The best damn report from Bennett to Mulroney

An analysis of the Caplan-Sauvageau report

by Sandra Gathercole

In Canadian television, the universe has not been unfolding as it should. The Canadian Broadcasting Corp. (CBC) has wound up as a castigated and impoverished Cinderella, carrying the ball on Canadian content, while the snippy step-sisters in the private sector have been cavorting with the neighbours and letting down the home team.

Canadian content, legally star of the show, has been cast as a not-quite-ready-for-prime-time support player. Outside the CBC, Cancon is the promise nobody keeps; and nobody, at an official level, seems to give a damn.

The necessary delusion

The system's ability to rationalize its American identity has expanded to fill the need. Once the necessary delusions take root, up is down, white is black, and patent nonsense passes as policy.

- As he rushed headlong toward the pay-TV licensing fiasco, former CRTC chairman John Meisel assured an incredulous Commons Committee that the CRTC had refused to entertain applications for universal forms of pay television because universal was an American model whereas discretionary pay-TV was a unique Canadian brand.

- The Liberal government's 1983 Broadcasting Policy annointed the cable-industry - agent provocateur of the pay-TV debacle - as the chosen instrument of government broadcasting policy.

- The private industry's delusions of grandeur reached an apex when Toronto broadcaster Allan Slaight offered to buy the English television network of the CBC and teach it to behave like a proper business.

- Current CRTC chairman André Bureau presented graphs to the Commons Standing Committee on Communications and Culture on May 28, 1985 indicating that private Canadian television broadcasters earned an average 50% return on investment between 1978 and 1983 - a fact Bureau thought demonstrated the effectiveness of the Commission's regulatory policies.

- CFTO president Doug Bassett (son of John) let the cat out of the bag on August 3 this year when he told CBC's Sunday Morning:

  "The private broadcasting system has to be healthy because if it isn't we lose our shirts, and we lose our homes, and we can't (if we want to) send our children to an independent school, we're not able to.

- Since pay television set the precedent, the CRTC's interpretation of its legislative responsibility to ensure that licensees provide 'predominantly Canadian programming has slipped from 60% (traditional for broadcasters); to 50% (CRTC proposed new Canadian content quota for private broadcasters); to 35% (Pay-TV); to 40% (new French private network Quatre Saisons); to 3% (French language Canadian requirement for the French version of MuchMusic).

Que sera, sera. Canadian television has been bound for the U.S.A. and nobody expected the Caplan-Sauvageau Task Force to change that. But it may.

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Last month the Caplan-Sauvageau Committee delivered a 714-page blueprint for turning the tides that have been washing away Canadian programming. The report packs enough punch to make the most cynical reconsider the possibility that such a thing can actually be done.

It began as an exercise in rethinking the broadcasting system - the first substantive one since the Fowler Committee of 1965. By definition, it had to address the conflict in broadcasting between the national interest and vested interests. This is, of course, not a new story: it has played here before. The new twist is television delivery technology that has, to borrow from Dr. Einstein, changed everything except the policymakers' modes of thinking about television.

The result is strong all around: exhaustive, well-researched, well-written; with a solid foundation of facts and financial data. But it is the consistent quality of the thinking that sets this report apart. The Task Force has made all the right connections. Comparably astute, if not complete, assessments of Canadian broadcasting have been offered by individuals and organizations over the years but you would have to go back to the 1929 Report of the Aird Commission to find as adequate an underlyng analysis in an official document.

In its very measured tones, the Task Force document blows the whistle on the closed club that has been controlling Canadian broadcasting for fun and profit. It also delves into the ways in which they have seized the steering wheel from a compliant public regulator.

The near unanimous support it has attracted seems to arise from a vein of suppressed rage that this essentially conservative Report has tapped into. Everyone, it seems, has been silently stewing about marauding cable industry owners and deceitful broadcasters.

Now that officialdom has cast the first stone, critics the industry never knew it had are making themselves heard.

The attack comes at a time when both the cable and broadcast industries are vulnerable. The failure of the cable orchestrated introduction of pay-TV has sent that industry's innovative, audience-sensitive image crashing through.

November 1986 - Cinema Canada/9
the floor. Private broadcasters' profits are at 18% of revenue according to the Report, and their program offer is chronically low as Montreal Gazette columnist Mike Boone noted in an article on the new fall television season: "CTV introduces its only new show of the season at 7:30. Pet Peives is a typically cheap and uninspired product of Canada's private television network. Host Harvey Atkin asks people what annoys them. What bugs me is a broadcaster who makes a ton of loot from Canadians and then contributes nonsense like this to our TV environment."

WHAT DOES IT SAY?

The four myths

To a certain extent, the Report offers a penetrating glimpse into the obvious.

— Canadian television is American in prime time.
— The problem is worse in English Canada than in Quebec.
— There is a massive deficit in Canadian programming.
— The CRTC is ineffectual.

The CRTC has failed to penetrate the obvious.

First is the myth of the free enterprise private sector. The Report establishes the extent to which the private broadcast and cable companies have the Government of Canada to thank for their existence and profitability.

Bill C-58 and simultaneous substitution of commercials have provided a subsidy worth about $90 million per annum in advertising revenues to private broadcasters. This represents roughly 9% of their total revenues, and actually exceeds the total ($75 million) spent by all private English and French broadcasters on Canadian performance programming in 1985.

In addition, private broadcasters have their Canadian programming expenses subsidized through the 100% CCA for film and video, and through Telefilm's Broadcast Fund. Then there is the inculcable contribution to broadcasters' high profitability made by lax CRTC enforcement of the "predominantly Canadian" programming objectives of the Broadcasting Act.

The Report notes that CRTC license decisions and enforcement of license conditions have functionally turned the public airwaves into the private property of broadcasters despite their promise to honour their promises of performance.

In this protected environment, the private sector has multiplied like rabbits while the public sector has been frozen. No public television services — provincial educational broadcasters excepted — have been licensed in this country since 1952. Private ambitions, private agendas have come to dominate the system despite the fact that these companies are not publicly accountable in any consequential way.

But while the private sector has become commercially dominant, the public sector has remained qualitatively dominant. Caplan-Sauvageau establishes that privatization has equalized Americanization. Rather than increasing Canadian programming, the proliferation of private Canadian companies has resulted in a decrease in the quality of Canadian programming, and in the proportion of Canadian programming available in the total program mix. Canadians have been paying more, and getting less ever since the private genie was let out of the bottle.

While a strong television system is not free enterprise but commercial protectionism. On the one hand, we have publicly subsidized commercial broadcasters and, on the other hand, a commercially-subsidized public broadcaster. Closely allied to the fallacy of the 'free enterprise' private broadcaster is the fallacy of the 'efficient' private producer. According to this Report, there is no significant difference between the objectives established in the cost of production of an in-house CBC program and a similar independent production done in the private sector.

Caplan-Sauvageau supports CBC's movement toward contracting out 50% of non-news and sports programming (35% is now being contracted) but points out that the decision should not rest on the unfounded assumption that private production costs are lower than those in the public sector. This is an important clarification since much of the rationale for dismantling the public production infrastructure (both CBC and the National Film Board (NFB)) has in fact rested on that assumption.

The third myth unravelled in this Report is that of the 'huge' foreign market. This idea originated with feature films, where it has some basis because an occasional Porky or Meatsballs can turn many times its costs from the US market. However, it is largely inapplicable when transferred to television where there is a limit to the license fees paid no matter how good the program.

Caplan-Sauvageau points out that Canadian television programs (co-productions excluded) can only expect to get 20% of their production costs from foreign license fees. Last year, CBC received $6 million, and the entire private sector only $9.5 million from foreign revenue. Therefore, revenue from the domestic market must be the unequivocal priority of Canadian production for economic, as well as cultural, reasons.

The most pernicious of the myths afflicting Canadian television is the 'unpopularity of Canadian programs. The Report demonstrates that Canadians tend to watch programs according to their availability rather than its nationalities.

Program offer and program viewing correlate. The main reason English Canadians watch American TV is because 76% of prime time is that 74% of all programming offered to them in prime time is American. Similarly, Canadian drama draws 2% of total drama viewing in English Canada because 2% of all available English-language drama is Canadian. The two exceptions to this rule are English-Canadian news and public affairs, and French-Canadian drama, where viewership is about double availability.

It emerges from the Report that the Canadian public and the private broadcast cable industry do not share program viewing tastes to the extent the industry maintains. Under the guise of "giving the people what they want," the industry has actually been giving them what it wants ($5 billion worth of American programs bought for $142 million) while denying access to more costly competitive Canadian alternatives.

Public opinion polls, and 5 million viewers for Green Gables, in- dicate that the industry has taken the fact of audience bias against cheap programming — a lot of which is Canadian — and expanded it into bias against Canadian programming per se as a means of disguising its own profit motives. One need only imagine what would happen to the economics of private television if the audience ever imprinted on expensive Canadian fare.

No wonder Canadians have a right to be able to make the choice as an October 7 editorial in the Globe and Mail noted: "The Task Force simply argues that a sovereign nation should ensure that its citizens not be forced to watch another country's programs by default — in the absence of Canadian alternatives. So the Task Force urges Parliament to expand the range of options."

THE PROPOSALS

The Report's recommendations alone run to 24 pages and constitute a major work of analysis. Therefore, only proposals in major areas of the system are discussed here: the Broadcasting Act; the public sector; private broadcasting; cable; provincial broadcasting; the Broadcast Fund; the CRTC.

The Broadcasting Act

The Report recommends new broadcasting legislation that takes into account the crucial changes of the last two decades but re-enshrines the fundamental principles on which the present Broadcasting Act is based. New legislation should require the Canadian system to:
— "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada";
— provide a wider range of programming that is Canadian in content and character and that provides for a continuing expression of Canadian identity and contributes to the flow and exchange of information among the regions.

The new Act would confirm that radio frequencies are public property in Canada, as in every other nation, and the users are trustees of the public. It would also affirm that only Canadians may own or control broadcasting undertakings in Canada.

In the pre-pay-TV environment, these principles may be more easily protected by a 'single system' concept with a more realistic 'composite system' wherein the many disparate elements can be protected in their own way: a balancing act that assumes a more sophisticated audience than the one that now exists.

— apply to all broadcasting services distributed by any means;
— charge the system with fostering national identity and awareness rather than unity;
— replace the single system concept with a more realistic 'composite system' wherein the many disparate elements can be protected in their own way: a balancing act that assumes a more sophisticated audience than the one that now exists.

— give paramount consideration to the national public broadcaster particularly where there is a conflict with private broadcasters over programming (the
represents a weakening of the existing provision;
- ensure provincial consultation on broadcasting policy;
- give consideration to the special character of Quebec broadcasting;
- require broadcasters to ensure balance in their overall schedules rather than within each program;
- recognize community broadcasters as a distinct sector on an equal footing with the public and private sectors, and able to provide what the other sectors have not access to the system.

Spurred by the key Canadian Constitution, the Task Force set out, as a basic principle of the system, that programing should respect and promote equality. To this end, it recommends that broadcasters be required, as a condition of license, to use affirmative action in hiring women and minorities, and that attention be paid to this principle in appointing agency boards, directors, and in opportunities for production and distribution of programing.

The public sector

"Broadcasting in Canada, in our view, is a public service directed and controlled in the public interest by a body responsible to Parliament. The only status of private broadcasters is that of the national broadcasting system. They have no civil rights to broadcast or any property rights in broadcasting."

Caplan-Sauvageau didn't say that but it could have. It said this:

"CBC has long been the most significant single source not merely of Canadian programming but of Canadian culture... for us the CBC is not a complementary broadcasting source but is the central one. It must be the main Canadian presence on television. The role of the private system is to complement the CBC."

It is not surprising then that public broadcasting in general, and the CBC in particular, come out of the Report greatly strengthened.

The Task Force is intent on reinforcing the Canadian character and public presence within the system, but it is not fanciful. It recognizes that the original dominance of the private/public Canadian components is not about to be restored. Instead its purpose is to put the private industry on a shorter leash while expanding the public sector to re-establish a semblance of balance and public accountability within Canadian broadcasting.

Caplan-Sauvageau defines an enlarged public sector wherein the CBC though threatened, will play a smaller role. Only one of the three new public channels proposed in the document would be fully controlled by the CBC, and provincial educational broadcasters would be allowed to broadcast nationally and drop the limitations of their educational mandate.

This means that the Corporation would lose its monopoly as the national public broadcaster just as, in the 1950s, the National Film Board lost its monopoly as the national public film producer. CBC president Pierre Juneau was strong in his immediate public support of the Report despite the fact that he and his immediate predecessor, Al Johnson, have heretofore guarded CBC's monopoly position. Both also opposed the Report's central funding mechanism, universal payment for new Canadian cable services. In 1981, CBC's refusal to accept the universal option left the proposed CBC-2 service without a secured financial base and therefore without a license.

In programming terms, the Report acknowledges the CBC's need for greater financial resources to complete the national broadcasting service: replacing those television affiliates that refuse to carry the full network service; adding a CBC television station in New Brunswick where, incredibly, there is none; and expanding the FM stereo radio network.

Further cuts to the CBC budget are opposed and the Report observes that the Canadian Constitution now guarantees Canadians essential public services, a guarantee that it believes may impinge on the right of the government to cut CBC to the point where quality is impaired.

It advocates that the Corporation's funds be guaranteed by Parliament for five years, coinciding with the licensing period. This would facilitate planning and protect the Corporation from politically-inspired cutbacks.

In programming terms, Caplan-Sauvageau recommends that the CBC become virtually all-Canadian (95%) in prime time, sloughing off its Dallas and Newharts to the private sector. This will cost an estimated $60-86 million per year ($30-50 million for replacement programming and $50-50 million to cover lost advertising revenues).

The Report does not accept the frequent suggestion that CBC television become a specialized service à la CBS. It recommends that it continue to offer a range of programming but that two of its non-mandated services — the Parliamentary channel on cable, and Radio-Canada International — have their costs shifted to the Speaker of the Commons and the Department of External Affairs, respectively. It is also recommended that local CBC non-news production be regionalized into nine (five English and four French) centres across the country. CBC's television service would be expanded with the addition of a new cable-carried all-news channel in English, and a partial news channel in French. Funds would come from advertising and tax credits. The Report recommends that the CBC be allowed to develop other specialty television services. Not at all surprisingly, the Committee wants to see CBC Radio strongly supported.

The Report has won support in Quebec with its assertion that broadcasting policy must recognize the differences between French and English program needs and ensure the right of Radio-Canada to develop distinctly within CBC. It notes that Radio-Canada program budgets are much below those of CBC on a per program basis. Apart from CBC, the public sector in television would be expanded by the addition of two new subscriber-funded Canadian channels to be carried on the cable basic service.

On the English side, TV Canada would be an ad-free omnibus channel run and programmed by a consortium of public producers: NFB, CBC and provincial broadcasters. These agencies would, with independent producers, supply the programming for the channel: a mix of children's material, documentary, regional programs and reruns of top-rated CBC material. This omnibus channel rolls into a single service a number of previously proposed dedicated channels: CBC-2, NFB Téléjunese, and various universal pay-TV proposals.

The French-language counterpart, TéléCanada, would provide similar programming in French and would incorporate the partial news service to be provided by Radio-Canada.

These channels, TV Canada and TéléCanada, would be fully public. They would be required carriage on basic cable service (two in English markets and one in French) in accord with the priority of carriage of Canadian services. This would entail moving U.S. network channels — where they are still being carried on basic service — to the converter box.

All of these new public services would be self-financing on a user-pay basis. Cable rates would increase by 75% for TV Canada/TéléCanada, and 25% for the CBC news channel, for a total of $1 per subscriber per month, or $12 per year. This would increase over a number of years to a maximum of $1.75 per month in constant dollars.

Private broadcasters

"The contribution of private Canadian broadcasters to quality Canadian performance programing has not been among the great elevating successes of the Canadian broadcasting system.

Despite the understated language, the Report goes for private broadcasters' solar plexus: profits and their lack of relationship to quality Canadian performance programing.

According to financial data submitted to the Commons Standing Committee on May 28, 1985 by CRC chairman André Bureaud, private television broadcasters in Canada averaged approximately 50% rate of return on investment between 1978 and 1983. The Caplan-Sauvageau Report uses at a different calculation and arrives at modest figures. It estimates that private broadcasters' pre-tax profits are 18% of revenue.

For private English television in 1984, those revenues were $670 million compared to $540 million for English CBC and its affiliates. English private broadcasters spent $226 million of those revenues on Canadian programming whereas CBC English television spent $337 million on Canadian programming.

But for the year ending August, 1985, English language private broadcasters spent only 4.5% of their total program budget, or 2.4% of their total revenues, on Canadian television series and feature films. If not on drama, how did they spend their $226 million for Canadian programming? Five specific quiz or talk shows and their reruns accounted for 82% of all Canadian performance programing on the CTV Network, the Report states.

All private broadcasters spent $142 million ($135 million English only) on foreign programing. Meanwhile, CBC spent $23 million ($15.6 million English only) on foreign material.

As the Report makes clear, the English CBC television network and its affiliates spend about the same amount on programing as the English private broadcasters. The real difference is in Canadian programs with the CBC.

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While the private sector became quantitatively dominant, the public sector remained qualitatively dominant."
Industry reaction to the proposals varied. The representatives of the Canadian Association of Broadcasters gritted their teeth and smiled wanly. But John Bassett went on CBC's 'As It Happens' to explain that The Littlest Hobo had cost so much that CTV simply couldn't afford to implement the Caplan-Sauvageau recommendations. The following day, September 23, the Toronto Star reported a speech Bassett delivered to the Canadian Club in which he urged the government not to rescind Bill C-58 as part of a free trade agreement.

"... the Report recommends that broadcasters be required as a condition of license to use affirmative action in hiring women and minorities."

Owners would have to apply for a separate license under the Broadcasting Act to operate any programming service, even the community channel.

It simultaneously recommends that the bugaboo of universal pay-TV that cable has fought for 10 years be imposed on the basic service with the requirement that carriage of all Canadian program services. In an interesting concession to the politics of the situation, the term "universal" is never used in the Report.

Caplan-Sauvageau further recommends that basic cable rates continue to be regulated, and that more financial information be disclosed by cable companies. Separate financial data should be filed with the CRTC for basic cable operation within large companies rather than be incorporated into a statement of consolidated revenue. Transfer of funds between parent and subsidiary companies should also be revealed. This is significant since the lack of requirements for such disclosure has distorted the picture of cable profitability.

All of this is a comedown for an industry that, 10 years ago, wanted control pay-TV and has since functionally dictated the timorous CRTC's timetables. Only three years ago, cable was seen in the federal broadcasting policy as the primary force in the development of Canadian television. Ironically, it was chosen as the carrier of choice because it was thought to be easier to regulate than satellite or VCR but the CRTC has not utilized that potential.

Cable has, of course, been getting away with as much or more than the private broadcasters. Cable profits hit a billion per annum mark. All of this is a comedown for an industry that, 10 years ago, wanted control pay-TV and has since functionally dictated the timorous CRTC's timetables. Only three years ago, cable was seen in the federal broadcasting policy as the primary force in the development of Canadian television. Ironically, it was chosen as the carrier of choice because it was thought to be easier to regulate than satellite or VCR but the CRTC has not utilized that potential.

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The cable industry

The Task Force Report offers the first official challenge to the cable industry's decade of domination in Canadian television. Much of this domination, at least partly, from the fact that the industry was not being regulated as a broadcaster, nor as a common carrier, and so misunderstood its role.

The Report recommends that the industry's sphere of influence be curtailed by licensing operators for carriage only.

The CRTC

At one point, the Report observes that "left to itself, Canadian broadcasting slips out of the hands of Canadians." It's overall view of the CRTC seems to be that the Commission has left the private industry too much to itself, and that it has slipped through the Commission's hands.

Since many of the recommendations rely on more effective enforcement than exists today, the Report is directed at a direct effort to rationalizing the CRTC's ad hoc license decision process, and the means of holding licensees accountable. It concludes that the haphazard CRTC approach is intolerable particularly since so much broadcasting policy is determined by license decision. It wants a CRTC that operates with more informing intelligence, and greater concern for the cultural objectives of the system.

The Report recommends that the Commission be given more extensive powers such as the power to direct broadcasters to spend money as the Government considers necessary. It's also seen clearly vested in the CRTC when it ordered the CTV Network to produce 59 hours of drama in 1987. This has certainly avoided the long legal battle that ensued.

It also recommends the following:

- the government have the power to give directives to the CRTC, or set aside its decisions, but not both as in Bill C-20;
- government finance representative groups to monitor broadcasting, and...
"The Report goes for private broadcasters' solar plexus: profits and their lack of relationship to quality Canadian performance programming."

...the Report observes that "left to itself, Canadian broadcasting slips out of the hands of Canadians."

What will it cost?

A major premise of the Report is that the massive (over $5 billion annually) resources of Canadian television are treated increasingly as the private property of commercial broadcasters. The obvious solution is competitive license renewals but this is not recommended. The document offers a model for Canadianizing basic cable service – and indirectly forces such a proposal with its recommendation for new Canadian channels to be carried on basic service – but there is no explicit recommendation that basic service be Canadianized – just further study.

The Report also states the obvious recommendation that cable provide what former CBC president Al Johnson terms equal time for Canada by ensuring that 50% of the total programming offered by cable be Canadian. It concludes that the license fees paid by private broadcasters should increase but does not name the amount although it uses $35 million as an example.

A very important 'gateway' plan to have a consortium of all Canadian broadcasters purchase the rights to all U.S. network programming not purchased by any individual Canadian broadcaster is set out in the document. This would allow Canadian commercials to be legally inserted into the American signals carrying these programs on cable, and thus turn the American networks into de facto "Canadian" channels. It would simultaneously resolve the C-58 issue, foreclose a future dollar drain to pay copyright to the U.S. networks, and break the interlock of Canadian and U.S. time schedules caused by simultaneous substitution which the Report says is a contributing factor in pushing Canadian programming out of prime time.

It's a clever plan. The advertising revenue earned from the insertion of the Canadian commercials would compensate the cost of purchasing the rights to the network programs, and the consortium would have the functional effect of a cartel in forcing down the prices paid for U.S. network programming. However, the only recommendation the Committee makes on its own plan is further study.

The Report is also, in its estimation, too lax on the issue of concentration of ownership. It should become increasingly clear as the debate over this Report and the new Broadcasting Act it recommends develops, that the mathematical increase in the concentration of media ownership has led to a geometric concentration of lobbying power in the hands of a few individuals who will fight hard behind the scenes to block the substantive recommendations made by the Task Force.

The dichotomy between the Report's analysis and recommendations does have the advantage of allowing people to read into the document their own expectations. That Biblical quality may partly explain the wide range of support that it has attracted.

But it has the disadvantage of leaving crucial choices to policymakers the Report has discredited. In its concluding chapter, the Report claims that this flexibility was built into the proposals since it was not the Committee's place to make such detailed decisions. It's possible also that the Committee couldn't agree on such detailed matters and decided to leave them flapping in the wind for this less highminded reason. In any event, there are a number of seemingly compromised recommendations that are subject to further compromise in the current debate where their substance may be lost entirely. For instance, what if the already too low estimates of the cost of the new omnibus channels – and the charges for them – are reduced even further and they wind up as nickel-and-dime rerun channels? What if the fully public consortium proposed to run these channels is promised into a hybrid public/private consortium that would be paralysed by conflicting interests and likely wind up putting more publicly-raised funds in the wrong pockets? What if the consortium is instituted as proposed and the CRA straight-arms the NFB onto the sidelines as it has historically done in any conflict between the two? What if...
being misspent in terms of Canadian program objectives. The corollary is that the resources needed to boost the Canadian program presence are to be found within the system: they need not come out of the taxpayers' pockets when the industry's so well lined.

The economics of this Report are its strongest element. They have an inevitable logic provided you start, as the authors do, from the premise that far too much of the system's financial resources are going into shareholders' dividends and far too little is going where everyone else believes it should be going: Canadian program production.

If that premise is accepted, there are a host of reasons why this Report is probably the most economically practicable document of its kind in the history of Canadian television, if not Canadian broadcasting.

1. It offers the means for financing almost all of its proposals; they come with a dowry. Funds for its proposals, including new public channels, would be raised without creating an additional burden on the taxpayer. With the possible exception of one-time capital expenditures, the funds would come from reallocation of resources generated by Report, one-time capital expenses.

2. If fully implemented, its proposals would increase the funds available for production by approximately $300 million annually. That represents almost the total operating budget for CBC English network television ($350 million), and more than all private French and English television now spends on Canadian programming ($250 million). In other words, the order of magnitude of new funds would permit them to have a dramatic impact.

3. The funds would be highly efficient of social cost: $355 million in new revenues, nearly $300 million could be expected to go into Canadian programming (90% efficiency ratio) whereas now $900 million is currently supplemented by $292 million for Canadian programming (30% efficiency ratio).

4. These funds would be stable and guaranteed, not subject to the vagaries of penetration and other factors which turned the financial promises of pay-TV into pie-in-the-sky.

WHY SHOULD CANADIANS PAY?

Why should Canadians be willing to absorb new costs even if modest?

The best reason - and one that has not been understood by even such astute commentators as the Globe and Mail's Jeff Simpson - is that these are not, for all practical purposes, new costs. In the next few years, the basic cable rate is almost certainly going to increase $1-$2 independent of Caplan-Sauvageau's recommendations. The evidence of this lies in:

- the fact that cable rates have in the past increased by comparable amounts at regular intervals;
- the fact that recent CRTC "deregulation" policies have made increases up to 80% of the cost of living index automatic by eliminating the need for public hearings to gain approval; the removal of this loophole would likely save subscribers as much as these proposals would cost;
- industry polls that indicate there is more than 3% per month elasticity (amount possible to increase rate with out causing subscriber disconnects) in present cable rates. That elasticity is there because, even with the increase, cable would still cost less, in constant dollars, than it did 15 years ago.

In all likelihood a tax will also go on VCRs and videocassettes in the next few years because government abhors untapped sources of revenue as much as the cable industry.

The issue then is not whether Canadians should pay these increases - they're going to anyway - but what it is they should be paying for. Should the very substantial gross savings promised by this Report be realized by these increases be car...
“There is no question this is the right document for a government interested in repatriating Canadian television.”

WILL IT BE DONE?

There is no question this is the right document for a government interested in repatriating Canadian television. There is also no question this is not the document the government was expecting. It’s likely that even Gerald Caplan and Florian Sauvageau themselves are surprised that seven people with such disparate backgrounds (Caplan claims five of the seven came to the task with private sector backgrounds, if not biases) produced a unanimous Report calling for radical expansion of public broadcasting.

Stranger things have happened. In 1929, a dyed-in-the-wool free enterpriser, Sir John Aird, chairman of the then Bank of Commerce, delivered a Report calling for public ownership of Canadian broadcasting and set the stage for the creation of the CBC by the Conservative government of R.B. Bennett. These premises were echoed by the Massey Commission in 1951 which urged that television be established on the basis of a public monopoly with a subsidiary private component added later.

Television began on this basis with a CBC monopoly and all subsequent broadcasting legislation assumed, but never delivered, a predominantly public, predominantly Canadian system. For anyone who examines that system in depth, the logic of public sector priority is inescapable, whatever the personal ideology.

Nor could the government have anticipated that Gerald Caplan, who has spent much of his life in the backrooms of politics, would take to center-stage here with such a commanding presence; and with the expertise of his own backroom organizer, executive director Paul Audley. Broadcasting policy is not an area of personal activity for most members of the Committee and I suspect much of the credit for the Report’s professionalism, prodigious information base, and compelling analysis belongs to its executive director.

But the Report’s political credibility – and future – rests less on its competence than on public support. Because of the seemingly unanimous cheer that it aroused, it’s safe to say that the document will not go into the dustbin, at least not directly.

The government can take one of two approaches:

1) It can take its lead from the duplicitous Canadian Association of Broadcasters (CAB) and patentize the document with false praise. It could then milk it for political gain by implementing its more innocuous proposals with rhetorical flourish, while burling the rest. This would suit the CAB and the Canadian Cable Television Association both of which represent powerful interests with strong ties to the Conservative Party. In private if not in public, these forces can be expected to campaigned against the Report’s primary intent of redirecting a portion of their large profits into program production.

That private lobby will, however, be compromised by the fact that it simultaneously opposes the government’s free trade initiative because of the threat posed to the industry’s protected status.

2) If the government, the prime minister, and the minister of Communications are more politically astute, they will take their lead from R.B. Bennett and recognize the political potential in replying Bennett’s historic role as champion of national public broadcasting.

It was the Conservatives, after all, who established what has been termed the most important cultural principle in Canada: the airwaves are public property. What the Conservatives have set up, let no one put asunder. Brian Mulroney could ride to the rescue by actually implementing the intent of the Caplan-Sauvageau Report. Because broadcasting is a litmus test of the instinct for national self-preservation, this approach would serve as a political antidote to the free trade image the government may now want to place at one remove.

The minister, Flora MacDonald, is known as a red Tory and her nationalist credentials include founding member of the Committee for an Independent Canada. She has stated that a new broadcasting policy, based on the Caplan-Sauvageau Report, is “a personal priority of mine and I will be doing everything in my power to ensure that initiatives emerging from this process will be carried out before the end of the government’s first term of office.” The recent Speech from the Throne did, in fact, refer to such action.

But the minister is one of 40 Cabinet members and not all of the other 59 may share her priorities. Energy minister Pat Carney testified against the licensing of CBC-2, and other Cabinet members are known to share her views.

Within a week of the Report’s release, there were murmurs in the press that the CBC is being asked to cut another $50 million from its budgets.

Whatever position the government adopts, the fate of the Report, like the Aird Report, will rest with a Parliamentary Committee. As with Aird, much will hinge on the durability and visibility of public support to counter the industry lobby. Unlike 1932, there doesn’t now seem to be a Graham Spry or Alan Plaut waiting in the wings to mobilize the public will.

However, this Report does share with the Aird Report the advantage of government support. The CBC has life support from the print media. In 1932, that media supported nationalization of broadcasting largely because they believed it would remove radio as a competitor for advertising. Graham Spry once told me that press support was unique for that reason, and unlikely to ever again fall in behind the public interest in broadcasting. His heart would soar to be proven wrong in this instance.

Conclusion

When we deal with the subject of our television screens, we deal not only with public/private, Canadian/American but with national existence/extinction as well. Caplan, Sauvageau, Audley et al have produced an electrifying document that resurrects the truth that Spry, Plaut, Bennett, Massey and Fowler held to be self-evident: the state of the States.

By its presence and its excellence, this Report signals – like Nora’s slammed door in A Doll’s House – the end of the status quo. Three cheers for eight people who have done the country a great service.

* Massey-Levesque Commission 1951

** Defined as profits before interest and taxes over net fixed assets plus working capital.