being determined by the economics of transnational production. At another level, "access" to the system is increasingly regulated by the ability to pay. In this environment the need for developing and widely distributing symbolic forms that represent "distinctively" Canadian perspectives on the world has never been greater.

In this new climate, neither heavy handed forms of intervention nor private capital appear adequate to meet the challenges of providing a wide range of distinctive Canadian programming. Rather, given the logic that has driven development historically, the most appropriate vehicles for accomplishing this end appear to be publicly mandated, not-for-private-profit broadcasters, such as the CBC. But, at present, prescriptions for action are as always divided and, heaped with responsibilities it cannot possibly afford to meet, the CBC is now quickly sliding into obscurity.

A Controversial Proposal

For the most part, the problems facing the public sector continue to be cast as revenue problems.⁵ To meet with these problems, recent studies have suggested a number of ways the CBC might reduce costs and increase "self-generated" revenue (Standing Committee on Canadian Heritage, 1995; Dept. of Heritage, 1996). At the same time, these studies also argue that some larger, "stable" form of public subsidy is still necessary for the Corporation to meet with the bulk of its responsibilities. As we have seen, however, not only has "stable" funding proved elusive historically, but if the CBC is to maintain its position within the system, it requires revenue generating mechanisms that will allow the Corporation to keep pace with the system's growth. Otherwise, as the system continues to expand, the CBC's services will continue be relegated to the far margins of the commercial system, where both locating its signal and legitimating its presence will be increasingly difficult.

Despite the fact that practically all commentators call for radical measures to save or change the CBC, none fully consider the possibility of the Corporation exploiting the sources of

revenue that have propelled the growth of the private sector. Foreign programming, advertising revenue, and, more recently, subscription revenue, are the mechanisms upon which the private elements of the Canadian system have been largely built. The seeming rejection of these revenue options is somewhat ironic as, as we have seen, the CBC is the largest, and only "national" broadcast vehicle capable of turning these mechanisms directly to the public purposes of the system. Consequently, perhaps it is time to "untie" the hands of the CBC and allow the Corporation full play of these revenue opportunities.

The CBC has never placed the profit-motive ahead of its public responsibilities. Indeed, how could it? As Leonard Brockington pointed out in 1939, there is no place for "profits" from the CBC's services to go except back into its own activities. (Unless the federal government were to appropriate the "surplus.") Similarly, the CBC's mandate has directed it focus on producing and/or distributing a range of distinctively Canadian programming -- not programs specifically tailored for export markets. (Although co-productions with private profit-motivated independent producers seeking such markets may have a tendency to pull it in this direction.) Of course, these "propensities" do not mean that "commercial imperatives" do not have an impact on the CBC's activities, nor that the Corporation might meet all of its interests directly through commercial means. However, the degree to which commercial revenue might positively contribute to the purposes of public broadcasting has never been fully explored. Shed of the web of largely elitist disdain for commercial revenue that surrounds the CBC, and setting aside for the moment the obvious objections of the private sector, there are few impediments to more closely articulating the CBC with market forces.

This is not to say that the CBC could or should fill its schedules with imported

programming. Nor can the Corporation simply directly "charge" its audiences for the services it provides. Still, in the multi-channel environment, there is certainly enough channel capacity to allow the public broadcaster access to more than one channel for distributing its "basic" television service. Theoretically, such accommodation could be made a condition of license. As the CBC itself argued in the late 1970's, employed as a distribution system this "network" would not require any further production facilities and would be relatively inexpensive to implement. Thus equipped, the Corporation could produce a balanced schedule of foreign and distinctively Canadian programs, with the foreign programs specifically deployed to maximize revenue and audience flow to Canadian programs. A new channel would also alleviate current scheduling problems, such as those encountered in sports programming, and allow the Corporation a ready vehicle for rebroadcasting many of its popular programs as well as Canadian films. Similarly, by effectively doubling broadcast time, and dramatically increasing revenue, more resources would be available to meet with all of the responsibilities the CBC admits to but is now unable to accommodate. As well, these new resources would allow more flexibility in constructing co-productions or even simply affording subsidized broadcast time to the interests that have been envisioned as benefitting from the proposed "alternative" service. Harnessing the CBC's expertise to instituting such a service is probably both more practical and more economically efficient than expecting institutions with no broadcast experience to undertake it themselves. Moreover, new advertising income could be supplemented with small subscription fees levied upon emerging distribution systems. DBS revenues from American markets are already being touted as a possibly huge source of income for the CBC (Attalah, 1996:273).

In the broadcasting system today only the CBC is positioned to pursue the broad task of

developing a "wide range of programming that informs, enlightens and entertains Canadians." Its broad national focus makes it unique among existing broadcast organizations. The CBC has always struggled to realize some form of "national interest" against the backdrop of political ferment that characterizes the Canadian federation. The Corporation has largely acted "responsibly" in the past of its own accord, such as in the institution of its commercial acceptance policy and the withdrawal of advertising from children's programming. Where the Corporation has suffered criticism it has generally voluntarily issued reforms, such as in the areas of sex role stereotyping, minority representation, and media accountability. Indeed, the CBC has generally set industry standards in practically all aspects of broadcast practice. There is no evidence to suggest that it would not do so under a more commercially-oriented regime. Moreover, given the range of contradictions that have confronted it, the CBC has done a somewhat remarkable job of weaving together local, regional and national dimensions of the system it realizes. While there are some glaring gaps in the CBC's programming services, in large measure these are the product of funding problems, not efforts to defy or subvert the terms of regulation (cf. Dept. of Heritage, 1996:73-98). The historical record illustrates that the CBC has earned the right to manage its own affairs and should be accorded the right of full access to the benefits of the system.

While the CBC's "national" perspective has sometimes drawn the ire of those who didn't see this point of view as commensurate with their own, it is a "national" institution -- broadly mandated to deliver a national service (cf. Salter, 1981:194-206). As a "national public broadcaster," the programming the CBC produces should be focussed to cross the social and geographical divisions between the diverse interests that comprise the Canadian public, not

exacerbate or accentuate these divisions. As we have seen though, prodded by regulators and critics to provide services the private sector seemingly cannot, the CBC has often failed to serve the interest that it was created to meet -- that of a broadly defined Canadian public.

Consequently, it might be argued that in terms of the Broadcasting Act, the largest "underserved" audience in Canada by way of distinctively Canadian programming is in fact the "national" audience.

As is now well recognized among communication scholars and researchers, "popular" programming does not necessarily pander to the "lowest common denominator." Rather, it is programming that large groups of people with diverse tastes and interests watch. Historically, "distinctively Canadian" programming of this type has been relatively scarce in Anglophone Canada at the "national" level. Rather, national audiences for English language programming have been fractured between "popular" foreign programming and the diverse interests of a fragmented Canadian public (cf. Whitson and Gruneau, 1997:362). If, as the 1991 Broadcasting Act [Section 3 (l&m)] stipulates, the CBC can produce and distribute a "wide range of predominantly and distinctively Canadian programming that informs, enlightens, and entertains" while, at the same time, reflecting "Canada and its regions to national and regional audiences" and actively contributing to the "flow and exchange of cultural expression," why shouldn't this programming be "popular" and the audiences it attracts sold to advertisers? Similarly, why shouldn't the CBC, and maybe other not for private profit public broadcasters as well, deploy some measure of foreign programming to this purpose? While providing clear answers to these questions requires further study and research, alternatives to the traditional pattern of broadcast programming have been suggested. Eaman (1994) offers a number of suggestions for

constructing popular, national "distinctively Canadian" programming. As we have seen, in the early 1990's the CBC itself developed a plan that attempted to construct a blend of national and regional perspectives delivered at the local level. From this perspective, arguments that the CBC -- the only conventional broadcast organization that even attempts to schedule "distinctive" Canadian programming in prime time -- is simply a "mass audience" vehicle or that it is too commercial make little sense.

Since its inception the CBC has worked to cross-subsidize the representation of interests that are marginalized within the private element of the system. However, under the terms of its present mandate, if the CBC were to assume a more "popular" posture, some types of programming -- such as those holding particularly "local" interest and "high" arts programming - - would probably be seen as under-represented in its program schedules. As we have seen though, the 1991 Broadcasting Act provides for a wide range of broadcast vehicles where such interests might be met. The major obstacle to instituting and/or operating these "units of production" is funding. Based upon the analysis presented here, as long as the focus of such organizations is the production of distinctively Canadian programming that meets with the terms of their mandates, and they are operated as "not for private profit" vehicles, there is little reason why this range of "public" broadcast vehicles too should not be given the same degree of freedom enjoyed by private profit-oriented broadcasters to exploit various sources of commercial revenue, as well as employ a measure of imported program to generate further revenue. Although start-up funds are generally scarce for such organizations, providing them with charity status for tax purposes, or perhaps issuing tax credits for donations slated for this purpose would help build needed "seed" capital. Moreover, by developing cooperative relationships between different not

for private profit broadcast organizations -- such as "community," "provincial" and/or "educational," "alternative," and "national" public broadcasters -- some economies of scale might be constructed. Similarly, to the degree that these broadly defined "public broadcasters" might become self-financing, existing funds could be deployed to increase the diversity of perspectives available within the system.

Further Research

As we have seen, the primary purpose of private broadcasters is to produce profits; the primary purpose of the CBC is to produce (and distribute) programming. Consequently, perhaps the only way to ensure the production and distribution of distinctively Canadian programming within the Canadian broadcasting system is to allow the CBC, and perhaps other public broadcasters too, full play of the commercial forces that underlie the system.

Given a judicious shift in the relations of production, "distinctive" Canadian programming may not need to be defined as a "public good" -- as it is now often characterized by critics who base their analyses on liberal economic theories (cf. Globerman, 1983; Hoskins and McFadyen, 1996). In other words, if what, in marxist terms, is referred to as the "surplus value" generated from the market relationships that underlie the production and exchange of broadcast programming and related broadcast products, was directly returned to the production and distribution of distinctively Canadian programs -- rather than being redistributed to private shareholders and/or reinvested to maximize the yield of further private profit -- then perhaps "public broadcasting" could become self-financing. However, because imported programming,

advertising revenue, and "profit-making" in general, have been viewed as largely antithetical to the purposes of public broadcasting, recommendations to this effect are bound to be met with skepticism -- at best. Consequently, further research is needed to demonstrate the efficacy of turning the "profits" from commercial sources of income to the purposes of public broadcasting. Such a program would need several dimensions.

First, while it appears that the CBC is generally able to turn a higher percentage of revenue to the creation of jobs, opportunities for Canadian "talent," producing distinctively Canadian programming, forwarding relatively "critical" social perspectives, extending broadcast services, and even technical research and development, exactly how much more "efficient" the Corporation is in this regard is not known (cf. Keast and Twomey, 1986). At the moment the CBC's internal accounting practices do not appear to provide clear illustration of the costs (or "benefits") of the various services it delivers. While, to some extent, this problem is rooted in the complexities of intra-organizational cross-subsidies which make internal cost-accounting procedures difficult, the formulation and public disclosure of this information would provide firm ground for both capitalizing on the "efficiencies" of the organization as well as forestalling critics, particularly those that champion "privatizing" the Corporation and turning the broadcasting system in general over to the private-profit motive.⁶

Without the benefit of a "bottom-line" profit by which to measure their efficiencies, similar problems haunt other not-for-profit broadcasters. However, perhaps through sharing cost accounting techniques, and/or working together to develop such techniques, public broadcasters might develop "industry standards" against which the "economic efficiencies" of different production and distribution practices might be measured. Similarly, by developing such cost-

accounting techniques, a clearer vision of the organizational dimensions of the productive relationships deployed in these organizations would come into focus. The elaboration of such "organizational schematae" would help enable co-operative arrangements between these broadcast organizations. Furthermore, the development of such procedures and standards might provide mechanisms for judging the "performance" of the CBC and other types of public broadcasters, thereby helping address the thorny issue of accountability (cf. Dept. of Heritage, 1996:105-112).

Second, to carry out the larger campaign, more information is needed regarding just how much more "distinctively" Canadian the CBC's programs are than the private sectors. This is a daunting task. To avoid the problems inherent in current content regulations, analysis would have to include a range of aesthetic and cultural considerations that almost defy measurement. Moreover, the shifting regional and fragmented cultural flavours of the country make developing objective standards in this regard practically impossible. To overcome these problems, one might study how the CBC has historically dealt with them. Similarly, comparing the program offerings of the CBC and the private sector in terms of Canadian content across program categories might also yield clues for constructing such measurements. In any event, building an argument for the continued support of the CBC would appear to hinge upon establishing its "distinctiveness."⁷

A third avenue of research would attempt to clearly delineate the kinds of impacts that increased commercial revenue in terms of advertising, subscription fees, and the sale of other CBC products and services might have on the CBC's program production and distribution practices. Each of these avenues for generating revenue will have different impacts upon public access to both the production process and the range of the Corporation's products and services

that are available to different segments of the public. As we have seen, sanctions against "commercialism" have often been framed in the past by a range of confused and contradictory concerns -- not evidence of direct, or even "indirect" private corporate influence over program content or other of the Corporation's operations. Clearly illustrating the kinds of influences that increased commercial activity might have on different areas and aspects of the Corporation's activities is necessary to break through this rhetoric.

A fourth consideration should focus upon how much revenue the CBC might expect from the various cost saving and income generating suggestions made by this and previous studies. Developing projections of the revenue that might be gleaned from operating a second conventional broadcast channel and subscription revenues from services in new distribution vehicles -- based upon various levels and types of distinctively "Canadian" programming -- would sketch the dimensions of the project and demonstrate its efficacy.

A fifth dimension of research might explore how the larger project of constructing a more commercially-oriented public broadcasting system might be commensurate with the larger industrial interests of the Canadian state and various blocks of Canadian-based private capital. As we have seen, to a great extent, the state's support of private capital in broadcast markets has been framed and legitimated as conducive to the growth of the larger Canadian economy. If public broadcasting could be directly articulated with this larger project, then a broad base of support for increasing its purview within the system might be established.

A number of possibilities exist here. One might be establishing strategic alliances with equipment and software companies to develop broadcast technologies and expertise for export markets. The CBC is often touted as a world leader in the development of cost efficient

production and distribution technique. Another effort might focus upon developing comprehensive demographic profiles of the audiences "distinctive" Canadian programming now attracts, and might be expected to attract, at both the national and transnational levels so that new advertising markets can be created. Indeed, the new advertising opportunities created by the CBC's inclusion in DBS services and other distribution systems located in foreign markets open up new marketing possibilities for Canadian business -- opportunities that are not generally available through the "Canadian" private sector. Playing upon, and extending, the crown corporation's propensity to act as a development vehicle in creating such new economic opportunities, by illustrating that the CBC can still provide services and opportunities private broadcasters cannot, would work toward subverting the larger ideological dimensions of regulation that foreground private capital as the most efficient and effective vehicle for industrial development.

Finally, on a somewhat different front, this work points to further research in the field of regulatory policy in general. It would appear that federal regulation has instituted a protected, somewhat historically stable field within which a "Canadian" broadcast market based upon Canadian private capital has been able to flourish. In this process, the regulatory board has been key in both mediating and instituting a complex web of relationships that have sustained the development of that field. Yet, for the most part, critical political economy has "paid little attention to the design of any state institution, not just regulation" (Salter and Salter, 1997:314; cf. Mosco, 1996:93). As Salter & Salter (1997:315) argue, further consideration of the kinds of relationships that the regulatory board has traditionally promoted is urgent, because the current political environment is issuing "a reshaping of this particular institution and of the relationships

mediated through it." Elaborating on the perspective developed on this instrument in this dissertation, and then deploying it to analyze the ways in which this instrument has worked to allocate, produce, and distribute "resources" in different fields of regulation, might produce a better understanding of these relationships -- as well as the broader kinds of relationships that recent forms of "deregulation" have promoted. Similar studies of the crown corporation would also be in order. Of particular interest, would be examining fields where crown corporations have been "privatized," and comparing the kinds of activities and relations these organizations were involved in both before and after their sale to the private sector.

We have also seen that, in the broadcasting field, the crown corporation, the regulatory board, and private capital have worked together to promote the capitalization of that field. In this process, regulation has seemingly foregrounded the growth of private capital in the "public interest," at the expense of other productive relations that may have been better suited to allocating, producing and distributing the "public" resources available in that field. Consequently, it would be interesting to study other regulatory forums where similar sets of institutions have operated to see if similar relationships are/were in operation there. Perhaps productive relationships other than those engendered by private capital would be more efficient and effective in meeting the "public interest" in those forums too.

If further research bore out my assertions that the CBC should be given greater freedom in the broadcast market, implementing change would necessitate the co-operation of the regulator, as well as confronting the objections of both private broadcasters and distribution system operators. Under the right conditions, winning the consent of the regulator would appear to be possible. As we have seen, the CRTC is responsive to changes that seemingly benefit the

"Canadian" broadcasting system. Based upon the analysis here, the regulator's "protection" of the private sector is not the necessary product of either elite manipulation or the structure of regulation. Thus, under the sway of rational argument and adequate social pressure, changes in the structure of regulation to reconfigure the CBC's relationships with the other players in the system might be accomplished. Ironically, at some levels, the broad project of allowing the CBC more flexibility in the marketplace coincides with the rhetoric of "deregulation" that currently informs broadcasting policy.

Consequently, a public call for "deregulating" (read: re-regulating) the CBC might resonate with populist sentiments, giving broad currency to the project. Gaining the support of the private, profit-motivated broadcasters is likely to be much more difficult. But the project of yoking the power of the market to the regulated mandate of providing distinctive Canadian programming is arguably worth the challenge.

Both the Canadian state and the broadcasting system it realizes are the product of social struggle and imagination. To keep and nurture both will continue to require such efforts.

Conclusion Endnotes

1. Price (1995) offers an interesting overview of how, in a number of countries, different sets of circumstances have issued different forms of state-sponsored "public broadcasting."
2. As we have seen, in Canada the historical reasons for this are complex and involve both the material conditions of Canada's development and an ideological predisposition to relations of production based upon private property. Through time, these social conditions have become "sedimented" or expressed in the structure of the state.
3. Despite pronouncements to the contrary, it seems clear that both the public broadcaster and private capital have held "legitimate" positions within the system from the inception of regulation. And, although at the outset of regulation the private broadcaster's position was tenuous, their investment in broadcast facilities provided a foothold that proved impossible to dislodge.
4. Over the last decade regulatory changes have worked to focus greater resources toward private program production through "performance incentives" (Canada, 1988: 29-30; CRTC, 1997). Under these terms, broadcasters are rewarded for returning a percentage of their overall revenue to production and/or program production funds. To some extent, this regulatory strategy promises to be more efficient than previous schemes in that it attempts to directly harness the profit maximizing behaviour of private capital to production. This is a positive step. However, this strategy still does not address the basic determining factors of program production in Canada: i) that generating revenue within the system is generally dependent upon foreign programming; ii) that, because of this fact, Canadian programs must produce as much or more surplus for private broadcasters if they are to displace foreign programs within their schedules. Consequently, under the sway of the private profit motive, without a dramatic shift in the economics of production, new Canadian programs generated through this mechanism will generally fall prey to the problems illustrated above.
5. The plaudits and criticisms of the CBC contained in recent studies have a familiar ring to them: on one hand, the CBC is praised for Canadianizing its prime time schedules; for being "by far the largest single provider of Canadian programming," for establishing "most of the viewing time devoted to Canadian programming," and being "the largest single broadcasting investor in independent production;" on the other, it is criticized for attempting to reach a broader audience and becoming more commercial - thereby undermining the "distinctiveness and quality" of its programs - and for not providing enough, largely unpopular, "arts and cultural" programming (Dept. of Heritage, 1996: 129,142). In other words, prescriptions for the CBC remain divided in purpose and the Corporation hounded to provide a wide range of programming that the "private sector cannot." Moreover, criticisms of the CBC are generally confined to its television activities, as the non-commercial radio networks are often viewed as meeting their public purposes (cf. Dept. of Heritage, 1996)
6. Of course making such information public would probably precipitate a whole new realm of

public debate as occurred CTV's charges that the CBC was losing money with its coverage of the 1996 Summer Olympics (Canada, 1995:37-38). However, given the current precipitous position of the Corporation, it would appear that there is little to lose in moving debate to this level.

7. This problem to is fraught with ambiguity however because in some programming areas, such as news and sports, the private sector produces profitable "popular" Canadian programs. Hence, to avoid charges of "unfair competition", the issue of "distinctiveness" should generally be approached from the organizational or institutional level, not at the level of specific program types or categories.

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