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THE SECOND ESSENTIAL

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A Discussion Paper for Planning  
on  
The Economic Aspects of Federal Cultural Policies and Programs

by  
*Tim Creery*  
for

Dr. James Taylor  
Special Planning Adviser  
to  
The Deputy Minister of Communications



## INTRODUCTION

This paper brings together the results of about 50 interviews with people concerned with the economic aspects of cultural policies and programs, together with readings in cultural economics, and scanning of a good deal of documentation.

It is a paper of discussion, and for discussion, designed under the direction of Dr. James Taylor, special planning advisor to the Deputy Minister, in consultation with David Silcox, assistant Deputy Minister for arts and culture, to throw light on the place of cultural policies and programs in the socio-economic planning of the Department of Communications. Special attention was paid to cultural enterprise in the context of changing computer-communications technology.

Tim Creery  
Montréal, August 10, 1983

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## I. PAYING THE AUTONOMOUS PIPER

"A Canadian has a dream, usually subsidized by his Government." Dave Broadfoot.

### The first essential

Discussion of cultural policy tends to be inhibited. What is government doing in an area where free rein should be given the creative spirit? The inhibition is only stronger when discussion turns to the economic aspects of cultural policies and programs. What are the money men doing in the management of the temple?

A kind of nice-nellyism colors public discourse on the government's role in paying for culture, or helping culture to pay for itself. This prudery is heightened by the usual Canadian deviousness in dealing with affairs of shared jurisdiction between the central power and the provincial powers. Ottawa, wrapping its affirmations of cultural responsibility in a cloak of respect for the other jurisdictions, is ever suspected of centralism by euphemism.

Doctrinally, inhibition takes the form of "arm's length", implying that the payer of the piper calleth not the piper's tune. The Applebaum-Hébert Report, in its contemplation of the proper reach of the non-caller's arm, came up with a prescription for ministerial marginality. The cabinet minister with special responsibilities for culture should be so loaded with other responsibilities that he would have "only marginally the direction and control" of cultural policies and programs. It would be "inappropriate" if cultural responsibilities were "the sole or even the principal concern of the minister's portfolio".<sup>1</sup> Having put the minister, hence government, parliament, and people, firmly in their place, the Report proceeded to its review of federal cultural policy.

Still, cultural activities, like any other activities, have their business side: what is to be provided, who will supply it, who wants it, and how is the exchange to be arranged? Since, as Dave Broadfoot remarks, the exchange is often arranged or at least influenced by government, the economic aspects of federal cultural policies and programs have their importance to voters and governors. Perhaps in this discussion paper for planning we can move a little way toward doing what prudery would deny -- clarifying the issues and the government role in cultural economic policy.

One starts with the notion that people mean culture, and people came first. They started practising economics later. They conceptualized economics as part of their culture much, much later still. As Fernand Dumont put it, "The economy is not an end in itself: culture is."<sup>2</sup> Some of those interviewed for this discussion felt the point was so obvious as not to need mentioning; but we must deal with the fears of those who don't want economics to kick culture around.

One way is to adopt the Massey Commission's ordering of cultural and economic matters. The Commission said: "two things are essential to restore in Canada the balance between the attention we pay to material achievement and to the other less tangible but more enduring parts of our civilization." The first essential was "the will of our people to enrich and to quicken their cultural and intellectual life". And, "The second essential is money."<sup>3</sup>

The money question for the Massey Commission was mostly the question of direct government subsidy to the traditional fields of arts and scholarship, rather than the whole cultural economy, although the Commission's treatment of broadcasting carried it into the area of the cultural industries. Thirty years later the Applebaum-Hébert Committee broadened consideration of "the second essential" to the whole "political economy of culture".<sup>4</sup> But the Report retained the theme of cultural primacy over economics in cultural economic policy, saying that people often make the argument for support of cultural programs "in what they mistakenly believe to be economic terms".<sup>5</sup> The Report was cool to the type of subsidy which is "essentially an instrument of



industrial rather than of cultural policy".<sup>6</sup> In its chapter on broadcasting, the Applebaum-Hébert Committee said, "The inherent conflict here, as in many other areas of cultural policy, is between an industrial and a cultural strategy. ( ... ) It is important that this conflict between industrial and cultural goals be acknowledged."<sup>7</sup>

It may well be, however, that the assertions of conflict between cultural and economic values put too much emphasis on economics as a false religion, rather than on economics as a discipline, the "worldly philosophy" or "dismal science" teaching people how to live within their means in a world of scarcities. John Kenneth Galbraith has had it as a theme of his writings that, far from being in conflict, cultural and economic (including industrial) goals are complementary. "The economist can perhaps say something useful to the artist about his environment," he has written. "And the artist stands in far more important relation to economics, and indirectly to politics, than we have yet realized."<sup>8</sup>

Among the people interviewed for this discussion, most of them in government or the government agencies, there was rather general agreement with a formulation put forward by the British economist, Lionel (Lord) Robbins, on the government's role in cultural economics:<sup>9</sup>

Why should the taxpayer provide money for the arts? Why should not the whole business be left to consumer demand? If people want art they will buy it; if not, why should it be produced? ( ... )

Now clearly this is not a question which can be answered by reference to scientific economics. It is a question of ultimate values, a question of what you think to be the purpose and function of the state as the authoritarian element in society, a question of political philosophy. Economics comes in only when you want to know the implications of your decisions in this respect, implications as regards proportions, incentives, and machinery.

The Robbins view, in which the economist qua economist can be seen, mistakenly, as little more than a plumber, is congenial to many in the cultural bureaucracy. But confidence that it can prevail is lacking. It was, after all,

with a similar confidence in kultur über alles that the Arts and Culture sector was transferred three years ago from the Secretary of State's department to the Communications department, only to find itself regarded as a kind of cultural Leduc to supply the DOC's pre-built trans-Canada pipe lines.

"Pierre Juneau's idea was that the cultural side should influence the policy of the hardware side, but of course the reverse resulted," said an interviewee in the Secretary of State's department, reflecting a view which, sour grapes or not, is widespread in the government service.

The DOC is seen as primarily an economic department, computer-communications being on the leading edge of the technological development of the country. To introduce a strong economic element into policy-making on the cultural side of such a department, it is argued, will be to consolidate ec-and-tech dominance over cultural matters, to make economic development the first essential.

Whether this untoward development occurs will depend to a large extent on the structure and organizational power balance in the department. In the meantime, however, it is impossible to talk about cultural policies and programs without talking about computer-communications, and impossible to talk about either without talking about economic aspects of both. How can the conflicts be sorted out at the level of ideas?

### Cultural economics

When the ageing Lord Robbins (arguing against entry charges to British museums) offered his opinion on the relationship of economics to culture in 1971, his words were picked up and widely commented upon in the burgeoning literature of a new branch of economics, "cultural economics", which by 1977 had its own academic journal, the Journal of Cultural Economics, in the United States, and by 1979 was the subject of a first international forum on arts and economics, held in Edinburgh.<sup>10</sup>

Cultural economics was a late-flowering specialty in the ascendancy of economics as a guiding discipline of the welfare states of the post-Depression, post-War, Keynesian era. Cultural welfare -- a more democratic version of the patronage of the arts by states and statesmen that had been known for centuries -- became the little brother of the big social security and health and welfare programs.

"The thing is that economics is the dominant religion nowadays," said an interviewee at the Canada Council, "therefore any activity has to be related to this framework. In mediaeval times you would have argued for support of the arts on a religious basis. You would have been looking up the theologians."

The new cultural economics went beyond the blithe assumption of Lord Keynes in 1943 that support for the infrastructure of the arts would be enough. A great patron of the arts, Keynes said that "if with state aid the material frame can be constructed the public and the artists will do the rest between them". Only opera, he thought, would need continuing revenue subsidy.<sup>11</sup> Keynes was to die soon after becoming the first chairman of the British Arts Council in 1946; but it was already clear that the meeting of artists and audiences in the marketplace would not produce the economic underpinning of a flourishing arts economy as he had hoped. More extensive and continuing support would be needed; and it was forthcoming -- from governments through direct and indirect subsidies and regulatory measures, from foundations and corporations, and from individuals. With the heightened interest in the arts as public policy, economists began giving them more attention. An American economist has described the outcome:<sup>12</sup>

What has emerged is an economics of the arts (economic analysis of demand and supply characteristics of various arts industries and of associations with other industries and the economy), in the arts (analysis of resource allocation decisions in arts administration), and for the arts (analysis of the case for public support, the efficiency of various levels and types of support, and so on).

Some maintained that economics, as a discipline of logic, should be able to offer a complete explanation of the place of arts in society; but the less ambitious role for economics envisioned by Lord Robbins represented a more common view. The argument for the arts as "merit goods" that would not otherwise be provided, owing to "market failure", came to be seen by many economists as an attempt to dress an essentially political argument in economic jargon.

"There are no good reasons in economic theory to support culture," said an interviewee at the Social Sciences and Humanities Research Council. "I don't think allocation of resources is ever an economic decision. The economics of supporting culture is like research and development, in that supply-and-demand often doesn't operate."

The arguments for support of the arts in the economic literature thus came to resemble the arguments made anywhere else: in Parliament and the legislatures, in the private sector, or in the voluntary sector. Cultural activities provide indirect benefits, or side effects, "externalities" in the economist's language, for all of society: education, enjoyment, incitation to the probing and innovative spirit. Cultural activities inform one another and are basic to shared values and social cohesion and, at the national level, to national pride. Cultural activities crystallize the achievements of one generation for passage to future generations. In more direct relation to the economy, cultural activities are seen as stimulative amenities to the growth of cities, and directly responsible for a not negligible amount of economic transactions. Pierre Juneau, president of the Canadian Broadcasting Corporation and a shaper of Canadian cultural policy for more than a decade, has put it this way: "A nation which encourages cultural creativity and innovation will be more creative economically, socially and politically, both at the national and international level."<sup>13</sup> These themes are treated in Applebaum-Hébert's third chapter, to which reference has been made, with an emphasis, to which our discussion will return later, on serving "minority preferences".

But the problem with "cultural economics", as with Applebaum-Hébert, is that its conceptual view of the cultural economy stops short of the largest part of it -- commercial culture, the cultural industries. As a leading British

cultural economist, Mark Blaug, observed following the Edinburgh conference, "We are still waiting today for a modern economic study of the film industry, for a definitive economic study of television, and, most surprising of all, for the first account of the economics of the pop music industry. It is almost as if the more commercialized the artistic endeavor, the less -- not the more -- inclined are economists to study the phenomenon."<sup>14</sup>

The Department of Communications has, of course, whole shelves of consultants' studies relating to the economics of particular cultural industries and activities. Perhaps it could recruit a few economists, sit them down in the DOC library, like Marx with his British government blue books in the reading room of the British Museum, and see if they can come up with something. This is the kind of exercise that might have been expected from the Federal Cultural Policy Review Committee, if it had carried out a research program; but it's never too late. In the meantime, we have found no lack of people with ideas for our discussion of the economics of the cultural industries and policies and programs relating to them, as well as a comprehensive and analytically astute study by Paul Audley.<sup>15</sup>

### The cultural industries

In its conceptual section on the political economy of culture, Applebaum-Hébert summarizes the view of the economist Kenneth Boulding that the "concentration on the culture of mass production and mass consumption has potentially disastrous consequences. By his account, the culture of mass appeal -- the superculture -- is incapable of sustaining itself creatively and relies for its continuing vigor and productivity on the creative and experimental capacity of those kinds of activity that serve minority interests; yet, by its very success, it tends to eclipse and extinguish the activity on which it depends."<sup>16</sup>

In this and other chapters, the Report urges the state to transfer as much cultural activity as possible to the private sector. But this is to be done under policies requiring a culture-first bias. Does this mean a general policy of having the state make up the gap between what a cultural enterprise, producing certifiably Canadian content, can earn on the Canadian market and what it needs (plus a reasonable profit margin) to meet costs and stay in business?

"Applebert seems to say that you should make all troughs bigger -- wider, longer, deeper -- but it does not show how this will help to achieve cultural objectives," said an interviewee concerned with the evaluation of cultural programs.

Christopher Maule, an industrial economist in the economics department of Carleton University who has done extensive studies in cultural economics, said, "Applebaum-Hébert reads like a litany of the special pleaders. They don't give priorities."

These are but two reflections of the criticism of the Report's proposals for transferring cultural production from publicly-owned to privately-owned bodies. Underlying this type of criticism is the feeling that the Report missed the point that has been central to nearly all Canadian economic policy affecting the commercial sector of culture. That is, this country's concern has not been about Canadian commercial culture overriding high culture or minority-interest cultural activities. On the contrary, Canadian efforts over the past thirty years have produced an enormous growth in the visual arts and art galleries, the collection of heritage and its display in museums, the writing of plays, creation of theatre companies, building of theatres and proliferation of performance, the development of dance and music, and the flowering of Canadian literature. The concern has been that the United States' "culture of mass production and mass consumption", and the cultural industries within it, will overwhelm Canada's, severing the link between basic culture and popular culture, between creation and the broader audience. The seedbeds and the greenhouses may be in passable shape, but the public gardens themselves are overrun by American transplants. In Canada, no debate on the cultural industries has occurred, no

inquiry been undertaken, no legislation or other measures been adopted -- except in the area of newspaper publishing -- that was not motivated by Canadians' concern for their cultural presence in their own country owing to the pressure of American cultural enterprise.

At the same time, however, Canada has never been able to treat the United States as a mere bilateral relationship among others. Culturally, socially, and economically speaking, Canada does not have only domestic affairs and international affairs, it also has a third category, neighborhood affairs, to borrow a term from Jay's Treaty of 1793, which posited "good neighborhood" as the condition in which the U.S. and the British North American colonies were to live together. To an extent that will ever be the subject of debate in Canada, the country forms one community with the United States, to differential degrees in its French and English parts. If one recognizes a European Community, de jure, one must recognize a North American Community, de facto. In some ways, regions within Canada live in closer cultural proximity to neighboring regions in the U.S. than to other regions in Canada. This factor of Neighborhood, of a certain joint community life, has always in practice put a limit on the extent of cultural protectionism that Canada will practice toward the U.S. Canada has exercised some ingenuity in devising measures, such as the non-tariff-barrier tax legislation relating to magazines, newspapers, and American border-station broadcasting, which protect Canadian interests on the one hand but accommodate free flow from United States interests on the other.

But when Canada talks culture, the United States talks economics. Alone in the world in relying entirely on private enterprise and the market to support its cultural industries, the United States tends to make no distinction between free flow and free trade, though cultural trade is as subject as any to monopoly, oligopoly, and the advantage of big players in big markets over small players in small markets. That is, free trade can inhibit free flow of cultural expression, making the flow one way and subjecting cultural freedom in small markets to external economic restraints. What Canada has been saying in much of its cultural economic policy, or cultural industrial policy, is that it wants private enterprise in Canada to have opportunities to contribute to the Canadian cultural economy similar to those enjoyed by American enterprise in the U.S.

The ethos of Canadian cultural protectionism and internal promotion of cultural enterprise has, of course, changed greatly in the past fifty years. In the early thirties, broadcasting policy coalesced around Graham Spry's battle cry, "the state or the United States"; though in another cultural industry, cinema, Canada ceded the field to the United States. In 1951, the Massey Commission held to the Spry line, extending it to television and putting the Commission's seal of approval on the National Film Board, though only as a producer of documentaries. Otherwise, the Massey Commission gave little attention to commercial culture, except to tut-tut, and concentrated its attention on what it deemed the critically important question at the time, federal government support of the basic arts and scholarship. It was a statist, paternalistic, centralist approach that was to be eroded by circumstance and policy.

Thirty years later, Applebaum-Hébert reversed the emphasis of Massey. "Cultural activity," it affirmed, "must permeate society, and cannot be delivered by a beneficent state."<sup>17</sup> Except in the heritage sector, the Applebaum-Hébert Report would banish publicly owned bodies from the field of cultural production: the Canadian Broadcasting Corporation (except for news), the National Film Board (except for films directly related to its research and experimental role), and the National Arts Centre (except for its orchestra). Private enterprise should do the job, the state its patron or catalyst where necessary. While the transfer of activity from public to private sector was controversial, the idea of broadening and strengthening cultural enterprise in Canada was surely in keeping with the times. As the Report observes, "At least since the time of Adam Smith it has been recognized that the degree of specialization in the use of production resources is governed by the size of the market."<sup>18</sup> And while the Canadian market had grown only a little in proportion to the U.S., it had grown massively in absolute terms.

Even though the market must be seen, for the bulk of cultural goods and services, as two markets, an English-language market and a smaller French-language one, growth was impressive. Between the year of the Massey Report, 1951, and the year of the Applebaum-Hébert Report, 1982, the country's urban population, in which the kind of cultural industries we are talking about flourish, had more than doubled, from 8.6 to 18.4 million, led by metropolitan



centres such as Toronto, Montréal, and Vancouver, which are great generators of cultural activity; traditional centres of cultural resourcefulness, such as Winnipeg; and new centres of cultural generation, such as the National Capital, Halifax, Regina-Saskatoon, and Edmonton-Calgary. The adult proportion of the population soared from immigration and the coming to maturity of the baby-boom generation, education levels rose, leisure time increased, and what Canadians could afford grew much faster than population as national wealth and productivity advanced. A sense of Canadian expansion, epitomized by the Centennial Year, gave people a new appreciation of the range of cultural activities -- of the possibilities for "specialization in the use of production resources" -- the country could support. At the same time, the flood of cultural trade from the United States gave them a sense that their markets might have been pre-empted before they had grown large enough to support Canadian enterprise.

An interviewee connected with the Special Cultural Initiatives Program drew the distinction between what happened in cinema and what happened in the performing arts:

American cinema of the 40s and 50s had an enormous influence on the North American continent. We got into the habit of associating films with Hollywood. We got into a Hollywood mindset. That was the base on which we were trying to develop a Canadian film industry and Canadian audience for Canadian films.

In performing arts, we started from a much smaller base. We have developed a new infrastructure over the past quarter century. And through education we developed tastes -- high school theatre has become very strong -- the exposure of young adults to the performing arts has had significant impact.

Unfortunately the economic problems that relate to Canadianism and Neighborhood, to an aspiring Canada in a community dominated by the American superculture, do not figure in the Applebaum-Hébert chapter on the political economy of culture. They are left to be dealt with piecemeal in the chapters on individual cultural industries, giving the Report a rather disjointed character; we have inconsistencies rather than the unifying concepts that are essential to the policy-maker.

Interviewees in our discussion attributed this aspect of the Report to several factors. The Committee was large, 18 members, making it difficult to reach consensus. Different parts of the Report were prepared by different members or groups of members, with little coordination. The inquiry did not include the kind of research program that often helps give such studies form and cohesion. Finally, the economic chapter reflected the liberal classicist views of the noted economist and Committee member, Albert Breton, while some of the chapters took a more protectionist line, to which he objected in minority comments appended to the main Report.

This characteristic of the Report has the advantage, however, of indicating some of the economic conflicts that need to be resolved in cultural policy-making. Albert Breton, for example, says in his minority comments that cultural policies should be seen as having the simple objective of encouraging creativity and affording access to creative works.<sup>19</sup> They should stand on their own, without reference to Gross National Product, employment, export or economic growth, to national unity, identity, control or ownership. He also dislikes relating cultural policy to "hardware". His particular fear is that by dwelling upon cultural industries and their management, and on Canadian ownership and control, public policy will actually be in conflict with the interests of the artists, writers, poets, dancers, and musicians. He writes:

Because the presumption cannot be that foreign-owned companies are less efficient as publishers and as producers and distributors of records than are domestically-owned companies, a cultural policy that gives priority to creativity and to creative writers and musicians would not discriminate against foreign-owned companies. To so discriminate is to give priority to nationalistic objectives to the detriment of arts and culture.

Aid cultural activities economically, but keep hands off the economy. The view fits well into the school of thought associated with the late Harry Johnson who said, roughly, that the rich are better able to exert independence than the poor, and that Canada would be richer for a free flow of trade and investment between it and the United States, poorer for protectionism.

This approach was expressed, in a less disembodied way than Breton's, by an interviewee in the field of cultural-industries policy. He held that in the film industry, for example, Canadian policy should not be aimed at trying to "beat" the six major American studios that dominate distribution and exhibition in the Canadian market. Rather, "You have to give some incentive to foreign companies to accommodate Canadians"; then the power of those companies would serve Canadian interests worldwide. That is, Neighborhood economics could be a motor of Canadian creativity and production in the cultural industries. In sound recording, "You don't have a home market in records because the border doesn't mean anything. We're part of the North American -- the world -- market. Before you even release a record you're going around the world. If you're trying only to develop your own market, you're on weakness." Audiences, in Canada as elsewhere, are becoming fragmented according to different tastes and interests; they need to be aggregated across borders to constitute viable markets. To the extent that desirable expressions of Canadian culture could not be made available to Canadians in such a cultural economy, "you can use the Canadian Broadcasting Corporation or the National Film Board, rather than try to manipulate the market and confuse the marketplace structure by making unreasonable demand on it." Thus the view would envision a greater role for publicly owned cultural enterprise, and a lesser role for market intervention, than the recommendations of Applebaum-Hébert.

Another interviewee in the cultural-industries field held a contrary view, which is closer to the way Canadian cultural-economic policies have actually been evolving over the years. "The raison d'être for a national cultural policy is Canadian cultural production and dissemination, either high quality or low," he said. "We are not just concerned with excellence. We must have a Canadian sector in Canada. It is basic to our policy that Canadian companies are more likely to turn out Canadian product. That's true in every sector, including broadcasting.

"That assumption in favor of Canadian ownership and control is not necessarily an assumption in straight (non-cultural) industrial policies."

Because of the relationship of the Canadian to the U.S. market, he said, Canadian companies are not equal to American in the Canadian marketplace. "We should be developing policies and programs to create market conditions whereby Canadian companies are at an advantage. This is cultural nationalism, cultural sovereignty; we are not trying to justify it on any other grounds. But we are talking about motivation for Canadians, not about restricting the free flow of cultural products in Canada."

If "Canadian ownership and control" is more emphasized in cultural than in general economic policy, the notion of "comparative advantage" receives less attention in cultural policy. That is, a country will normally concentrate its industrial policy on encouraging those industries which are seen to have a comparative advantage over the industries of other countries, while conceding to imports the specialties where others have the advantage. We ship out natural resources, seeking to increase ever further the extent to which they are processed in Canada; we ship in mainframe computers. But in cultural enterprise, we usually do not think of refraining from production of, say, opera in favor of Italy, theatre in favor of Britain, novels in favor of France, or -- today -- movies in favor of the United States. The whole range of culture is thought of as calling for Canadian expression and appreciation, no matter how much of any particular kind of culture may be imported from abroad.

But that view is not universally held. Steven Globerman of Simon Fraser University, who has contributed to the international literature on cultural economics and done studies for both the federal and Ontario governments in that field, questions, for instance, whether Canada should be in the feature film business. Writing in the December, 1980, Journal of Cultural Economics, he said Canada did not have a comparative advantage in feature films and by putting resources in this area was drawing resources away from other artistic sectors where it might have a strong competitive advantage.

Some feel that cultural policies characterized by stress on "world class", "international standards", and "globalism" -- terms sometimes used in DOC policy discussion papers -- amount to much the same thing as the Globerman suggestion. That is, their real import is to assimilate Canadian creativity to Neighborhood production and doom the Canadian cultural-industries sector in Canada. At issue are such policies as the investment-bank type of aid given the film industry through the Canadian Film Development Corporation, the tax relief given the same industry under the criteria of the Capital Cost Allowance, and the CRTC's gladhand to cable-carried Americana. With Americanized Meatballs, Canadianized Bunnies, and the "good neighborhood" of Porky's, is Canadian policy simply integrating the theatrical and television film industries into the American industry, in much the same way as Canada once considered putting its name and money on a couple of British dreadnoughts rather than launching its own navy? Damaging to national identity on the one hand and true internationalism on the other, this type of voluntary colonialism is particularly dangerous for French Canada, increasing anglicizing industrial pressure on its market and undermining its natural interest in French-speaking markets abroad.

Paul Audley considers an export-based policy for Canadian films impractical. He points out that no other country in the world earns a major share of its film revenues outside its own domestic market; even for U.S. television the proportion is only 10 per cent. He contends that when Canadians are able to obtain high standards in their own cultural products, they will favor them over comparable imports; he gives as examples Maclean's and Saturday Night magazines (to which could be added L'Actualité). But, as he told the House of Commons Standing Committee on Communications and Culture, speaking as a representative of the Canadian Institute for Economic Policy, "even when Canadian cultural products are far more attractive to Canadians and far more successful in appealing to Canadians than imported products, it does not mean that, therefore, they will be economically viable to produce; that the marketplace will function in a way that permits those activities to be carried out on a commercial basis."<sup>20</sup>

His view, in the realm of broadcasting, was that "There are points within the broadcasting system where we can aggregate Canadian demand to such an extent that we can actually finance our own programming."<sup>21</sup>

Audley said an export-led cultural industries policy for Canada "is nuts".<sup>22</sup> He observed:<sup>23</sup>

One of the things that happens when you develop a strategy that is based on exports to the United States is that both French-language production and any production out of the regions, in addition to any kind of centrally produced stuff that is recognizably Canadian, disappears; or virtually disappears.

Audley also stressed before the Committee a point that is argued in his book, one that indicates the closer ties between economic and cultural objectives in the real world than some would like to see:<sup>24</sup>

We spend a whole lot of money on buy-Canadian advertising campaigns, trying to encourage Canadians to buy Canadian goods and services and not foreign goods and services. If, at the same time, we preside over a gradual deterioration of our domestic private broadcasting system, which is the major national vehicle for advertising domestic goods and services, then it is kind of bizarre.

Spillover American broadcasting brings spillover American advertising for American goods sold in Canada, shrinking both the advertising and programming volume available to Canadian cultural enterprise. The spillover of American magazines has the same effect. In both fields, per capita revenue from national advertising is much lower in Canada than in the United States.

In his book, which draws heavily on studies undertaken for the DOC and its predecessor in the cultural field, the Secretary of State's Department, Audley analyzes each of the cultural industries: newspaper publishing, magazine publishing, book publishing, sound recording, radio broadcasting, theatrical

film, and television broadcasting. Across the field, the basic advantage of U.S. enterprises is their ability to recoup higher production spending in smaller amounts from far more consumers. Counting on their domestic market to recoup costs, they can then treat foreign markets as "gravy" to enhance profit margins, a practice which Canadians have likened to dumping. But the impact of the American advantage differs in nature and scale in different cultural industries. Canadian newspapers, based on local and regional markets, and drawing the core of their content from the communities they serve, have proved to be a viable Canadian cultural industry; but the American advantage shows up strongly in the fact that their foreign coverage is heavily drawn from U.S. sources, such as the Associated Press and the news services of American chains of newspapers or major individual newspapers. Canadian "city" magazines and regional magazines have defensive strength similar to the newspapers, but national magazines suffer from the U.S. advantage, though to a lesser degree since adoption of the magazine legislation in the 1960s and 1970s.

Book publishing, while independent of advertising revenue for income, faces the full weight of the American production/marketing advantage at the national level. Canadian sound recording has had the advantage of radio content rules as a marketing tool, but is more or less integrated into the U.S. industry as our interviewee (above) suggested. Radio has the same advantage as the newspaper industry, in being based on local markets for local content, and it shares the newspapers' agency (The Canadian Press, through Broadcast News) for national news coverage. In theatrical film we come to the historic Canadian disaster area, where failure to institute any kind of "infant industry" policy in the commercial area, except for government contracting of documentary film and "tokenism" accords with major U.S. film producers, left the Canadian industry with only fractional representation on Canadian screens. In Canadian commercial television, the type of programming that cannot be tied to local interest, as can news, public affairs, and sport, has served as the exemplar of the mechanics of U.S. domination; that is, Canadian television can purchase American entertainment and dramatic programming for about a tenth of what it would cost to produce similar programs in Canada, and can reach a bigger audience, hence earn more advertising revenue, with the more expensively produced American product.

So far, we have been dealing chiefly with production, but there is also the factor of carriage and delivery. In the magazine, book, sound recording, and theatrical film industries, these lines of communication to the customer have been dominated by U.S. enterprise.

This rough and extremely summarized picture of the problems of the Canadian cultural industries helps illustrate why a more interventionist policy than that which the Breton school of thought would support has been sponsored by successive governments. Governments have tended to stress Canadian ownership of the production, and sometimes of the distribution, enterprises, but to neglect another essential, the ownership of the "intellectual property", the Canadian content, that is at the heart of the issue. As Audley observes, "copyright law provides the fundamental basis for the operation of the cultural industries". Unless Canadian creators are protected, the industries in which they work will indeed be the subject of "economics-first" rather than "culture-first" policy. Audley says: "... if the interests of Canadians as creators of copyright materials and of Canadian companies as producers of such materials are not accorded protection at least as effective as that provided in other countries, particularly those with which Canada has extensive trade relationships, then development strategies cannot be successful."<sup>25</sup> One must add, of course, that while fair intellectual property laws are essential for a cultural industrial policy, they are also essential even without one, for both the economic reason of bringing cultural goods and services to market, and the moral reason of assuring reasonable reward for creative endeavor.

Advocates of an extensive cultural economic policy argue that it will give Canadians the right "to hear and be heard", to borrow the language of Instant World.<sup>26</sup> But they must at the same time respond to critics who argue that such a policy amounts to state tutelage of culture, thereby undermining the very cultural freedom for Canadians that it claims to be protecting. How can the problem be resolved?



Free expression and the diversity principle

The root idea of freedom of expression and the concomitant freedom of access to expression is now explicit in the Canadian Constitution after years of being central to our constitutional tradition. The idea has been elaborated in relation to cultural policies many times. Both the Davey Committee<sup>27</sup> and the Kent Commission<sup>28</sup> endorsed the principle of the public's right of access to a free flow of information and opinion from a diversity of sources. Both inquiries observed that breaches of this right of cultural choice might occur through undue exercise of power, not only by government, but by private interests also if they had excessive control of the market.

Bernard Ostry, looking at the issue of cultural freedom in the context of the U.S.-Canada neighborhood, wrote:<sup>29</sup>

The pressures of modernizing Americanization are toward uniformity, homogeneity and conformity. A policy of cultural development would seek to promote diversity and pluralism, correcting the tendencies inherent in mass marketing and mass entertainment to limit cultural choices. It follows that government support to the arts, in the interest of pluralism, is nearly always support to the preferences of minorities.

The Applebaum-Hébert Report stressed the notion of "minority preferences" as a reason for government support of cultural activities:<sup>30</sup>

... the fact can be demonstrated that, historically, those cultural activities that have conferred the most lasting benefits, and which have been seen, in retrospect, to have done most to illuminate their times, have more often than not served only minority interests in their own day. ( ... )

Not every minority interest can be served, and no tastes can be met to the point of satiety. But, given the general case for intervention, the problems posed by minority preferences must weigh heavily in deciding where resources should be directed.

The diversity principle of free access to the fullest possible range of cultural choices can serve as guide to economic policy in the cultural realm, as well as to the balance that must be struck between supporting different types of cultural activity, and between the public and the private interest. Unless we are thinking of the whole of Canadian culture as being but a "minority preference" in the U.S.-Canada Neighborhood, we have to think of the diversity principle operating, as the Constitution indeed appears to guarantee, within the Canadian community. We have to think, for example, of the dynamic interplay of cultural activities within both the French and English linguistic communities; and within those communities we have to think of the local and regional sources from which creativity springs, and of the multicultural make-up of each of those communities, and of the special soul-of-the-land understanding and creativity of the original peoples. And the economic inputs to cultural policies in all these diverse and overlapping, interpenetrating, interactive, and interdependent communities have to be seen in a constitutional framework that gives national responsibilities to both the central government and the provincial governments, and reposes ultimate rights and freedoms in the individual rather than the collectivity.

Many economic issues arise under the diversity principle of balanced cultural policy. Does Canadian competition policy provide adequate assurance against undue concentration, especially in view of the privileges that may be given Canadian enterprises under necessary protection measures? The present Combines Investigation Act does not admit the "diversity principle" as a criterion but rests, rather, on the concept of price competition in the "price-auction market"<sup>31</sup> to serve the consumer interest. As pointed out by the Kent Commission in the case of newspaper publishing, this is an inadequate protection for the people's interest in free flow from a diversity of sources. In the broadcasting field, competition policy is, in effect, in the hands of the Canadian Radio-Television and Telecommunications Commission. The CRTC is mandated to secure comprehensiveness and balance in programming through supervision of performance rather than regulation of structure, for the largely obsolete reason of scarcity of pathways to the consumer's receiver. Is the

direction in which the CRTC appears to be heading -- that of moving to structural separation of control of producing, distributing, and exhibiting enterprises a better direction? It would appear to offer less opportunity for unwarranted intrusion in content.

Does the Applebaum-Hébert tendency of shifting cultural production from public to private hands make sense? Or, considering the size of the Canadian markets and the scale of American competition, would diversity be better served by retaining the publicly-owned alternative while seeking to expand the capacity of the private sector? Some feel the Report gives up a bird in the hand for two in the bush.

Would it be best to draw a dividing line in policy between "high" culture and "popular" culture, between non-commercial and commercial? Can such a line be drawn, or are we dealing with a continuum in which private, public, and voluntary sectors differ in their relative inputs in different phases, but in which we can think of a coherent though variegated cultural economy? Some of our interviewees urged a clear division, others favored the idea of a continuum. But one cannot speak of one sector of culture that is free from economics and another that isn't: it is all cultural enterprise.

### Conclusion

This first chapter of the discussion opened by positing the conclusion that cultural policy, and more particularly its economic aspects, are deliberately wrapped in ambivalence for fear of giving offence.

A helpful first step in making cultural policy more explicit, hence amenable to understanding and development, would be to recognize that cultural activities are part of the business of mankind and the economic aspects of cultural policies and programs are the "second essential" to give them life and meaning.

But, whatever we find out in general about the importance of culture to an economy, and of an economy to culture, we will come up against the special factors of the Canadian case, chief of which is the country's juxtaposition as the much smaller neighbor in a North American Neighborhood of two, the other being a superculture, the United States.

The country has not been able to come to grips effectively enough with this factor to prevent U.S. enterprises from gaining a position of near monopoly dominance in Canada of some major cultural enterprises, such as theatrical film, television drama and entertainment, and sound recording; and a position which inhibits a reasonable scope of Canadian expression in others, such as book publishing, magazine publishing, and the international and general-interest portion of television and radio broadcasting and newspaper journalism.

To realize the promise of its people, and fulfil its constitutional promise to its people, Canada would have to revise and expand its cultural economic policies in such a way as to assure free flow of cultural expression from a diversity of sources in Canada. The expansion of Canadian cultural expression and appreciation during the past generation in non-mass-commercial culture is evidence that the will and the creative talent are there.

But just how large does culture loom in the economy? The question is the subject of the next chapter.

NOTES

I. Paying the Autonomous Piper

1. Report of the Federal Cultural Policy Review Committee, co-chairmen, Louis Applebaum and Jacques Hébert (Ottawa: Supply and Services Canada, 1982), p. 47.
2. Quoted in Ostry, Bernard, The Cultural Connection (Toronto: McClelland and Stewart, 1978), p. 160.
3. Report of the Royal Commission on National Development in the Arts, Letters and Sciences, chairman, Rt. Hon. Vincent Massey (Ottawa: King's Printer, 1951), p. 272.
4. Supra, n. 1, at pp. 63-101.
5. Ibid., p. 64.
6. Ibid., p. 79.
7. Ibid., p. 286.
8. Galbraith, John Kenneth, The Liberal Hour (Boston: Houghton Mifflin, 1960), Mentor Books edition 1964, p. 46.
9. Robbins, L., "Unsettled Questions in the Arts" (1971), reprinted in Blaug, Mark, ed., The Economics of the Arts (London: Westview Press, 1976), pp. 175, 176.
10. Hendon, William S., et al., eds., Economic Policy for the Arts (Cambridge, Mass.: Abt Books, 1980), based on the proceedings of an international conference held in Edinburgh.
11. Ibid., p. 59, in "Economic Aspects of the Arts in England," by Robert Hutchison.
12. Ibid., p. 9, in "The Arts in Economics: Conventional, Institutional, and Neoinstitutional," by Roger M. Troub.
13. House of Commons, Minutes of Proceedings and Evidence, Standing Committee on Communications and Culture, Issue No. 53, 14-4-1983, p. 4 (Supply and Services Canada).
14. Supra, n. 10, at p. 361, in "A Postscript to the Edinburgh Conference on Cultural Economics," by Mark Blaug.

15. Audley, Paul, Canada's Cultural Industries: Broadcasting, Publishing, Records and Film (Toronto: James Lorimer, 1983).
16. *Supra*, n. 1, at p. 69.
17. *Ibid.*, p. 75.
18. *Ibid.*, p. 70.
19. *Ibid.*, pp. 361-363.
20. *Supra*, n. 13; Issue No. 50, 23-3-1983; at p. 8.
21. *Ibid.*, p. 7.
22. *Ibid.*, p. 13.
23. *Ibid.*, p. 18.
24. *Ibid.*, p. 15.
25. *Supra*, n. 15, at p. xxxi.
26. Instant World, A Report on Telecommunications in Canada (Ottawa: Information Canada, 1971), p. 3.
27. Report of the Special Senate Committee on Mass Media, Senator Keith Davey, Chairman (Ottawa: Information Canada, 1970).
28. Report of the Royal Commission on Newspapers, Tom Kent, Chairman (Ottawa: Supply and Services Canada, 1981).
29. *Supra*, n. 2, at p. 176.
30. *Supra*, n. 1, at pp. 69, 70.
31. The term comes from Thurow, Lester C., Dangerous Currents: The State of Economics (New York: Random House, 1983).

## II. CULTURAL ACCOUNTING AND ITS USES

### The state of the art in Canada

The state of the art of cultural accounting in Canada can best be illustrated by a few quotations.

"Although available statistics are incomplete and inexact (reflecting our continuing failure to consider culture in economic terms), we know that cultural expenditures totalled about \$8 billion in 1979." John Thera, director, research and statistics, Arts and Culture Branch, Department of Communications.<sup>1</sup>

"Compared to the largest twenty manufacturing industries in Canada during 1980 the cultural sector of the Canadian economy was the 11<sup>th</sup> largest with revenue of \$7 billion in current 1980 dollars. ..." Canada Council.<sup>2</sup>

"The estimated total value of this sector of the economy is approximately \$65.3 billion per year." The Canadian Conference of the Arts.<sup>3</sup>

"It is not at all clear from the national accounts how much of the Gross National Expenditure is devoted to cultural activity. Even the classification of activity under this heading is far from precise. But estimates of total recorded cultural expenditures in Canada (excluding formal education) for the current year (1982) range from \$7 billion to \$9 billion. ..." Applebaum-Hébert.<sup>4</sup>

"... not one table or digest of cultural statistics appears in the entire document (Applebaum-Hébert). Since a whole section of Statistics Canada is given over to the compilation of such information, the failure to inform the reader about the dimensions of Canadian cultural activity and the extent of government participation is an omission of grave consequences." D.G. Paterson and G. Rosenbluth.<sup>5</sup>

The first of the estimates given above was in an article in which Thera argued: "We should know the size, in economic terms, of cultural activity in Canada and the extent and direction of its impact on the economy." The estimate to which he referred was reached by two economists participating in a research project for the Arts and Culture sector of DOC.

The Canada Council statistics are drawn from the national accounts and are valuable in providing for comparisons over time, comparisons between the cultural and other sectors, and information on employment, salaries and wages, and overall revenue of the sector and its sub-sectors. They are no doubt the basis for a system of national cultural accounts needed to understand the cultural economy, its place in the general economy, and the relationship of government spending at the federal, provincial, and municipal levels to cultural economic health. But Harry Chartrand, head of research and evaluation at the Canada Council, has stated: "It has become increasingly clear that existing federal arts research is inadequate with respect to funding and quality."<sup>6</sup>

The estimate by the Canadian Conference of the Arts is, perhaps, deliberately provocative, an indication of the Council's exasperation at government cuts in cultural budgets in 1978 and its concurrent failure to identify culture as a sector in the studies of industrial sectors at that time. In order to have the cultural sector equal about a fifth of Gross National Product, the CCA simply added up the following: "Artistic, Environmental, Folk/Multicultural, Media; Physical, Recreational; Education; Tourism; Advertising; Information Technologies" -- et voilà: \$65.3 billion and 1.2 million jobs in 1980! This kind of pebble thrown into the economic pool would produce tidal waves rather than a ripple effect. The trouble is that rather too much of the pool has been assimilated to the cultural pebble.

The estimate from the Applebaum-Hébert Committee indicates that it did not have the capacity to make one, and the comment from the two University of British Columbia professors indicates that it should have had.



Reasonably accurate cultural accounting is basic to the three applications of economics in culture set out by the American economist Roger M. Troub and quoted in Chapter I; that is, the economics of the arts as a part of the whole economy, economics in the arts as a guide to resource allocation in arts administration, and economics for the arts in making the case for public support and assessing the efficiency of various levels and types of support.

While all institutions in the cultural community have to keep an eye on all three, some are more concerned with a particular category.

The series provided by the Canada Council, "Comparative Size of the Cultural Sector",<sup>7</sup> which are reproduced here as Tables 1 through 5, illustrate a national-accounts "economics of the arts" approach, and the footnotes indicate some of the limitations of the statistics. Interviewees at Statistics Canada agreed with Chartrand's comment that five to ten per cent of cultural activity, taking place mainly in the basic arts, is not captured by the Statistics Canada survey system; it would be very expensive to collect them. Chartrand, who likens the basic arts to R and D in other industrial sectors, says they are "critical to the development of commercially viable cultural products". (While the R and D analogy offers a useful perception, it would be difficult to draw a cultural-accounting line between consumer-goods art and R-and-D art.)

An illustration of economics in the arts, from the point of view of the management of a not-for-profit theatre, is given in a U.S. study of the arts related to the economic life of the city.<sup>8</sup> The broad lines of the approach can be seen from Table 6 (Figure 2 in the original), and Table 7 (Table II in the original). Governmental financing enters at two points in the accounts, as part of "fostering, endowing and preserving the arts", and as a "fee for public service". The author observes, "Although the aesthetic mission of an arts organization sets its basic direction, organizational management must recognize the multi-market exchange system in which arts activities take place. Management needs to understand the complex interrelationships and interdependencies among these submarkets and to adopt financial plans which make reasonable demands for revenues from each identified market."

Table 1

Exhibit 2  
COMPARATIVE SIZE OF THE CULTURAL SECTOR  
1977 to 1980

a) Relative to Manufacturing Industry

INDUSTRY (1)	Number of Establishments				Revenue (\$ millions current) (2)			
	1977	1978	1979	1980	1977	1978	1979	1980
Food & Beverages	4,211	4,535	4,791	4,667	18,872	21,956	25,373	28,314
Tobacco Products	24	25	26	25	946	996	1,114	1,212
Rubber & Plastic Products	755	938	999	1,007	2,532	3,060	3,772	4,093
Leather Products	378	407	447	431	689	849	1,069	1,084
Textiles	831	914	967	948	2,955	3,403	4,075	4,423
Knitting Mills	266	273	281	281	638	712	830	945
Clothing	1,837	2,074	2,179	2,143	2,662	3,115	3,680	3,867
Wood	2,542	2,928	3,208	3,363	5,952	7,477	8,808	8,397
Furniture & Fixtures	1,678	1,964	2,190	2,369	1,457	1,704	2,062	2,322
Paper & Allied	647	699	732	764	8,938	10,197	12,287	14,503
Printing, Publishing & Allied	3,301	3,756	4,093	4,262	3,513	4,090	4,721	5,623
Primary Metal	382	402	441	460	8,201	10,120	11,856	13,418
Metal Fabricating	3,799	4,496	4,862	5,086	7,232	8,465	10,397	11,718
Machinery	1,099	1,323	1,491	1,601	4,160	5,038	6,528	7,649
Transportation Equipment	905	1,078	1,216	1,302	15,065	18,023	19,667	18,993
Electrical Products	781	966	1,076	1,092	4,860	5,435	6,661	7,765
Non-metallic Mineral Products	1,131	1,516	1,566	1,372	2,991	3,603	4,091	4,225
Petroleum & Coal Products	103	104	108	112	8,533	10,449	12,371	14,330
Chemical & Chemical Products	1,027	1,189	1,212	1,212	6,431	7,592	9,531	11,219
Misc. Manufacturing	2,018	2,376	2,692	2,798	2,225	2,737	3,239	3,749
ALL INDUSTRIES	27,715	31,963	34,578	35,495	108,852	129,019	152,133	168,051
<b>CULTURAL SECTOR</b>	16,466	17,008	16,832	17,099	4,720	5,411	6,217	7,033
Rank	...	...	...	...	10th	10th	11th	11th
% of All Industries	...	...	...	...	4.3	4.2	4.1	4.2

- figures may not add due to rounding -

Notes:  
(1) All-Industry data from Manufacturing Industries of Canada, Statistics Canada 31-203.  
(2) Value of Shipments of Goods of Own Manufacture.

Source: Canada Council

Table 2

Exhibit 2  
COMPARATIVE SIZE OF THE CULTURAL SECTOR (cont'd)  
1977 to 1980

a) Relative to Manufacturing Industry  
(cont'd)

INDUSTRY (1)	Staff (2)				Salaries & Wages (\$ millions current)			
	1977	1978	1979	1980	1977	1978	1979	1980
Food & Beverages	222,858	229,906	233,189	234,187	2,890	3,181	3,545	3,913
Tobacco Products	8,933	8,778	8,690	8,522	139	143	154	170
Rubber & Plastic Products	53,699	60,455	62,213	61,381	682	788	918	988
Leather Products	23,456	24,415	25,587	24,922	220	249	286	299
Textiles	65,508	67,808	69,217	68,241	728	816	923	1,006
Knitting Mills	20,628	20,003	21,120	21,220	186	199	227	251
Clothing	94,939	99,517	100,339	96,120	850	966	1,085	1,141
Wood	108,660	119,004	122,048	117,307	1,558	1,821	2,074	2,217
Furniture & Fixtures	43,651	46,613	51,044	50,900	467	531	631	698
Paper & Allied	124,463	126,783	128,918	130,310	2,080	2,282	2,491	2,784
Printing, Publishing & Allied	91,760	98,037	102,410	107,094	1,254	1,425	1,613	1,867
Primary Metal	119,219	121,996	126,754	128,740	1,945	2,141	2,432	2,767
Metal Fabricating	146,735	156,665	163,178	161,248	2,035	2,309	2,636	2,877
Machinery	87,657	92,113	101,398	108,444	1,239	1,404	1,701	2,014
Transportation Equipment	165,287	178,636	190,071	178,755	2,672	3,102	3,489	3,569
Electrical Products	110,813	114,279	119,703	122,547	1,485	1,642	1,925	2,149
Non-metallic Mineral Products	52,518	55,843	56,748	55,939	794	904	1,008	1,078
Petroleum & Coal Products	17,849	20,383	19,193	20,046	375	451	470	542
Chemical & Chemical Products	81,805	84,786	87,617	87,595	1,289	1,424	1,606	1,795
Misc. Manufacturing	61,977	64,829	66,761	66,891	705	799	908	1,004
ALL INDUSTRIES	1,704,415	1,790,849	1,856,198	1,850,409	23,592	26,577	30,124	33,132
CULTURAL SECTOR	138,099	141,427	145,469	146,481	1,679	1,859	2,099	2,286
Rank	4th	4th	4th	4th	6th	6th	6th	6th
% of All Industries	8.1	7.9	7.8	7.9	7.1	7.0	7.0	6.9

- figures may not add due to rounding -

Notes  
(1) All Industry data from Manufacturing Industries of Canada, Statistics Canada 31-203.  
(2) Total Employees (excluding Working Owners and Partners).

Source: Canada Council

Table 3

Exhibit 2  
COMPARATIVE SIZE OF THE CULTURAL SECTOR (cont'd)  
1977 to 1980

b) Estimated Size of the Cultural Sector  
(1)

INDUSTRY (1)	Number of Establishments				Revenue (\$ millions current) (2)			
	1977	1978	1979	1980	1977	1978	1979	1980
<b>ADVERTISING</b>								
Advertising Agencies (3)	300	300	300	300	168	168	168	168
<b>BROADCASTING (4)</b>								
Radio & Television Broadcasting	1,012	1,077	1,147	1,185	1,322	1,530	1,822	2,077
Cable Television	369	396	643	661	924	1,085	1,251	1,373
Manufacturers of Radio & TV	427	463	482	505	233	273	314	352
	16	18	22	19	166	172	238	352
<b>MOTION PICTURES</b>								
Motion Picture Theatres & Film Distributors	1,788	1,762	1,768	1,779	540	620	714	825
Motion Picture Production (5)	1,474	1,464	1,454	1,428	446	506	575	651
	314	298	314	351	94	113	140	174
<b>PERFORMING ARTS</b>								
Dance	140	149	170	187	66	80	89	102
Music	20	20	19	24	10	12	12	15
Opera	32	31	39	36	19	23	26	28
Theatre	6	6	6	6	5	7	7	8
	82	92	106	121	32	37	44	52
<b>PUBLISHING</b>								
Publishing only	13,057	13,505	13,205	13,382	2,340	2,641	2,987	3,453
Publishing & Printing	473	591	669	664	520	663	731	873
Book & Stationary Stores	557	599	633	619	1,214	1,316	1,496	1,740
Campus Book Stores	405	458	521	541	124	146	182	205
Public Libraries	210	212	207	210	82	93	101	116
University & College Libraries (6)	2,465	2,698	2,726	2,901	205	228	249	290
Central School Libraries (7)	255	255	246	246	168	168	202	202
	8,692	8,692	8,201	8,201	27	27	26	26
<b>RECORDING</b>								
Sound Recording & Musical Instrument Manufacturers (8)	116	162	189	217	226	306	360	334
Record Bars	35	44	52	56	191	259	303	270
	81	118	137	161	34	47	57	64
<b>VISUAL ARTS</b>								
Public Galleries	53	53	53	49	59	67	76	74
Public Museums	28	30	30	28	25	26	35	31
University Galleries	13	13	13	10	31	38	39	40
	12	10	10	11	2	2	2	3
<b>TOTAL CULTURAL SECTOR</b>	<b>16,466</b>	<b>17,008</b>	<b>16,832</b>	<b>17,099</b>	<b>4,720</b>	<b>5,411</b>	<b>6,217</b>	<b>7,033</b>

- figures may not add due to rounding -

Notes

(1) This table has been drawn from a variety of sources. Exhibit 1(c) identifies these data sources. Surveys used are prone to changes from one year to the next, and certain data may be unavailable or partial. As such the table represents only a best estimate and readers are cautioned to consult the publications quoted before making specific comparisons.

(2) In the case of some industries receiving subsidies (Radio & Television Broadcasting, Performing Arts, University & College Libraries and Central School Libraries), expenditure rather than revenue figures are used.

(3) Survey was cancelled with publication of 1977 results. 1978, 1979 and 1980 figures are assumed to be the same as 1977.

(4) Number of Establishments includes CBC which is not shown in Statistics Canada Publication. The number of CBC establishments is taken from the Annual Report of the Canadian Broadcasting Corporation for the relevant year and excludes private affiliates, power relay, and rebroadcast transmitters.

(5) 1979 and 1980 figures include Production Services which were not surveyed in previous years.

(6) Survey is only conducted every second year e.g. academic years 1976-77 and 1978-79.

Figures for 1978 and 1980 are assumed to be the same as those for 1977 and 1979 respectively.

(7) Survey is only conducted every second year e.g. academic years 1976-77 and 1978-79. Figures for 1978 and 1980 are assumed to be the same as those for 1977 and 1980. Only library material expenditures are shown and the expenditure figures for 1977 and 1978 are not fully comparable with those for 1979 and 1980.

(8) Revenue figures represent Net Value of Sales (distributor's net selling price) as shown in Statistics Canada Catalogue 47-004, Production and Sales of Phonograph Records and Pre-Recorded Tapes in Canada. Other data (Establishments, Staff and Salaries Wages figures) are from 47-205, Miscellaneous Manufacturing Industries, and refer to Sound Recording and Musical Instrument Manufacturers.

The corresponding revenue figures from 47-203 (Value of Shipments of Goods of own Manufacture) are \$99 million for 1977, \$119 million for 1978, \$130 million for 1979 and \$140 million for 1980.

Table 4

Exhibit 2  
COMPARATIVE SIZE OF THE CULTURAL SECTOR (cont'd)  
1977 to 1980

b) Estimated Size of the Cultural Sector  
(cont'd)  
(1)

INDUSTRY (1)	Staff (2)				Salaries & Wages (3) (\$ millions current)			
	1977 r	1978 r	1979 r	1980	1977 r	1978 r	1979 r	1980
<b>ADVERTISING</b>								
Advertising Agencies (4)	5,480	5,480	5,480	5,480	89	89	89	89
<b>BROADCASTING (6)</b>								
Radio & Television Broadcasting	33,979	34,476	36,273	36,705	591	654	761	797
Cable Television	25,651	26,851	27,675	28,336	481	550	634	665
Manufacturers of Radio & TV	4,946	5,293	5,652	5,480	65	75	87	93
	3,382	2,332	2,946	2,389	45	29	40	39
<b>MOTION PICTURES</b>								
Motion Picture Theatres & Film Distributors	16,476	16,014	16,612	16,597	91	101	111	121
Motion Picture Production (5)	14,810	14,192	14,447	14,590	69	74	79	86
	1,666	1,822	2,165	2,007	22	27	32	35
<b>PERFORMING ARTS</b>								
Dance	..	..	..	..	44	52	58	67
Music	..	..	..	..	6	8	7	9
Opera	..	..	..	..	15	13	20	22
Theatre	..	..	..	..	3	5	4	4
	..	..	..	..	20	21	26	32
<b>PUBLISHING</b>								
Publishing only	77,060	80,269	81,856	82,882	831	924	1,036	1,168
Publishing & Printing	9,515	11,001	10,128	11,002	113	147	144	172
Book & Stationary Stores	33,026	34,334	36,350	36,473	466	503	581	656
Campus Book Stores	..	..	..	..	20	27	29	34
Public Libraries (6)	1,373	1,434	1,475	1,494	12	13	14	16
University & College Libraries (7)	9,637	9,991	10,456	10,466	112	126	137	158
Central School Libraries (8)	8,646	8,646	8,658	8,658	109	109	131	131
	14,863	14,863	14,789	14,789	..	..	..	..
<b>RECORDING</b>								
Sound Recording & Musical Instrument Manufacturers	2,501	2,653	2,713	2,397	32	39	43	43
Record Bars	2,501	2,653	2,713	2,397	28	34	35	34
	..	..	..	..	4	6	8	8
<b>VISUAL ARTS</b>								
Public Galleries	2,603	2,535	2,535	2,420	..	..	..	..
Public Museums	1,023	1,095	1,095	1,051	..	..	..	..
University Galleries	1,460	1,360	1,360	1,235	..	..	..	..
	120	80	80	134	..	..	..	..
<b>TOTAL CULTURAL SECTOR</b>	<b>138,099</b>	<b>141,427</b>	<b>145,469</b>	<b>145,481</b>	<b>1,679</b>	<b>1,859</b>	<b>2,099</b>	<b>2,286</b>

- figures may not add due to rounding -

Notes

- (1) This table has been drawn from a variety of sources. Exhibit 1(c) identifies these data sources. Surveys used are prone to changes from one year to the next, and certain data may be unavailable or partial. As such the table represents only a best estimate and readers are cautioned to consult the publications quoted before making specific comparisons.
- (2) Staff generally includes full and part time employees, but excludes working owners and partners, etc.
- (3) Wages & Salaries generally represents total wages, salaries and benefits for Full and Part Time Staff where available.
- (4) Survey was cancelled with publication of 1977 results. 1978, 1979 figures are assumed to be the same as 1977 and 1980.
- (5) 1979 figures include Production Services which were not surveyed in previous years.
- (6) Staff figures are expressed in full-time equivalents and exclude Quebec part-time positions.
- (7) Survey is only conducted every second year e.g. academic years 1976-77 and 1978-79. Figures for 1978 are assumed to be the same as those for 1977. Staff figures are expressed in full-time equivalents and exclude Quebec part-time employees.
- (8) Survey is only conducted every second year e.g. academic years 1976-77 and 1978-79. Figures for 1978 are assumed to be the same as those for 1977. Only library material expenditures are shown and the expenditure figures for 1977 and 1978 are not fully comparable with those for 1979.

Table 5 (Data Sources)

Exhibit 2  
COMPARATIVE SIZE OF THE CULTURAL SECTOR (cont'd)  
1977 to 1979

c) Data Sources

INDUSTRY	SIC (1)	SOURCE	SURVEY NAME	CAT. NO. (2)
<b>ADVERTISING</b>				
Advertising Agencies	862	Statistics Canada	Advertising Agencies	63-201
<b>BROADCASTING</b>				
Radio & Television Broadcasting	543	Statistics Canada	Radio and Television Broadcasting	56-204
Cable Television	545	Statistics Canada	Cable Television	56-205
Manufacturers of Radio & TV	334	Statistics Canada	Miscellaneous Manufacturing Industries	43-205
<b>MOTION PICTURES</b>				
Motion Picture Theatres & Film Distributors	841	Statistics Canada	Motion Picture Theatre and Film Distributors	63-207
Motion Picture Production	842	Statistics Canada	Motion Picture Production	63-206
<b>PERFORMING ARTS</b>				
Dance	845	Canada Council	Performing Arts Database	...
Music	845	Canada Council	Performing Arts Database	...
Opera	845	Canada Council	Performing Arts Database	...
Theatre	845	Canada Council	Performing Arts Database	...
<b>PUBLISHING</b>				
Publishing only	288	Statistics Canada	Printing, Publishing & Allied Industries	36-203
Publishing & Printing	289	Statistics Canada	Printing, Publishing & Allied Industries	36-203
Book & Stationary Stores	334	Statistics Canada	Retail Chain Stores	63-210
Campus Book Stores	691	Statistics Canada	Campus Book Stores	63-219
Public Libraries	807	Statistics Canada	Public Libraries in Canada	87-651
University & College Libraries	807	Statistics Canada	University and College Libraries in Canada	87-652
Central School Libraries	807	Statistics Canada	Centralized School Libraries in Canada	87-650
<b>RECORDING</b>				
Sound Recording & Musical Instrument Manufacturers	399	Statistics Canada	Prod. & Sales of Phonograph Records and Pre-recorded Tapes in Canada + Misc. Manufacturing Industries	47-004 + 47-205
Record Bars	334	Statistics Canada	Retail Chain Stores	63-210
<b>VISUAL ARTS (3)</b>				
Public Galleries	807	C.B.A.C.	Visual Arts Survey	...
Public Museums	807	C.B.A.C.	Visual Arts Survey	...
University Galleries	807	C.B.A.C.	Visual Arts Survey	...

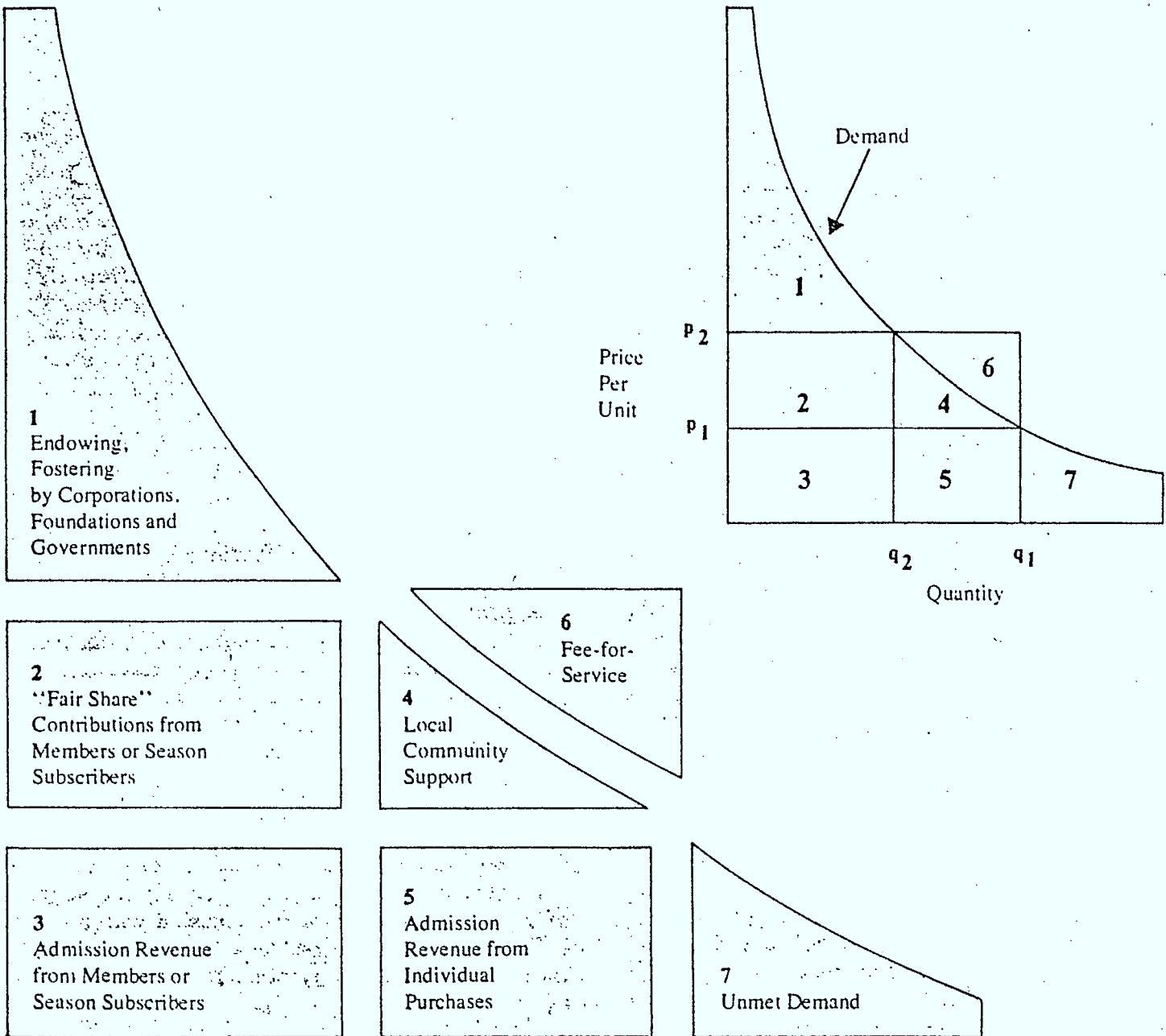
Notes

- (1) Refers to Standard Industrial Classification, Statistics Canada Cat. 12-501.
- (2) Refers to Statistics Canada Catalogue Number.
- (3) C.B.A.C. refers to Council for Business and the Arts in Canada.

Source: Canada Council

Table 6

Figure 2: Division of Cost Responsibilities



Source: Perloff, op. cit. (see notes)

Table 7

Table 11: Using the Model to Set Goals—A Theater Example

Area	Source of Revenue	Reason	Goal at 90% (000's)	Goal at 99% (000's)
1	Foundations Corporations Governments	Fostering, endowing and preserving the arts	min. \$180	min. \$162
2	Season subscribers and wealthy individuals	Fair share contributions	840	756
3	Season subscribers	Subscription to five plays	840	924
4	Individual ticket purchasers	Fair share contributions	max 180	max 162
5	Individual ticket purchasers	Admission	360	396
6	City, county, state and federal governments	Fee-for-public-service	min. 180	min. 162
7	Unmet demand		0	0
Approximate gross revenue			\$2,580	\$2,562
Surplus (deficit) of revenue over total operating expenses			180	162
Surplus (deficit) as a proportion of total operating expenses			.075	.068

Source: Perloff, op. cit. (see notes)



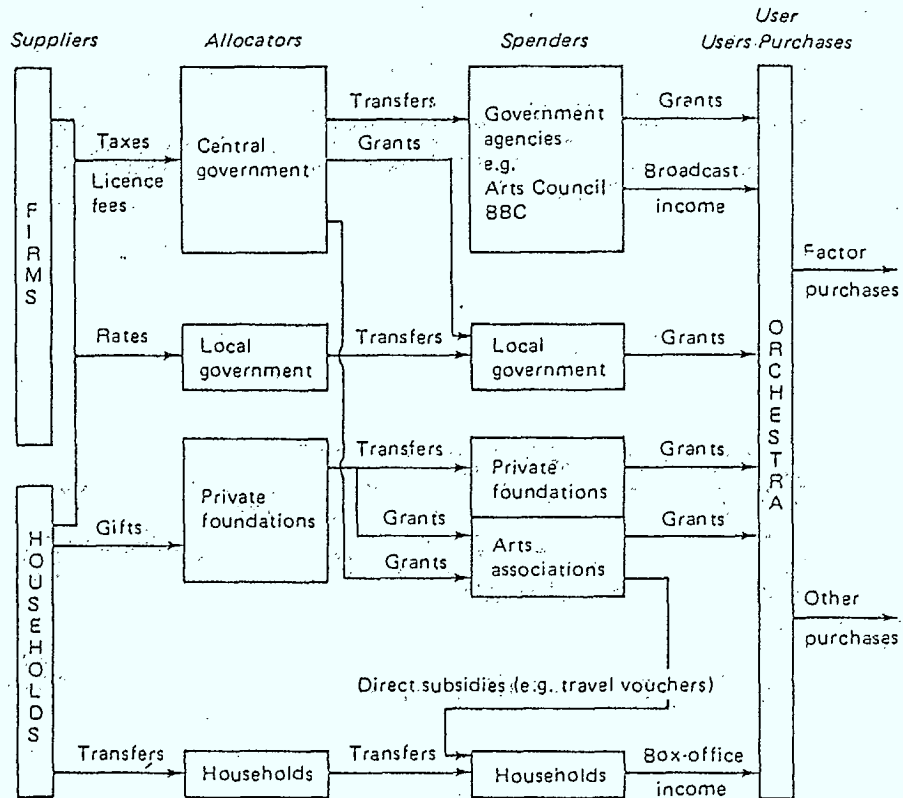
Looking at the question from the point of view of the public interest, or economics for the arts, the British cultural economist Mark Blaug has written: "So diverse and complex is the flow of funds to the arts in any modern economy that evaluation of public expenditure on the arts is hardly possible without a preliminary attempt to draw up a set of cultural accounts."<sup>9</sup> In the collection of readings edited by Blaug, two economists write about "the application of cost-effectiveness analysis to public expenditure on the arts".<sup>10</sup> Basic to their work is "a set of 'cultural accounts' which identifies the nature and magnitude of the flow of funds from the 'sources' of government finance for the arts to the use made of these funds classified according to the type of artistic 'production', according to the type of decision-maker (central government, local government, private sector) and according to the factor inputs employed by the 'producers'." An illustration of their method is given in Table 8 (Table 1 in the original), where the example chosen is that of a British symphony orchestra.

In Canadian public policy, it would appear that attempts to see the cultural accounts whole, to see each sub-sectoral set of accounts in relation to the others in proper proportion, and to see the sector and sub-sectoral accounts in correct relation to the rest of the economy, have fallen before the interests of the special pleaders. The special pleaders for Culture with a capital C have, as indicated in Chapter I, spurned economics as basically anti-cultural, rather than accepting it as "the second essential". The special pleaders for particular sectors -- dance or TV drama, graphic arts or theatrical film, for example, -- have been interested in building support for their own specialities, and the Arts and Culture Sector has catered to them with a series of sub-sectoral studies. Valuable in themselves, these studies do not add up to a general account of the cultural economy, though they would be useful sources if such an aggregation were attempted.

"There is resistance in the cultural field to anything economic, and that also applies to the bureaucrats dealing with culture," said an interviewee in the Arts and Culture Sector of DOC who is familiar with strategic planning. "We have never done a socio-economic impact study of culture. StatsCan has an input-output simulation model -- I'm not sure how accurate it is -- and we should be doing a good hard economic analysis of the impact of culture."

Table 8.

Table I. Sources and Uses of Orchestral Finance



Source: Blaug, op. cit. (see notes)

Commenting on policy papers which stress the need for more support for cultural activities from the private sector, he said, "It's easy for bureaucrats to say we must get more from the private sector, but unless you have analyzed where and how, you're copping out. No one wants to look at hard figures, there's a tremendous mental block."

At Statistics Canada, an interviewee connected with the compilation of cultural statistics said, "Our mandate is to pull out numbers in individual sectors, but we don't have the resources to put them together. There is an absence of synthesis. Not only are we not making the synthesis but we are not aware of what other people (in government, even in Statistics Canada) are doing."

The National Arts Centre, in its submission to the Applebaum-Hébert Committee, said that in order to keep down its administrative expenses "the resources ... which it has devoted to the development and maintenance of an elaborate system of post facto information recording, retrieval and analysis, have been minimal". That is, the NAC has been too busy filling the house with good shows to worry about economics in the arts.

The fragility of cultural accounting tends to undermine the Department of Communications' frequent assertions of an economic rationale for cultural policies and programs. Submissions from the department and the cultural agencies often get a rough ride at the Ministry of State for Social Development (or, when they are referred there, the Ministry of State for Economic and Regional Development), or the Finance Department, Treasury Board, Comptroller General's office, or Auditor-General's department.

This is not to say that the coordinating and controlling agencies of government have developed appropriate criteria for judging cultural policies and programs, taking into account the special nature of cultural economics. On the contrary. But the DOC does not have the economic knowledge or competence in the cultural area to make a strong case.

The scope and growth of the cultural sector

The Department of Communications makes the general assertion in its policy papers that the information and communications sector of the economy accounts for a growing proportion of GNP, is indeed the fastest growing sector in "the information society". Cultural activities are seen as constituting a similarly expansive field within the general sector, labor intensive, taking up slack as workers are displaced from more technological occupations, gaining in popularity with the increase in both incomes and leisure.

There are economic studies to back up the thesis of the information-communications industry as a growing contributor of wealth and employment. One can point also to studies showing a considerable increase in cultural activity in both "the creative and the communicating arts", to borrow Northrop Frye's classification.<sup>11</sup> Still, the assertions have to be approached with caution, advocacy has to be distinguished from fact.

"I would look very carefully at the calculations saying we are becoming an information society," said Christopher Maule, an industrial economist, in an interview at Carleton University. "I think they are right; but I think they overstate the case. They are tied up with the idea that we are becoming a service economy, but it is partly a matter of how people are counted. Activities that previously were in manufacturing or resource industries have now become separate and are counted as part of the information industry -- accounting, legal, and public relations services and so on, which are now being more contracted out. Part of the growth of the service sector is illusory. Software and data processing are now distinct areas, but they are things we were already doing under other classifications; that is, they are a substitution. Some things are really new, others just a new way of doing things."

Similarly, Maule thinks culture is "probably expanding as an area", but again the accounting is inadequate to give precision to the impression. A number of our interviewees reflected the view that if one added all the sectoral economic studies, and all the leisure studies, together, one would have people producing four times the actual GNP and living 96-hour days.

"You have to be careful of the economic growth sector argument in the sense of piggybacking on somebody else's dynamic; it falsifies what you're about," said an interviewee connected with the National Museums Corporation.

"The statistics used for cultural industries are usually in large part stolen from other sectors -- education, transport, communications, construction, and so on," said an interviewee who has been concerned with general cultural policy in the Arts and Culture sector of DOC.

In some fields of culture, economists have provided a picture of a fairly constant economic envelope over time. One of the fathers of "cultural economics", William J. Baumol, writing with Hilda Baumol in the Journal of Cultural Economics, says "the evidence indicates that there has been no increase in the share of the outlays of consumers going to the arts".<sup>12</sup> Discussing attendance at live performances in the U.S. theatre from 1946 to 1978, they write:

While total expenditure in nominal dollars has increased more than ten-fold since 1929, in real terms it has just (a bit more than) doubled. More important, per capita real expenditure has risen only 12 per cent in half a century, and as a percentage of disposable personal income it has actually fallen 40 per cent.

A similar picture for the communicating arts in the United States is reported by Benjamin M. Compaine in Who Owns the Media?:<sup>13</sup>

Since 1933, the amount of money that consumers have spent on media, in the form of purchases of newspapers, magazines, books; television and radio set purchases and repairs; and on movie admissions, has remained level as a percentage of personal consumption expenditures. But the composition of those expenditures has shifted along with the introduction of new media. ( ... )

Although audio-visual media account for a similar percentage of expenditures in 1976 as in 1929, the overall trend since 1945 has been upward. Within this category, however, a drastic switch has taken place, as relative expenditures for movie admissions have dropped dramatically in concert with the sizeable increases on television and radio receivers.

But perhaps other sources of revenue for the American cultural industries have made an ever greater proportional contribution? Not so:

Except for book publishers and theatrical film makers, advertisers provide for all or most of the financial support for mass media businesses. As with consumer expenditures, advertising outlays have tended to remain at a constant proportion of the Gross National Product, staying near 2.00% of total goods and services. However, as seen in Table 8.2, the broadcast media have accounted for an increasing share, as first radio and then television drew a considerably greater share from the older print media.

The two tables on which Compaine bases his remarks are reproduced here as Table 9 (8.1 in the original) and Table 10 (8.2 in the original).

In order to have a realistic picture of the scope and growth of the cultural sector in Canada, and of its components and its dynamics, a far more rigorous system of accounting and analysis will be needed than we have at present. At the outset, there will have to be agreement on what is to be measured.

A few years ago, for example, the Policy sector of DOC contracted for a study, Toward a Policy Framework for the Economic Development of the Communications/Information Sector.<sup>14</sup> But what kind of a sector is that? Its definition, we are told, was made "deliberately narrow" in order to concentrate on "the heartland of the sector", and thus we find that while the communicating arts (the "cultural industries" under DOC terminology) were included, the

Table 9

Table 8.1 Percentage of Consumer Spending on Print and Audio-Visual Media, Selected Years, 1929-1976

	Media Expend. as % of Per. Consump. Exp.	Newspapers, Magazines, Sheet Music	Books & Maps	Total Print	Radio, TV, Recv'rs, Records, Instruments	Radio & TV Repairs	Movie Admis.	Total AV Media <sup>a</sup>
1929	3.37%	20.65%	11.86%	32.51%	38.85%	1.00%	27.64%	67.49%
1933	2.76	33.20	12.04	45.24	15.45	1.11	38.19	54.75
1940	2.94	28.26	11.23	39.43	23.70	1.53	35.27	60.50
1945	2.82	28.66	15.44	44.10	10.22	2.61	43.07	55.90
1950	3.25	23.92	10.78	34.70	38.74	4.53	22.02	65.29
1955	2.94	25.10	11.64	36.74	38.53	6.97	17.81	63.31
1960	2.67	25.32	15.06	40.38	39.39	9.25	10.98	59.62
1965	3.00	22.23	15.98	38.21	46.61	8.00	7.19	61.80
1970	2.97	22.33	18.75	41.08	45.38	7.20	6.33	58.91
1974	3.04	26.01	11.20	37.21	48.99	4.58	9.21	62.78
1975	3.00	25.49	11.54	37.03	49.53	4.80	8.62	62.95
1976	2.94	25.12	11.15	36.27	49.88	4.58	9.27	63.73

a. Total may not add to 100.00% due to rounding.

Source: U.S. Bureau of Economic Analysis.

Table 10

Table 8.2 Share of Advertising in Major Print and Broadcast Media, Selected Years, 1935-1978

	Advertising Expenditures	Percent of GNP	Percent Broadcasting	Percent Newspaper & Magazines
1935	\$1,690	2.34%	6.7%	53.1%
1940	2,088	2.09	10.3	48.5
1945	2,875	1.36	14.7	44.7
1950	5,710	2.00	13.6	45.4
1955	9,194	2.30	17.1	37.9
1960	11,932	2.36	19.1	38.9
1965	15,250	2.22	22.5	36.6
1970	19,550	2.00	25.1	35.8
1975	28,230	1.86	25.6	35.1
1976	33,720	1.99	26.8	34.7
1977	38,120	2.02	26.9	34.9
1978 <sup>a</sup>	43,740	2.08	27.0	34.9

a. Preliminary.

Sources: 1935-1960 - *Historical Statistics of the United States, Colonial Times to 1970*, Series T444-471.

1965-1978 - *Advertising Age*, as prepared by McCann-Erickson, Inc., New York, for advertising; U.S. Bureau of Economic Analysis for GNP.

Source: Compaine, op. cit. (see notes)

creative and heritage arts were left out. Considering the "informative" and "communicative" aspects of the latter, an interviewee in the Arts and Culture sector of the department questioned the relevance of this type of sectoring.

There is, of course, a basic conflict over any kind of classification. Man the individual rebels against man the social animal, with his need for organization, administration, and categorization. The free spirit loathes harness. But we are speaking of the limited uses of classification in a system of government that recognizes, or should, that the limits on its power are the most important thing about it.

### A basis for cultural accounting

One approach to national cultural accounts is the 1980 recommendation of the General Conference of the United Nations Educational, Scientific and Cultural Organization concerning "the international standardization of statistics on the public financing of cultural activities."<sup>15</sup> While the recommendation concerns the classification of governmental expenditures, it relates these to the broader question of a general framework for cultural statistics -- that is, public expenditure is related to cultural activity in the general economy -- and provides the analyst with the useful tool of international comparability.

For the purposes of the UNESCO recommendation, the cultural field is defined as comprising the following categories:

#### Category 0--Cultural heritage

This category includes activities aimed at preserving and developing the cultural heritage and cultural structures by such means as the maintenance of monuments and the depositing, collecting and communication of the treasures of the past:

- 0.0 Historical monuments and sites
- 0.1 Archives
- 0.2 Museums
- 0.3 Archaeological excavations
- 0.4 Other forms of the cultural heritage enjoying official protection
- 0.5 Research and training outside the formal education system
- 0.6 Such activities necessary for the preservation and registration of the cultural heritage as cannot be included in the other categories



### Category 1--Printed matter and literature

This category includes activities aimed at creating, producing or disseminating literary works in printed form, i.e. books, periodicals, newspapers, etc. and also the setting up and operation of libraries:

- 1.0 Literary creation
- 1.1 Book publishing
- 1.2 Periodical and newspaper publishing
- 1.3 Distribution and marketing of books, periodicals and newspapers
- 1.4 Libraries
- 1.5 Research and training outside the formal education system
- 1.6 Subsidiary activities necessary for literary production and printing

### Category 2--Music

This category includes activities aimed at creating, producing or disseminating musical works in the form of scores, recordings or concerts:

- 2.0 Musical creation
- 2.1 Musical performances (instrumental or vocal concerts)
- 2.2 Publication of printed music
- 2.3 Lyric performances (including operas, operettas, etc.)
- 2.4 Publication of recorded music (discs, magnetic tapes, cassettes, etc.)
- 2.5 Distribution and marketing of printed and recorded music
- 2.6 Production and marketing of musical instruments
- 2.7 Production and marketing of equipment for the reproduction and recording of music (record-players, tape-recorders, etc.)
- 2.8 Training outside the formal education system
- 2.9 Subsidiary activities necessary for the creation and production of music and of equipment

### Category 3--Performing arts

This category includes activities aimed at creating, producing or disseminating works of visual art in the form of paintings, sculptures, ornaments or craft objects:

- 3.0 Creation of works for the performing arts
- 3.1 Dramatic performances
- 3.2 Choreographic performances
- 3.3 Other performing arts (circus, music hall, cabarets, variety shows)
- 3.4 Training outside the formal education system
- 3.5 Subsidiary activities necessary for the performing arts (hiring of halls, middleman services, production and marketing of equipment)

#### Category 4--Visual arts:

This category includes activities aimed at creating, producing or disseminating works of visual art in the form of paintings, sculptures, ornaments or craft objects:

- 4.0 Creation of works of visual art
- 4.1 Publishing and production of works of visual art
- 4.2 Exhibition of works of visual art
- 4.3 Dissemination and marketing of visual art
- 4.4 Training outside the formal education system
- 4.5 Subsidiary activities necessary for the visual arts (production and marketing of materials and equipment needed for the creation and publishing of works of visual art)

#### Category 5--Cinema and photography

This category includes activities aimed at creating, producing or disseminating cinematographic or photographic works:

- 5.0 Cinematographic creation (production of cinema films)
- 5.1 Film distribution
- 5.2 Film shows
- 5.3 Photography
- 5.4 Training outside the formal education system
- 5.5 Subsidiary activities necessary for the cinema and photography (production and marketing of films, screens, cinematographic and photographic cameras, sound equipment, projectors, buildings and premises used for projection)

#### Category 6--Radio and television

This category includes activities aimed at creating, producing or disseminating works for radio or television:

- 6.0 Radio
- 6.1 Television
- 6.2 Training outside the formal education system
- 6.3 Activities necessary for broadcasting and television (production and marketing of transmitters, receivers and networks)

#### Category 7--Socio-cultural activities:

This category includes activities aimed at enabling people to express themselves individually or collectively in all aspects of their everyday life:

- 7.0 Socio-cultural initiative, community cultural centres and promotion of amateur activities
- 7.1 Civic and professional associations

- 7.2 Other socio-cultural activities (ceremonies, social functions connected with religious, moral, ethical or philosophical beliefs)
- 7.3 Training outside the formal education system
- 7.4 Other activities necessary for socio-cultural activities

Category 8--Sports and games

This category includes the production of sports equipment, the construction and maintenance of playing fields and other amenities (sports grounds, swimming pools, gymnasiums, etc.), and also related activities and activities connected with the organization of sports and games:

- 8.0 Sporting activities and sports associations (the playing and organization of games, matches, etc.)
- 8.1 Production of sports equipment, construction and maintenance of playing fields and other amenities
- 8.2 Training outside the formal education system

Category 9--Nature and the environment

This category includes activities aimed at providing and maintaining installations and services connected with nature and the environment, and with the quality of life:

- 9.0 Recreational activities connected with nature (national parks, nature reserves, public beaches, forest walks, etc.)
- 9.1 Activities connected with the quality of the urban setting (city parks, trees, recreation areas for children, etc.)

Category 10--General administration of culture and non-apportionable activities

This category includes activities aimed at providing maintenance, equipment and administrative services, as well as multi-purpose cultural activities which cannot be placed, as a whole, under one of the preceding categories:

- 10.0 General public administration of culture
- 10.1 Provision and maintenance of multi-purpose cultural equipment covering several categories under the functional classification (such as multi-purpose halls serving as concert halls, cinema or conference rooms)
- 10.2 Other activities, which cannot be broken down by the preceding categories.

For purposes of measurement related to governmental policies and programs, some arbitrary decisions have to be made as to what is and is not culture. Thus the UNESCO classification excludes formal education and science, which are considered under other headings. In Canada, since the Massey Commission, the distinction has been made between the school system or "formal education", under exclusive provincial jurisdiction, and "post-secondary" education and cultural activities related to education, in which the federal government shares jurisdiction. Both Québec and Alberta have objected to this sharing, with Québec often asserting exclusive jurisdiction in "culture", but in practice federal cultural policies and programs have extended to all provinces through various means.

Since April 1980, the Arts and Culture sector of DOC has used the full scope of the UNESCO definition in compiling total federal expenditure figures on culture. The definition encompasses all the cultural agencies under the aegis of the Minister of Communications, most of the activities of the Secretary of State's department (many of them in UNESCO category 7, socio-cultural), the CRTC, fitness and amateur sport, and all of Parks Canada activities.

Treasury Board, defining the "Culture and Recreation Function", includes most of the activities of definition 1, but it excludes the Social Sciences and Humanities Research Council, the Canadian Film Development Corporation, and part of the Public Archives.

The Applebaum-Hébert Committee began with yet a third definition, narrower still, excluding the Citizenship activities of the Secretary of State's department, fitness and amateur sport, and the activities of Parks Canada other than historic sites and historic parks.

If the Department of Communications, through its Arts and Culture sector, is to play effectively the role of principal agency of government responsible for cultural activities, it will have to consider them in relation to the full breadth of the cultural economy, even though other departments may have responsibility for sport, national parks, and so on. The social goals of

government cultural policy are not necessarily better served by programs for which DOC and the Cultural Agencies have responsibility than by other programs. As Northrop Frye has remarked, someone eating peanuts at a baseball game may be part of a better educated and more culturally active audience than someone eating canapés at the opening of a sculpture exhibition.<sup>16</sup>

Chartrand of the Canada Council has noted the inadequacies of the rather primitive sets of cultural accounts that now exist in Canada. The creative arts are under-represented. It would also appear that the measure of the contribution of architecture, design and the decorative arts is inadequate. Amateur involvement in cultural activities, which federal spokesmen are inclined to relegate to provincial or municipal responsibility (see the hearings of the Commons committee on communications and culture), seems to be almost unmeasured. "We touch on it very little," said an interviewee at Statistic Canada. "It is almost part of the underground economy."

Just because some activity is measured as "culture" in the economy does not mean, of course, that government must aid it. One interviewee noted that Québec regarded cabaret as worthy of aid, while Ottawa regarded it as "only a stepping stone" and unworthy. But the dancing girls, whether brought on or not, governmentally speaking, must indubitably be regarded as culture (UNESCO Category 3.3--Other performing arts).

#### Cultural accounting and the cultural communities

In speaking of the cultural communities in relation to the economic accounts, we are speaking mainly of the English and French markets rather than of particular aggregations of accounts that may be appropriate for looking at regional or multicultural activities, or the distinctive cultural communities of the original peoples. Both the English and French communities, with their regional, multicultural, and aboriginal cultural aspects, aspire to a full range of cultural activities. There are limitations on the extent to which they can share the same products and services, ranging from a strong degree of sharing in music, sport, and dance, to a lower degree in the verbal arts.

"Even when you take what isn't verbal, you will find differences between the French and English markets, and the penetration of one market by the products of the other will not happen automatically," an executive in the field of cultural policy said in an interview. "The orchestra, the musician, the dance company or whatever will have a different exposure in each market, a different problem of becoming known in the market."

His comment reflects the fact, discovered to its profit by private enterprise a generation ago, that different types of advertising are required to sell the same products in French and English Canada.

Sub-sectoral studies done for the Arts and Culture sector have shown increasing attention to French-English cultural differences, though most of our French-speaking interviewees and some of our English-speaking ones felt this had not gone far enough. Certainly the Kent Commission found striking differences between the French and English newspaper markets.<sup>17</sup> For example, the French-speaking population is about a quarter of the Canadian population but accounts for less than a fifth of Canadian newspaper circulation. Similarly, book consumption appears to be lower in French Canada, while television consumption is proportionally higher. The full picture of distinct tastes and preferences will not show up in the cultural accounts of funds-flow, employment, audience and so on, nor can they disclose whether a differential between the English and French markets is due to taste and preference or to supply factors. But the elaboration of the cultural accounts to give part of the picture of each market is essential in designing cultural economic policies and programs that do not impose criteria suitable for only one of the communities on the other, or neglect criteria important in one community because they are not important in the other.

Another interviewee said the Industry, Trade and Commerce Department "never distinguished between English and French (in the sound recording industry), which are different products in different sales networks; the distinction was not made until the most recent study for the Arts and Culture Sector."

## Conclusions

The present measurements of economic activity in the cultural sector in Canada are inadequate to the needs of policy-makers.

Studies of the whole sector have been based on rather different views of what should be included, what not. Experts have reservations about the accuracy of some of the available statistics, and are concerned that some needed statistics are not available at all. In any case, the relevant personnel in government have not been organized to conduct the disaggregation, examination, and re-aggregation in a cultural framework of the figures that are available.

A great deal of effort has been put into sub-sectoral studies of particular cultural constituencies, considered as "clients" of public policy. But the sum of them does not add up to a general and accurate picture of the cultural economy.

That is, the failure to go the extra mile -- to analyze and synthesize available data -- and produce a more reliable and useful picture of the cultural economy has been a waste of available resources.

One consequence of the inadequacy of cultural accounting has been insufficient grounding for assertions made by the Department of Communications as to the growth, and growth possibilities, of the cultural sector.

Work already done by the Canada Council on the cultural accounts, seen in relation to the general framework of cultural accounting recommended by UNESCO, indicate the direction in which further work needs to go. The Minister of Communications, as the principal minister responsible for cultural policies and programs, should expect to receive this type of intelligence from the Arts and Culture Sector, which has the primary function of assisting the Minister in his advisory, coordinating, and informational roles.

In elaborating the national cultural accounts and sub-sectoral accounts, care has to be taken that the English-speaking and French-speaking communities, each of which aspires to a full range of cultural expression, are given appropriate individual attention. If the bicultural nature of the country is not taken fully into account in the department responsible for culture and communications policy, it will be out of luck everywhere.

Our discussion of the utility of cultural accounting will extend into the next chapter, which deals with some of the links between cultural economics and policy-making.



NOTES

II. Cultural Accounting and its Uses

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6. "The Size, State and Importance of Canadian Culture and its Near Term Policy Future," by Harry A. Chartrand; paper delivered to the Canadian Futures Conference, University of British Columbia, August 1982.
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12. "On Finances of the Performing Arts During Stagflation; Some Recent Data," by Hilda Baumol and William J. Baumol, Journal of Cultural Economics, Vol. 4, No. 2, December 1980, p. 8.
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14. Price Waterhouse Associates, Toward a Policy Framework for the Economic Development of the Communications/Information Sector (Ottawa: Communications Economics Branch, Department of Communications, 1981).

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### III. VOTERS' PREFERENCE

#### The demand for cultural opportunities

Economics tells us consumers vote their preferences with their dollars. Political economy tells us they also vote their preferences with their ballots.

John Meisel, an economics student turned political scientist, chairman of the Canadian Radio-Television and Telecommunications Commission, no doubt by design chose an audience in the United States, the world's leading emporium of the private sector, to press home the message of the Canadian political economy.<sup>1</sup>

"Given the manipulations of advertisers and the rigidities of the mass-production imperative," he said, "I am not convinced that the revealed preferences of individuals as consumers are any more deeply rooted than the revealed preferences of individuals as voters. On the contrary, it is I think irrefutable that market transactions reveal not the absolute preferences of individuals but the choices they make among a restricted range of possibilities, itself defined by a limited and arbitrarily selected number of players."

One economics text widely used in Canadian universities puts it this way: "Even if the price system allocated goods and services with complete efficiency, this would not assure market success if members of society have other goals that they wish to serve by allocation of resources."<sup>2</sup>

These "other goals" represent the opportunity cost -- Samuelson's "sacrifice of doing something else"<sup>3</sup> -- that the private sector cannot or will not pay under its assessment of the conditions of the market place. For one reason or another consumers cannot vote all of their performances with their dollars.

Meisel told his audience at the Telecommunications Policy Research Conference that "what we must talk about when we are discussing the role of market forces versus the role of government intervention, is values". This brings us back to the quotation from Lord Robbins in Chapter I, the question of "ultimate values" and the economic "implications as regards proportions".

Year by year the federal government is in the business of determining voter demand for cultural opportunities, subtracting what the private sector provides, conciliating the remainder with all other social demands and society's ability to pay for them, and arriving at a cost it deems Canadians are willing to pay collectively for cultural opportunities, bearing in mind that other orders of government are also meeting part of the cost.

But determining, and helping to satisfy, voters' preference for cultural products, many of which are bound to cater to minority tastes, is a highly contentious business. The Applebaum-Hébert Committee's discussion of the argument for providing "merit goods" in view of "market failure"<sup>4</sup>, for example, triggered an explosion of scorn in the column of Don McGillivray, economics editor for Southam News.<sup>5</sup>

McGillivray compared the idea that taxpayers should contribute to the satisfaction of minority tastes to the notion that a lone eater of pheasant in a restaurant where 10 others were eating hamburgers should have his meal subsidized by the hamburger-eaters. Rapping Applebaum-Hébert for "elitism", the columnist went on to say, "It is particularly galling that cultural nationalists assume that ordinary Canadians need to be protected from foreign influences by such devices as Canadian content laws."

In his penultimate paragraph McGillivray did acknowledge that "There are, of course, things Canadians want to do collectively, including the support of an educational system."

But how do voters collectively express what they want to do -- and how much -- through their federal government?

An interviewee at the National Museums Corporation had a dry comment on Meisel's faith in "the revealed preferences of ... voters": "I'd be very surprised if an MP ever voted in or out a cultural program. I haven't seen a vote that has gone through because MPs have risen up and said they wanted the CBC. The question is what level of CBC they want. In the cultural sphere, except on blatantly political projects, they have tended to fund at a minimum level."

Before we come to immediate levels of funding, however, we have to consider the term "voters" in the sense Meisel meant it, as a surrogate for the whole Canadian democratic process as "revealed" over time.

Starting with the Canadian Constitution as the most profound formal statement of political demand, we can note the entrenchment in the Canadian Charter of Rights and Freedoms of the cultural freedoms, and of respect for French and English, for regionalism, for aboriginal rights, and for multicultural heritage, as well as the commitment of both orders of government to "providing essential public services of reasonable quality to all Canadians". Are cultural services "essential services"? They must be, if the other rights and freedoms are indeed to be guaranteed.

Below the constitutional level comes the voter-demand incorporated in legislation and in regulations and policies flowing from legislation, and in judicial interpretations that have been handed down from time to time. Parks Canada, for example, has a policy manual, a model of its kind, starting with a section on the evolution of policy from the Rocky Mountain Parks Act of 1887 -- "a public park and pleasure ground for the benefit, advantage and enjoyment of the people of Canada" -- and continuing with sections that elaborate, succinctly, the bases of present policies and their interpretation.<sup>6</sup>

To take other examples, the CRTC often recalls that the Broadcasting Act of 1968 specifies Canadian ownership and control so as to "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada". The Canada Council reminds us from time to time that its mandate, less felicitously worded than some, is "to foster and promote the study and enjoyment of, and the production of works, in the arts".

The Government's announced intention was to follow the Federal Cultural Policy Review with a White Paper, a general statement of cultural policy. While this plan has given way to what was deemed the more urgent matter of formulating and implementing policies in sub-sectors, such as broadcasting, that called for immediate attention, a more general policy guide would still be useful in assessing, among other things, the economic aspects of cultural policies and programs.

Moving from the general to the particular, from the message of tradition to the message of the moment, Parliamentary debate and examination of current matters will continue to provide an impression of the public's demand for cultural opportunities. Basic to the parliamentary process is the government's role as proposer and persuader, which is heavily dependent on the quality of information and advice on policy options that it obtains from departments and agencies with cultural responsibilities. If the Arts and Culture sector of DOC is seen as the central, or at least principal, source of such intelligence for the ministry, it bears a heavy responsibility in seeking to determine cultural demand and the fit between that demand and federal policies and programs.

Interviewees in our discussion mentioned a wide range of indicators of demand. Voluntary associations and pressure groups in the cultural field are one source, gathering what public support they can muster in favor of particular activities, groups of activities, and cultural enterprises, with the Canadian Conference of the Arts serving as a central lobbying agency for most. Public opinion studies have become an increasingly used indication, with their validity

depending a good deal on the shaping of the questions put to the public. There is also a body of "well-informed" or "expert" or "respected critical" opinion to be drawn on in trying to translate general expression of demand into more specific expressions of what the public wants.

There is no question that could have been put to the public some years ago to elicit the response, "I would like an author called Mordecai Richler to write a book called The Apprenticeship of Duddy Kravitz which I would later like to see made into a movie." Trial and error plays a role in establishing governmental appreciation of demand and ways of satisfying it. "It is very difficult," Mark Blaug has written, "to find criteria to distinguish the neglected genius from the neglected charlatan."<sup>7</sup>

Attendance figures and audience surveys have been used extensively to indicate demand for different kinds of cultural activities, with due attention to particular performances of particular works (good, bad, indifferent) and other conditions that may be relevant (bad weather, few tourists). But an American economist, Sonia S. Gold, has observed:<sup>8</sup>

Audience surveys miss the nub of the arts demand problem, namely, the non-audience. The identity of present audiences is useful information, but it is completely overshadowed by the fact that a majority of the population with the specified attributes belongs to the nonaudience.

A Canadian study of the dance -- ballet, classical, and modern -- has met this criticism by including a market survey designed to find out the characteristics not only of those who attend, but also of the "near" audience, defined as "those who do not currently attend on any regular basis but who might be persuaded to do so".<sup>9</sup> The study indicated the present audience for professional dance in Canada is about a million, with prospects of increasing it by 60 to 100 per cent through new marketing strategies.

The pioneering audience surveys in the performing arts done in the United States by W.J. Baumol and W.G. Bowen indicated that the audience was drawn from only four per cent of the U.S. population 18 years of age and older.<sup>10</sup>

... the audience is drawn from an extremely narrow segment of the American population. In the main, it consists of persons who are extraordinarily well educated, whose incomes are very high, who are predominantly in the professions, and who are in their late youth or early middle age.

The limited interest in some cultural activities is reflected in public attitudes toward supporting them. David Cwi, director of the Institute of Cultural Policy, Baltimore, Md., writing in the Journal of Cultural Economics, notes a 1973 Harris poll in the United States on demand for the arts and support of subsidy.<sup>11</sup>

Whether or not they were personally interested in having facilities like museums, theatres, and concert halls, 57 per cent thought it was very important to have such things available and 32 per cent thought it somewhat important. But there was little support for governmental subsidy of selected artistic activities. Only 11 per cent of respondents favored governmental support for dance and opera companies, 12 per cent for noncommercial theatre and 16 per cent for symphonies. Museums of all types fared much better and public libraries and parks fared best.

In Canada, a survey prepared by the Secretary of State's department before the transfer to DOC contained the question, "In general do you feel governments should give financial support to cultural activities?" And 83 per cent replied "Yes."<sup>12</sup> In response to a question as to whether museums, symphony orchestras, ballet companies and other performing companies should "pay their way", only 28 per cent thought they should, though only 21.2 per cent of French-speaking Canadians held this view compared to 30.5 per cent of English-speaking Canadians. Overall, 57.9 per cent held that "governments should make good their losses" (an opinion which can be translated directly into backing for the deficit-reduction phase of the Special Cultural Initiatives Program). These indications of support for public financing are seen in relation to indications



of general demand, such as the 72.6 per cent of respondents who said they had very positive feelings about the arts and culture events put on by local artists in their community, and 72.1 per cent who reported positive feelings about nationally recognized Canadian artists.

Audley, using data from the same 1979 survey, noted:<sup>13</sup>

With respect to the cultural industries specifically, 83.8 per cent thought support to broadcasting was important or very important, while in the case of book publishing, the movie industry, the recording industry and magazine publishing, 73.2, 64.2, 60.7 and 50.3 per cent thought government support was important or very important.

Citing other evidence, he writes:

A 1980 Gallup Poll showed that 67.4 per cent of Canadians supported the policy of the Canadian Radio-Television and Telecommunications Commission (CRTC) requiring that television broadcasters exhibit 50 per cent Canadian programming. An earlier Gallup Poll of 1975 showed that 59 per cent of Canadians thought Canada's culture and way of life were influenced too much by American television, with 65 per cent of Canadians under thirty years of age agreeing that this was the case. ( ... )

Similarly, a September 1980 survey carried out by CROP Inc. showed that 60 per cent of Canadians felt that movie theatres in Canada should be required to show Canadian films at least 10 per cent of the time. Only 23 per cent disagreed. ( ... ) The same survey showed that 65 per cent favored a similar requirement for films shown on television, while only 20 per cent disagreed. A November 1980 survey by the same firm found that 63 per cent of Canadians agreed that some of the revenue from pay television services in Canada should be used to subsidize the production of Canadian programs, while 27 per cent disagreed.

Polls do not settle arguments, of course: once the government has decided, as it did, that pay-TV revenues should indeed be used to subsidize Canadian programming, the policy may still be the subject of contention, as it is, over the size and nature of the subsidy. The public may express some enthusiasm for Canadian movies but, confronted with them, and the reviewers' opinion of them, stay away in droves. Still, interpret them how one will, all the studies conducted over the past decade, including the Leisure Studies and the current Time-Use pilot study, indicate strong general interest in cultural activities, heavy majority backing for public support of them, clear majority backing for support in particular of Canadian opportunities in the cultural field, and some idea of the weight people attach to various types of cultural activity.

Can we put together the message of all the indicators, from the Constitution to yesterday's Gallup Poll on a cultural subject, into a quantified expression - at least as to proportions - of voters' preference?

At the height of the economic ascendancy in policy-making during the Postwar period, a counter-movement of dissidents, now evoked by simple mention of "The Sixties" arose to smite the technocrats and demand a more social approach. In response to disaffection with "the cult of the GNP" -- an epithet coined by a disgruntled Young Liberal after the defeat of the St. Laurent government in 1957 -- governments became interested in trying to supplement economic indices with indices that could chart "well-being" in society. In the United States in the sixties, the U.S. Space Program, in trouble trying to get public and political backing for its enormous financial demands, funded studies aimed at showing the economic ripple effect and social benefits -- the externalities -- that flowed from the program. The science of "social indicators" was born and rapidly proliferated through the OECD countries as governments sought social validation of their policies and devised ways to cope with a new order of public concern about issues such as pollution and other environmental factors. In Canada in the mid-seventies, the Economic Council began developing and publishing social indicators dealing with such questions as housing and air pollution.

Among economists, Galbraith was notable for remarking that the chief beneficiaries of the new public concern were scientists and engineers. He urged that the arts, too, deserved to be seen as central to economic and social goals.<sup>14</sup> Bernard Ostry, after long experience in cultural administration in the CBC and in government, wrote, "Canada, with modest resources, could achieve a sophisticated national cultural indicators' program today if the existing data-collecting system were expanded and modified and a capability developed for using the information in policy studies."<sup>15</sup>

In the meantime, however, a good deal of the wind had gone out of the sails of "The Sixties" and the social-indicators movement. The Economic Council of Canada dropped them.

"Basically social indicators got dropped because nobody could show they were measuring anything" said an interviewee at the Social Sciences and Humanities Research Council. "I don't think there's any doubt that there's something there to be measured. But what is the meaning of the relationship of these indicators, if one goes up and another down? You've got to figure out what you're measuring."

The SSHRC, through its strategic studies program, could itself well be a source of future enlightenment on the problems of relating cultural demand to public policy. While the Council has funded research on the economics of education, which is a more immediate interest of its university constituency, it has so far not sponsored studies in the broader field of cultural economics.

An authority on social indicators, philosophy professor Alex Michalos of the University of Guelph, author of the statistics-studded, five-volume North American Social Report, said in an interview he doubted whether cultural activities could readily be incorporated in the kind of indicators of "satisfaction" and "happiness" that he has spent much of his career collecting and collating. Popular culture is "not quite there" in surveys which dwell more on questions like housing, health, family relationships; and "high culture" does not show; "by and large we've found people prefer McDonald's in culture too".

On the other hand, "There is no trick to running surveys to find out what people want. ( ... ) With statistical regressions you can find the relative importance of each preference."

Michalos said that at the peak of the social-indicators movement in the early seventies, the Organization for Economic Cooperation and Development had six people working on them. Now there was only one.

Michalos said that in the advisory structure of government, the Economic Council and the Science Council both defined their mandate narrowly. Social and cultural concerns tended to fall into a pit between them. He felt the "envelope system" under PEMS (Policy and Expenditure Management System) "has made it more difficult to get money for culture -- it is weighing-in against social welfare concerns". He held that strategic research into cultural concerns "is a responsible way of spending taxpayers' money. There is no reason not to have one eye on what the public believes important."

If there is a sense today that social and cultural indicators cannot live up to the earlier hopes of the scientific economists and systems analysts with social conscience, this is little different from the "mushy reality" that Lester C. Thurow says has overtaken economics itself.<sup>16</sup>

In the 1950s, when econometrics first emerged, the discipline was seen in America as an icebreaker that would lead the economics profession through the ice pack of conflicting theories. Econometric techniques would, it was presumed, conclusively prove or disprove economic hypotheses, accurately quantify economic relationships, and successfully predict the economic future. Unfortunately, the icebreaker failed to work and the econometric passage to Utopia has not been found.

The hubris of the econometricians can be seen more generally in the scientism of "the modern century" described by Frye:<sup>17</sup>

Culturally, the primary fact about the modern world, or at least about our 'Western' and 'democratic' part of it, is that it is probably the first civilization in history that has attempted to study itself objectively, to become aware of the presuppositions underlying its behavior, to understand its relation to previous history and to see whether its future could in some measure be controlled by its own will.

Thurow, explaining the limitations of econometrics, observes:18

Most economic relationships lack the good instrumental variables that allow econometricians to find the underlying structural relations that are being sought. Because nothing causes major movements in either the supply or demand curve without affecting the other, it is impossible to separate or identify either the supply or demand curve.

Given this mushy reality, it becomes possible to build models that are equally good statistically from a number of quite different perspectives. Theories could not be accepted or rejected based on the data because economic history did not happen to generate the data that might allow economists to conclusively choose which theory is right.

With suitable variations, Thurow's comments on the limits of econometrics could be applied to the kind of socio-econometrics earlier imagined. "Unfortunately," he says, "the random component in economic events is much larger relative to the deterministic component than most confident economists thought earlier." And, "It is not possible to deliver robustness in many areas where society wants answers." Finally, "Any discipline moves away from a deterministic view of the world with great reluctance."

So there is a limit to which the most scientific treatment of social indicators can go in determining voters' preference and translating it into sure guides to cultural economic policy. At the same time, however, it could be said that the grab-bag of indicators available to the Arts and Culture sector of DOC has never been so robustly conceived, collated, and expressed as to run any risk of reaching, let alone exceeding, practical limitations.

#### Economic impact of cultural activities

The picture of cultural economic policy as collective payment of opportunity cost, a public "sacrifice of doing something else", may tend to reinforce the idea that culture is some sort of add-on to the regular economy, money down the drain as far as the everyday dollars and cents economy is concerned.

The arts community, with the aid of economists like W.J. Baumol, has naturally sought to counter this view by pointing to the considerable income and employment generated by cultural activities. Government cultural departments and agencies have to some extent picked up the argument. In riposte, other economists, and other parts of government concerned with the control of taxing and spending, have criticized the extent of economic activity attributed to culture in a number of studies. There is still tittering over the coffee urns about a study claiming the government recaptured in culture-generated taxes four times the amount of its cultural subsidies. The Canadian Conference of the Arts' estimate that the cultural sector accounts for about a fifth of GNP, mentioned in Chapter II, makes them giggle at StatsCan. But the remedy lies at hand in more realistic and conservative assessment, and has been applied in more recent studies.

Another criticism of such studies brings us full circle by saying they fail to measure opportunity costs. Applebaum-Hébert says:<sup>19</sup>

Money spent on culture clearly can create employment; it can result in Canadian goods and services that will displace imported goods and services; and as the money works its way through the economy, it will be reflected in Gross National Expenditure and generate tax revenues. What is overlooked, however, is that when resources are applied in one direction they cannot be applied in others which might have yielded even greater benefits to employment, the balance of payments, and productivity.

To Applebaum-Hébert, the effects cultural programs may have on the economy should be regarded as "necessarily incidental". In reply, it could be observed that opportunity costs are only overlooked if they are overlooked; there is no reason why we would not keep in mind the vistas of foregone boutiques, wheat production, sawmills, roads, new refrigerators, and expansions of Treasury Board that we may be foregoing through our hankering for culture of one sort or another.

"I don't agree with the Applebaum-Hébert dictum the more the industrial component the less the cultural," said our interviewee in the Special Cultural Initiatives Program. "The economic considerations are a mobilizing factor. ( ... ) The profit motive is there, or at least the breakeven motive."

But an interviewee at the Canada Council argued, "There's a contradiction between culture and industry. There are implications in the word industry: one is that the principal motivation is profit; another is that there's a prospect of self-sufficiency, the hope of 'take-off' is involved. In our view cultural activities are really services, they can't be judged by the number of jobs they produce, and they never will reach self-sufficiency." He also said, "It is very easy to say that the arts stimulate tourism, but then if you judge cultural policy by whether tourism is stimulated you can end up with something like Hawaii: Hawaii destroys culture by adapting it to make it accessible to tourists."

The argument is perhaps one for making sure that economics is seen as "the second essential", not the first, rather than an argument against measuring economic impact.

In any case, the Canada Council is the source of a paper on economic impact of the performing arts, suggesting conservative multipliers that can be used to estimate local and national impacts.<sup>20</sup>

The City of Vancouver's social planning department recently used multipliers approved by a number of sources (the B.C. Cultural Services Branch, the Canadian Conference for Business and the Arts, Metropolitan Toronto) in producing an economic impact survey of the city's "non-profit cultural industry".<sup>21</sup> The report was used to argue that "corporate support for the arts in the city does not reflect the considerable impact of the cultural industry on the economy". The authors were careful to include not one but two caveats against viewing economic benefits as the primary reason for supporting the arts. The second was a quotation from the Canadian Conference of the Arts:

To substitute the economic value of the arts for their creative and spiritual value would be a severe distortion. However, to ignore their economic importance, and especially their usefulness in promoting balanced economic growth, would also be a serious mistake.

In the federal service, the most extensive economic impact survey appears to be the four-volume study in relation to national heritage locations produced this year by Parks Canada.<sup>22</sup> To be updated each year, the report uses a model which gives the value added to the Canadian economy through visitor spending, the value of labor income generated, the number of jobs created in relation to spending. It estimates that for every dollar of Parks Canada expenditure on heritage locations, "98 cents is recovered, at one time or another, by the various levels of government". Finally, the survey indicates that "for every \$100 spent by foreign tourists staying one night or more in Canada, \$1.36 is attributable to their visits to these locations."

An interviewee connected with the study said, "The Auditor-General says we do not have information sufficient to back our evaluation -- that if the visitors weren't going to the heritage sites they might be going elsewhere and only the incremental should be counted."

Our discussion did not extend to tracking down this objection, except for a phone call to an appropriate official in the Auditor-General's Office who said, "He must be thinking of the Comptroller-General."

Whatever the truth in this particular case, our general discussion produced the following impression:

1. The Department of Communications in its policy papers speaks with some enthusiasm of the economic impact of cultural activities in contributing to national income and employment.
2. People in the cultural sector speak with varying degrees of skepticism of economic impact studies and cultural agencies have tended to eschew them.
3. People in the control agencies of government view the claims of the DOC, and such studies as they have received, with skepticism. "I haven't ever seen a good sound analysis of the claim that the cultural sector produces the most jobs for the least cost," said an interviewee at Treasury Board, referring to one aspect of economic impact touched upon, albeit in less dramatic terms, in some documents.



The time has come, then, to bring the interested parties in the cultural and governmental sectors together to see if some agreed approaches to "economic impact" can be reached. The Canada Council paper makes the point that, "In light of the high costs and methodological problems, the cost-effectiveness of sophisticated economic impact studies is seriously questioned by many professional economists." But, drawing on Baumol, the Council paper argues that there are short-hand methods for measuring the cultural contribution to the dollars and cents economy.

In these times of high unemployment, and the prospect of continued technological displacement in the labor market, a subject to which we will return in the next chapter, a quite inadequate amount of attention has been paid by government to employment in the cultural sector. As the Canadian Conference of the Arts has pointed out, culture was not considered an industrial sector in the sector studies of the late seventies. Nor did it receive attention in either the report of the Parliamentary Task Force on Employment Opportunities for the '80s<sup>23</sup> or the report of the Task Force on Labor Market Development<sup>24</sup>.

One of the early advocates of such attention, even before he joined the Canada Council, was Harry Chartrand. In a 1979 monograph,<sup>25</sup> he drew attention to U.S. and British reports showing the important role of job training and job creation programs in the cultural sectors of those countries. He urged a study be undertaken on national economic objectives and the arts, covering not only the creative but also the communicating arts.

The Canada Council, in its most recent publication of research statistics, reports:<sup>26</sup>

While in the past employment opportunities for artists were limited, according to a forecast by Employment and Immigration, Occupational Requirements to 1985, occupations in the arts and recreation are now the second fastest growing occupational category after skilled construction workers.

The table used to illustrate the statement is given here as Table 11 (Exhibit 14 in the original). In interpreting the table it must be remembered that we are dealing with only one one-hundredth of the total for all occupations

in 1979, and that percentages look better from a low base than a high one. But while cultural occupations constitute a small work community, culture-related occupations -- that is, those which are employed by cultural enterprises -- are a much larger group. For example, the Kent Commission's researchers found that only about a fifth of the people in a newspaper firm belonged to the "cultural" component, that is, the editorial department, the remainder being in production, advertising, circulation, and administration.<sup>27</sup> The Canada Council document lists 279 arts-related occupations, drawn from the Canadian Classification of Occupations Dictionary published by Employment and Immigration.

Some interviewees in our discussion held that since the main contribution of cultural activities is not to the GNP or to employment, and since so large a proportion of culture-related occupations are counted in other sectors, it did not make sense to consider culture as a sector in terms of production and employment. This brings us back to some of the points made by interviewees in the previous chapter. They were skeptical about the value of seeing culture as part of the national accounts. But where an enterprise in the private, voluntary, or public sector of the economy exists primarily for cultural reasons, and where cultural enterprises are tightly interactive and interdependent, it is surely a denial of common sense, to say nothing of economic sense, to study their economic characteristics unrelated to their cultural characteristics.

If the public is denied a clear and accurate picture of the economic contribution of cultural activities, it will undoubtedly have an adverse effect on voters' preference for cultural opportunities.

An interview with officials at Employment and Immigration Canada produced an illustration of the ill effects of widespread ignorance about the economic contribution of cultural activities; at an Ottawa conference on the training program, a representative of the Canada Council had run into resistance from business groups, particularly the Retail Council of Canada, in putting forward the case for special training programs for the performing arts and other cultural groups. "They just didn't see this as a labor market problem."

Table 11

Exhibit 14  
 OCCUPATIONAL OPPORTUNITIES IN THE ARTS  
 1979 to 1985

CODE	Employment		Change (2) - (1) (3)	Withdrawals Deaths (4)	Requirements (3) + (4) (5)	Requirements as % 1979 (5) + (1) (6)	
	1979 (1)	1985 (2)					
<b>MAJOR GROUPS</b>							
33	Arts & Recreation	110,765	138,255	28,500	10,555	39,055	35.3
<b>MINOR GROUPS</b>							
33 1	Fine & Commercial Art - Photo	36,940	44,755	7,820	3,820	11,640	31.2
33 3	Performing & Audiovisual Artists	26,425	33,370	7,150	2,120	9,270	35.1
33 5	Writing	22,410	26,170	3,760	2,540	6,300	28.1
<b>ARTS OCCUPATIONS</b>							
		45,210	55,915	10,710	4,335	15,045	33.3
33 11	Painters, Sculptors	2,460	3,115	655	250	905	36.8
33 19	Fine & Commercial Artists	1,825	2,010	185	195	380	20.8
33 30	Performing Arts Directors	5,815	7,110	1,295	545	1,840	31.6
33 32	Musicians	12,495	16,625	4,130	975	5,105	40.9
33 33	Choreographers, Dancers	535	670	135	55	190	35.5
33 35	Actors	975	1,350	380	60	440	45.1
33 39	Occupations in Performing Arts n.e.c.	2,980	3,775	795	250	1,045	35.1
33 52	Writers & Editors Publishing	17,805	20,890	3,085	1,965	5,050	28.4
33 59	Occupations in Writing, n.e.c.	320	370	50	40	90	28.1
<b>ALL OCCUPATIONS</b>		10,374,565	12,032,410	1,657,875	1,289,890	2,947,755	28.4

Source: OCCUPATIONAL REQUIREMENTS TO 1985, Canadian Occupational Forecasting Program  
 Labour Market Supply & Demand Analysis Division, Department of Employment & Immigration.

Source: Canada Council

The Canada Employment and Immigration Commission is at present undertaking measures to "respond more effectively to the current needs" of the performing arts. In general terms the Commission thinks of greater availability of training combined with its policy that "Jobs in Canada belong to Canadians first". The Department has already had a high profile in its policy toward "high profile appointments", seeking to end the Catch-22 situation under which Canadians are untrained in arts management and therefore see the high profile jobs being offered to foreigners.

At the same time, the near-free labor mobility that used to be a characteristic of the Canada-U.S. Neighborhood has been sharply curtailed by the U.S., as well as Canada. The "nationals first" policy in both countries is the constant subject of negotiation in the cultural area to see who will be allowed to enter, who not. Canada won't allow the entry of American pop musical groups to establishments that don't pay union wages; that field is reserved for Canadian groups on the way up (or stationary). The United States won't allow Canadian bands to play more than 50 miles south of the American border. Immigration Canada cannot rule on quality, so it consults with the unions and the agencies as to whether performing groups should be allowed to enter or not, depending on whether they are adversely affecting Canadian opportunities. In the U.S., rules are dropped for performers of "international stature", which allows plenty of leeway for deciding who gets to play the big markets and who doesn't, and what bands can get beyond the 50-mile cultural buffer zone. Canada will make exceptions if the incoming performer or group will purchase goods and services in Canada.

"We try to maintain equity of treatment," said one of the officials.

From the point of view of economic impact, our discussion did not deal extensively with tourism and trade, with the questions of the contribution of cultural activities to keeping the Canadian tourist dollar at home and attracting foreign exchange, and the question of import substitution and cultural exports. But the trade issues, particularly in the U.S.-Canada Neighborhood, are a major theme of other parts of the discussion.

Matching voters' preference and governmental "supply"

So far in this discussion, an opening chapter was devoted to broad questions of the place of economics in Canadian cultural policy. Chapter II brought the discussion to the problems of measuring the cultural economy. In this chapter we have been talking about the various ways of measuring voter demand and the important, if secondary, place that dollars-and-cents benefits from cultural activities may have in stimulating demand. Before broadening the discussion again in Chapter IV to consider cultural policy in light of the present transition of cultural enterprise, we will look here at the money question, the matching of the "supply" votes in Parliament to the preferences expressed by voters, with a small diversion into the supply side of the "ways and means" votes -- that is, support of culture through tax-expenditure, better known to the public simply as tax concessions.

A Dutch economist, Berend J. Langenberg, director of the Association of Dutch Theatre Companies, noted at the 1979 Edinburgh conference on cultural economics, that:<sup>28</sup>

The 'boom' in methods initiated by some countries during the 1960s to rationalize public expenditures in one way or another (performance budgets; cost-effectiveness analysis; planning, programming, budgeting, and systems; and so forth) has been to rationalize government expenditures on the arts. For example, in 1973 Holland started to construct a total program (in terms of planning, programming, budgeting, and systems) of, among other things, the cultural policy of central government. This large job, especially the whole semantic and local fieldwork, entailed a complete and consistent compilation of objectives. The general objectives are (1) development and preservation of cultural values (that is, supply); (2) public accessibility to cultural objects and events (that is, distribution); and (3) participation of the whole population in cultural activities (that is, demand). These objectives are subdivided into more specific, concrete objectives to which one can attach a policy instrument, for example, subsidy or information. This work was finished in 1979...

In a general way, the view of our interviewees was that Canadian cultural policy has tended to focus on the supply side, perhaps too much on bricks and mortar and not enough on supporting creativity, and has been proportionally too

light on aiding distribution and the demand side. Applebaum-Hébert roughly reflected this kind of consensus, stressing that "federal cultural policy has largely favored physical plant and organizational development over artistic creativity and achievement".<sup>29</sup> The Report urged new initiatives in promotion and marketing of the arts.

An interviewee who gave an overview of Arts and Culture policy said, "Most of the problems now are at the distribution, exhibition stage. We have focused effort for the past 10 years on the production end, now we're shifting to the distribution end, and that's changing rapidly." He said, "I used to have the assumption that as we got the infrastructure and developed our capacity to make good Canadian product, then the selling of it would follow. But the issue is more difficult." His remark recalls Keynes' early confidence, mentioned in Chapter I, that with an initial boost in capital spending from government, the performing arts, save opera, could look after themselves.

An interviewee at the Canada Council felt that supply-side policies had not kept up with changing patterns of demand. An interviewee at the National Museums Corporation, commenting on the bricks-and-mortar emphasis, said, "Politicians aren't much interested in operating things; the bang comes from creation. That's what's killing cultural organizations in Canada--lack of operating dollars-- but it's just not sexy as a subject of political concern." (In an article in Saturday Night - June 1983 - Robert Fulford called the political bias toward bricks and mortar "the edifice complex".)

The interviewee said the NMC would in the next few years triple or quadruple its display and warehouse space through the addition of the new National Gallery, new Museum of Man, new Aviation museum, the taking over of all of the Victoria building by the Natural Science museum, the new curatorial centre, and expansion of the Science and Technology museum. But there had been all too little attention to the operating costs that would be required to give the public high quality access to the facilities. In the case of the Gallery and Museum of Man, "Boggs has the mandate to put up two buildings in five years. Our corporation will be forced to live with the results thereafter. ( ... ) We're going to get whatever \$185 million buys, we don't know if it's too much or too little."

When asked what the NMC had done to determine demand, he said, "We have done some market research, but very little. Now we have the ex-vice-president marketing from Seagram's to analyze what we have done, what we're doing, and what we should do. We've done a lot of data gathering but not till now the testing of any hypothesis."

In making one's way around the cultural agencies and the administrative parts of government concerned with cultural programs, one comes across a large number of projects, a good deal of "strategy" for achieving them, and much concern with what Applebaum-Hébert called "organizational development" and one of our interviewees called "pride of ownership". But one does not find much policy, in the sense of a general plan explicating objectives in terms of the demand for them and establishing the link between the objectives and the courses of action being proposed or undertaken. And to the extent that there may be policy expressed in the operation of various agency and departmental programs, we find again, as we did in the case of economic measurement and cultural accounting, that the intellectual coordination of the various parts of governmental cultural policy is rather feeble. Nothing like the careful policy rationale outlined by Langenberg for Holland is undertaken. Applebaum-Hébert could neither find, nor recommend, coherent cultural policy. At the focal point of government for cultural policy, the Arts and Culture sector of DOC, an interviewee observed: "What we're doing here is firefighting. It's paralysis from the policy point of view."

By way of illustration, he cited the sector's "incapacity" to prepare policy documents following the Applebaum-Hébert Report so that the federal government could prepare "a framework reference on federal cultural policy".

"Until the Applebaum-Hébert Committee came out we didn't have anything; that is, we had no internal position from which to look at the Report. And what was eventually sent to the Austin committee of cabinet was just a rechewing of the old strategic overviews of the past. Essentially, there is no planning, we're just reactive, not proactive. The Arts and Culture sector isn't even using its own studies to develop policy options for the cultural agencies."

This type of comment can be seen against the emphasis that economists put on clarity of objectives in formulating and evaluating policy proposals.

Mark Blaug, the British economist, whom we quoted earlier, says:<sup>30</sup>

Even if we succeeded in drawing up a list of aims -- objectives, goals, ends, the reason why--we still face the task of somehow measuring the effectiveness of various spending patterns in achieving these aims. Since the answers--one for each objective--are quite likely to go in opposite directions, we need a scale of priorities between objectives to arrive at a comprehensive evaluation. We label this evaluation technique 'cost-effectiveness analysis' and in principle it is as applicable to the Arts as it is to any other area of government activity, although in practice it may be particularly difficult to apply to the Arts.

Be this as it may, we must clearly begin with a statement of objectives. Unless we get this right, evaluation is impossible on anybody's theory of evaluation.

Steven Globerman, writing in the Journal of Cultural Economics, says that "effective policy-making requires a clear statement of objectives". But policy-makers "don't like objectives since they could be held accountable for failing to achieve them or spending excessively to achieve them". In his view, "Obscurity of cultural objectives is apparently a problem in the United States and it is, in my opinion, an enormous problem in Canada."<sup>31</sup>

If a collecting of wits is ever brought to bear on the matter of coherent cultural spending, particular attention will need to be given the neglected area of tax expenditure. The opportunity cost to all taxpayers of the concessions made to some has become a subject of increasingly sophisticated annual record in the United States and more fitful attention in Canada. Taxes foregone in one place mean the burden is borne elsewhere. This may be as the taxpayers want it, but they are entitled to know whom they are helping, and whom they are helping to be generous, and by how much.



In commercial culture, chiefly the communicating arts, tax expenditure means concessions to cultural enterprises. Audley has suggested a number of ways in which he believes tax expenditures of this kind--the newspapers' exemption from excise tax, for example--could be altered and made more relevant to particular cultural objectives.

In non-commercial culture, in the sense of not-for-profit cultural activities, tax expenditure means concessions to individual and corporate taxpayers who make donations to cultural activities that have status as "charities". That is, tax expenditure, along with any direct grants or regulatory preference that may be offered, represents the state's support of the cultural part of the voluntary sector of the economy. The ordinary taxpayer is a paying partner of the donor, collectively matching that portion of his donation which would otherwise have been collected in taxes.

A study of tax expenditure was nearing completion in the Arts and Culture sector at the time of our discussion.

### Conclusions

Voters' preference for cultural opportunities outstrips what the private sector, unaided, is able to offer.

There are many guides to gauging voters' preference, starting with the objectives of cultural rights and freedoms in the Constitution, and the specific objectives set out in cultural legislation and subsequent regulations and programs. Parliamentary process, the views of the cultural constituencies, audience response, public opinion surveys, and expert opinion are all indicators of the degree of satisfaction with present cultural services and of the directions in which voters' preference is moving.

Cultural policy to meet public demand also requires leadership in the form of providing opportunities for creativity to be tested, for trial and error, for market research and educational programs. In public opinion surveys, Canadians

have indicated an extremely high degree of backing for governmental support of cultural activities. Even when respondents are questioned more specifically about particular cultural industries or non-commercial activities, the degree of support remains high.

Western democratic governments have become less sanguine than they once were about the possibility of establishing exact measures of social needs, such as cultural services, through scientific social indicators. In the same way, expectations of policy guidance from econometrics have had to be tempered. But extensive research and reasoned weighing of information remain no less important.

In considering the benefits of cultural activities that influence voters' preference, the impact on the dollars and cents economy should not be overlooked. The primary spending of cultural enterprises, and the spending of audiences which may properly be attributed to attendance or visits, have direct and multiplier effects on the economy. Cultural employment, culture-related employment, and employment attributable to multiplier effects are being regarded as increasingly important by Employment and Immigration Canada.

Ways of measuring cultural economic impact have been a subject of controversy among economists and within the federal government. Some believe the mere use of them misdirects public attention away from the primary purpose of cultural activities. But if the primary purpose of cultural policy is properly established, agreement should be possible on acceptable ways of measuring economic impact.

A number of countries have been trying to rationalize cultural expenditure through more rigorous systems of relating program structure and funding to policy objectives. In Canada, there is a good deal of opinion to the effect that infrastructure and organizational development have had undue emphasis over creativity on the supply side, and that the distribution and demand side of cultural policy has received inadequate attention. Cultural economists tend to

see clarity of objectives as essential to policy-making but to picture politicians as interested in obscuring objectives. The political process, however, is one of mediation and conciliation; some obscurity in output is no excuse for obscurity in input.

In considering cultural expenditures in relation to cultural objectives, tax-expenditures are now starting to be seen in proper perspective as part of the mix. This is particularly important in developing the voluntary sector and encouraging participation in the provision of not-for-profit cultural products and services.

Today the whole picture of the cultural economy is changing rapidly, owing to the microelectronic revolution and the new computer-communications technologies of production, transmission, and exhibition. We turn to these subjects in the next chapter.

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#### IV. CULTURAL ENTERPRISE IN TRANSITION

##### Convergence and proliferation

Owing to new technology, things are coming together and coming apart along the whole continuum of cultural enterprise, from the most purely creative arts to the most commercial of the communicating arts.

An executive at the National Film Board in Montréal reminds himself of the convergence of the media with the following message pinned on his office wall:

Programming is no longer an industry.  
Television is no longer an industry.  
Cable is no longer an industry.  
Cable,  
radio,  
television,  
programming--  
they're all part of the electronic media industry.

He could have added as a postscript that publishing, too, is partly in the electronic media industry and edging further into it every day.

By contrast with these convergences, the literature on the communicating arts is littered with words like fragmentation, segmentation, splintering, balkanization, and so on. What microelectronics brings together it scatters, if not to the winds, to more and more selective audiences. There is a proliferation of cultural goods and services.

For the price of an automobile, a householder can put together a home audio-visual centre of reasonable quality that will make him not just a recipient, but a participant, in an increasingly interactive world of cultural

activities and performances. Anthony Smith, charting the revolution in the newspaper industry, notes that on a broader front "changes are occurring within all of the information media--aural, verbal, visual--and it is in the interaction of these that the real revolution will occur". He sees a "completely new relationship between man and knowledge".<sup>1</sup>

Peter Desbarats, reviewing technological change in computer-communications for the Royal Commission on Newspapers, said, "The technology has outstripped our ability to comprehend it."<sup>2</sup> That view was reflected by an interviewee in the Arts and Culture Sector of DOC who said, "We are not using technological capacity to the extent possible to foster the arts in various ways. The artistic community is not equipped to understand and come to grips with the possibilities of the new technologies."

He also observed, "There is no resolution yet of the relationship between arts and technology in DOC policy or organizational terms." In other words, the very reason for bringing the Arts and Culture Sector into the department has remained something of a dead letter. This, combined with the inattention to the economics of culture which our discussion has outlined in previous chapters, has seriously limited the effectiveness of the sector. At the same time, however, our interviews brought to light strong awareness of the technological challenges, both in the Sector and the cultural agencies with which it deals. Some outstanding research surveys, such as the Videodisc Study,<sup>3</sup> have been done, and among documents of policy analysis and recommendation, the National Film Board's Cable Television and the Public Interest<sup>4</sup> was a striking contribution to the debate.

But there is a wide divergence of views about what is happening and what ought to happen in the cultural industries. Views about what ought to happen influence views about what is happening. An interviewee at the National Film Board saw cable as central, and Direct Broadcast Satellites as peripheral, in the new cultural communications networks. An interviewee at the Canadian Film Development Corporation had the reverse view. The NFB enthusiast for cable networks had, however, a very conservative estimate of the future for



interactive media. In fact, on the cultural side as opposed to the hardware side, the government and its agencies are preoccupied with production and diffusion rather than interaction, except for the use of interactive services in administration, management, research, and public relations.

Some interviewees see the new technology creating a more distinct division between the creative arts and the communicating arts, between non-commercial and commercial culture. But others see all "cultural enterprises", for profit or not for profit, along a continuum, with no sharp dividing lines. Every art is a medium. Dance, song, acting, painting, writing are all media of expression, and to some extent each is a medium for the other. The replicative media become arts in themselves -- printing, photography, film -- as well as media for the other media. Whether a medium "sells" or not is hardly the most important thing about it in the whole galaxy of culture.

"The interrelationship between the arts is a provocative but baffling problem," wrote Pelham Edgar before the days of television, let alone videotex.<sup>5</sup>

Surface judgements are readily enough made, and bear their modicum of truth. It is a safe assumption that each art occupies its own inviolable citadel, but that each art may suffer impacts from the others, and translate these impulses in terms of its own idiom. Thus poetry may be pictorial, programme music strain for literary effects, and painting seek to tell a story. That the interplay is more profound than this is certain, but the subtleties of the reactions defy precise statement.

Northrop Frye called the communicating arts "a mixture of things":<sup>6</sup>

Some of them are arts in their own right, like the film. Some are or include different techniques of presenting the arts we already have, like television. Some are not arts, but present analogies to techniques in the arts which the arts may enrich themselves by employing, as the newspaper may influence collage in painting or the field theory of composition in poetry. Some are applied arts, where the appeal is no longer disinterested, as it normally is in the creative arts proper.

Frye's thesis was that the communicating arts tend to foster a passive and negative attitude, "responding to the daily news and similar stimuli, aware of what is going on but making no effort to understand either the underlying causes or the future possibilities". The creative arts, on the other hand, tend to appeal to people who "struggle for an active and conscious relation to their time, who study what is happening in the world, survey the conditions of life that seem most likely to occur, and try to acquire some sense of what can be done to build up from those conditions a way of life that is at least self-respecting."

The prophets of the new communications imagine the de-massification of the media, the transformation of Frye's passive onlooker, who is now caught up in "the general sense, in our society, of the panic of change", into a selective, questing, cultural activist in the new age of interactive communications. They imagine a greater extension of the creative arts into the communicating arts, with people drawn from one to another in Smith's "completely new relationship between man and knowledge". But the dark vision of the new communications is that everyone will be simply plugged into a politico-commercial cultural system that aggregates audiences, erodes individuality and creativity, heightens passivity and panic, and in the Canadian case subsumes Canadian culture to American.

Peter Lyman, writing on Canada's Video Revolution, says "The driving economic force behind the introduction of a new cultural industry has been the need for large corporations to develop new consumer markets."<sup>7</sup> As an example, he gives RCA, which began radio programming in order to sell radio sets (as Roy Thomson was to do later in northern Ontario) and is now promoting the launch of high-definition television via direct broadcast satellite to open up a mass market for high-resolution color television sets.

Like a number of other writers, Lyman believes the multiplication of new cultural services from the convergence of technologies will produce a more direct relationship between the producer and the consumer. That is, the consumer will be able to buy "programming" discretely the way he now buys books or records, or buys a particular film by attending the cinema or, increasingly,

renting a videocassette or videodisc. Robert Fulford, writing in Saturday Night, pictures pay-TV as the first step toward a direct-exchange economy in culture, in which newspapers, magazines, and commercial radio and television will be less dependent on advertising, less a byproduct of the merchandizing process, and more a consumer item, with people paying only for what they want.<sup>8</sup> At present, people have to pay for a whole schedule of programming on a pay-TV channel -- if you pay for Star Wars on First Choice, you are willy-nilly paying for the Playboy Bunnies too. But on the truly interactive networks of the future words like channel and frequency would be of only technical interest; the customer would order the particular programs or series of programs he wanted.

From the telecommunications point of view it is the electronic highway that is of interest. But from the consumer's point of view, the electronic emporium, or marketplace, in which he can both ask and offer, is the important concept. It is with the freedom and diversity of the cultural emporium that government must ultimately be concerned.

"Unfortunately for Canada," writes Lyman, "technology has always been the ally of the foreign content producer." We reproduce as Table 12 Lyman's summary of statistics on book publishing, audio recordings, film, periodical publishing, and television which bear out this statement (Table 2-3 in the original). "The issue," he continues, "is whether the domination of foreign culture in Canadian media will be sustained as cultural industries evolve, or whether Canadians will seize new opportunities in these rapidly changing industries to foster a stronger indigenous presence."<sup>9</sup>

A similar note was struck earlier by Alphonse Ouimet, the man who was making experimental television sets in the 1920s and later became president of the CBC, one of the few Canadians in cultural leadership positions who have also had a full understanding of the technology with which they were dealing. Ouimet's message of the late seventies was that the association of all the new computer-communications technologies with Cable "represents a perfect opportunity to reassert political and cultural sovereignty".<sup>10</sup> He said that cable "is

Table 12

TABLE 2-3  
FOREIGN DOMINATION OF CANADIAN CULTURAL INDUSTRIES

<i>Cultural Industry</i>	<i>Foreign Content (for English Canada only)</i>
Book publishing <sup>1</sup>	<ul style="list-style-type: none"> <li>• In 1979, over 75 per cent of the Canadian book market (estimated at \$816.5 million) was captured by imported books. Canadian manufactured books accounted for 25 per cent of total revenues of book sales in the Canadian market. Included in this 25 per cent are: (i) the sales of foreign books reprinted in Canada; (ii) sales of adaptations of foreign books; and (iii) sales of books originated by Canadian publishers, the majority of which are written by Canadians.</li> </ul>
Audio recordings <sup>2</sup>	<ul style="list-style-type: none"> <li>• The recording industry in Canada reported total revenues of about \$370 million in 1978. Foreign-controlled firms accounted for approximately 84 per cent of these revenues.</li> <li>Over 87 per cent of the recordings sold by the industry in 1978 were made from imported master tapes leased from companies outside Canada.</li> </ul>
Film <sup>3</sup>	<ul style="list-style-type: none"> <li>• In 1976, 93 per cent of all Canadian theatrical distribution rentals were paid to the seven major Hollywood studios/distributors.</li> </ul>
Periodical publishing <sup>4</sup>	<ul style="list-style-type: none"> <li>• In 1978, revenues from the sale of American periodicals accounted for 73.4 per cent of total industry sales (estimated at \$327.6 million).</li> </ul>
Television <sup>5</sup>	<ul style="list-style-type: none"> <li>• In 1980, 74 per cent of total viewing time was spent watching foreign (primarily American) programming.</li> </ul>

Notes:

- <sup>1</sup> Statistics Canada, *Cultural Statistics: Book Publishing: An Industry Analysis, 1979* (Ottawa: Supply and Services Canada, 1982).
- <sup>2</sup> Canadian Conference of the Arts, *A Strategy for Culture* (Ottawa: Canadian Conference of the Arts, 1980), pp. 185-90.
- <sup>3</sup> Statistics Canada, *Culture Statistics: Film Industry, 1978* (Ottawa: Supply and Services Canada, 1981).
- <sup>4</sup> Statistics Canada, *Culture Statistics: Newspapers and Periodicals, 1978* (Ottawa: Supply and Services Canada, 1981).
- <sup>5</sup> Canadian Radio-Television and Telecommunications Commission, *Facts Digest on Broadcasting and Telecommunications in Canada* (Ottawa: CRTC, 1982).

Source: Lyman, Peter, Canada's Video Revolution

freeing television from what has been so far its two most important handicaps: the extreme shortage of suitable hertzian frequencies and the inability to collect directly for its services".

Quimet was aghast at the way in which the CRTC had permitted cable to transplant whole U.S. stations, and networks, into Canada. He saw cable rather as a service that should be extended, as a common carrier, to as many Canadians as possible for the prime purpose of delivering the full range of Canadian-content services that could be electronically transmitted. Since the user of cable, unlike the user of broadcasting, can be readily identified and metered, cable would at the same time serve as the basis of a new payments system for Canadian programming. He said:<sup>11</sup>

It is no longer the crowding of the spectrum that will determine the number of channels and the kind of television we can have, but economics and our own wisdom.

If Cable is to be the key to future progress in television and informatics, we have to stop thinking of it as an appendix of broadcasting and start getting rid of all its hertzian limitations. Cable will not be television's second chance if it is allowed to perpetuate and exaggerate the very short-comings of television broadcasting itself.

So, once and for all, let's cut Cable's broadcasting tether. We will not fully realize this potential for public service unless we abandon concepts of the past and recognize Cable, like other carriers, for what it is today: a public utility carriage monopoly, and restructure it accordingly.

The vision of cable as the centrepiece of a new universal system of cultural communications in Canada has begun to find practical application in the early stages of the Government's "broadcasting" strategy announced earlier this year. But in thinking of the electronic emporium of culture, we also have to consider the other modes that contribute to it: direct broadcasting to radio and television sets, including by satellite; videotape cassettes and videodiscs, bought or rented discretely as entertainment or informational programming; sound recordings and the new compact aural videodiscs which use optical technology to produce high fidelity sound; and so on. As Lyman notes, the broadcasting system is bypassed by the modes which pass through the retail distribution system.

In a broader generalization about innovation in relation to technology, culture, and economics, Lyman says:<sup>12</sup>

It is clear that a major effect of technology, from the printing press onward, has been to further the economic benefits accruing to the creators and their distributors. At a certain juncture of economics and technology the cultural marketplace passes through a metamorphosis that spawns a new or altered cultural industry.

Keeping in mind Lyman's metamorphosis of the marketplace and Ouimet's tether of broadcasting, let us look at the question of the institutional arrangements and rules-of-the-game governing the electronic cultural emporium. We will look at the regulatory framework under the headings of broadcasting, copyright, structural diversity, and public intervention. The discussion then will move to consideration of the creative arts and heritage in the new technological environment, and, finally, to some general concepts of cultural enterprise in transition.

### The regulatory framework

#### 1. Broadcasting

The onslaught of technological convergence and proliferation has made a vain hope out of Parliament's section 3.(j) of the 1968 Broadcasting Act: "The regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances." For more than a decade the Government has recognized the need for new approaches to cultural communications. But the political circumstances of the 1970s in Canadian federalism were unpropitious for the several attempts that were made to obtain federal-provincial consensus. And subsequent changes in the communications environment may make it appear fortunate in retrospect that the attempt at a new umbrella "Act respecting telecommunications in Canada", given first reading in 1978, eventually died on the Order Paper.

The present step-by-step approach, placing telecommunications measures in "a conceptual framework" of general cultural policy, may be more appropriate. But should this approach be put forward under the heading Towards a New National Broadcasting Policy? Should it suggest that the legislative thrust will be to "redefine broadcasting in light of the new technologies"?<sup>13</sup> Broadcasting has a specific meaning now, strained though that definition may have been by earlier legislation and judicial interpretation, and we will continue to have broadcasting in that specific sense. That is, under section 2 of the Broadcasting Act, "'broadcasting' means any radiocommunication in which the transmissions are intended for direct reception by the general public," and "'radiocommunication' means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by means of electromagnetic waves of frequencies lower than 3,000 Gigacycles per second propagated in space without artificial guide". Thus we have a picture of broadcasting as a limited-access medium, and from this characteristic certain principles of allocation of frequencies in the Canadian public interest, together with regulation and supervision of the licensees, naturally flow. And this will continue to be the case in over-the-air radio broadcasting, in the more limited future of over-the-air television, and in the expanding future of direct television broadcasting via satellite. But broadcasting in this sense will only be a part, and perhaps a small part, of electronic or photonic cultural communications. In our discussion, in any case, we will try to see broadcasting as part of cultural communications, rather than try to fit cultural communications into a redefinition of broadcasting.

Canadian broadcasting policy, designed to protect and promote Canadian radio broadcasting in the circumstances of the early thirties, posits that radio frequencies are public property. As expressed in the 1968 Act, the broadcasters constitute a single broadcasting system. They are licensed and supervised by a single independent public authority. They are Canadian owned and controlled so as to "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada". While freedom of expression and the right to reception is provided for, the single system should (under the eye of the regulatory supervisor) provide programming that is varied and comprehensive,

balanced as to expression of differing views on public matters, and "the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources". A national broadcasting service (the CBC) is to be paramount in the single system.

As the years went by, an increasing variety of communicating arts, and an increasing number of services of each variety, entered the single system: AM radio was joined by FM radio, then came television first in black and white then color, and then came that part of the videotex and interactive services (in the shape of "field trials" and "market trials") that are carried in the broadcast mode. In the meantime, an unappealed copyright decision of 1954 assimilated cable to the reception, rather than the production, side of broadcasting, thereby enabling cable companies to engage in what otherwise might have been piracy and bootlegging. The Supreme Court of Canada, which had earlier ruled that broadcasting itself was in federal jurisdiction, later affirmed that cable systems were "broadcasting receiving undertakings" and therefore under the aegis of the Broadcasting Act -- Ouimet's "appendix of broadcasting". In the early seventies, the Canadian Radio-television and Telecommunications Commission, became the authority not only over the limited-access, single broadcasting system, but also over the open-access common carriers of the telecommunications system. The regulatory system is sinking into obsolescence for a number of reasons:

1. Radio frequencies "in space" remain public property but, thanks to technological advance, far less scarce than in the 1930s. The scarce-airwaves doctrine has weakened as a grounds for the degree of censorial intervention envisaged in the Broadcasting Act. Toronto has about 18 radio stations, five television stations, and only three daily newspapers, but few would dare suggest -- not Davey, not Kent -- that newspapers be subject to the supervisory regime of the electronic communicating arts. The extension and improvement of cable is making scarce airwaves a thing of the past.

2. The notion of a "single" system under a single regulatory and supervisory authority seems bizarre, even sinister, in light of the wide range of highly differentiated services now tucked into the procrustean broadcasting bed.



3. Canadian ownership and control has not been able, on its own, to safeguard, enrich and strengthen the Canadian fabric. Ouimet summed up the situation as three elements of a "television crisis":<sup>14</sup>

First, watching American programs has already become by far the most important cultural activity of English Canada. Second, even for equal programming creativity, all the economic and business realities are stacked against reversing that trend. For Cable and the private TV broadcasting industries, the more U.S. programs they carry the more money they make; but the greater the Canadian content the more they lose. Third, with the annihilation of distance by satellite and the dramatic multiplication of channels into the home by Cable, all remaining obstacles which have remained in the path of the American TV tidal wave have now been removed.

4. The CRTC's ability to require program standards and Canadian content has been severely limited by financial constraints on the broadcasters, the recalcitrance of broadcasters, reluctance to push people around, and the hope springing eternal that some day the right mixture of carrot and stick will do the impossible trick.

5. The Canadian Broadcasting Corporation, never given the funding to produce competitive alternatives to the cheaply available American dramatic and entertainment programming on television, has slid into aping the big U.S. commercial networks and piggybacking its own programming on theirs in order to slow the diminution of its Canadian audience share for much of the schedule.

6. The CRTC, on the grounds of protecting the ability of the private stations to perform better, has sought to protect their revenue base by limiting alternative services, thereby delaying the introduction of services in Canada and giving the United States a greater head-start than it would normally have.

7. The CRTC fostered the growth of cable as a copyright-free underminer of markets for Canadian content, in effect legalizing piracy and bootlegging of foreign cultural content and seeing a part of the profits drained away to build cable systems in the United States.

8. As a regulator of common-carrier monopolies bound to provide open access at non-discriminatory rates, on the one hand, and a regular of limited-access broadcasting (including cable), on the other hand, the CRTC found itself

in the position of licensing and supervising videotex-type services in broadcasting that were free of supervision or regulation if carried by telephone companies.

9. As the telephone system develops digital and optical-fibre capacity to the home, it will make cable redundant and broadcasting regulation irrelevant so long as programming is fed into the closed circuit directly rather than from radio frequencies "in space". Surely broadcasting cannot be redefined to make the whole telecommunications system into a "broadcasting receiving undertaking" under CRTC content control.

10. The virtually unlimited availability of cultural content on the telecommunications networks is a few years down the road, awaiting the arrival of a fully-switched, full-service network such as is now being built in Saskatchewan. But there is something ominous about heading into such a future under the "tether of broadcasting" -- the economic and cultural dirigisme that was embodied in regulation for other days and other technologies.

## 2. Copyright

If we think of moving from limited-access to open-access technology, and from a restrictive regime to a more liberal regime, it is as natural in 20<sup>th</sup> century Canada as it was in early 18<sup>th</sup> century Britain to turn first to the question of copyright. The authors of Copyright in Canada: Proposals for a Revision of the Law note that "In England, the Copyright Act, 1710, established literary property after nearly two centuries of various attempts to control and regulate printing, the presentation of plays, and the book trade."<sup>15</sup>

We hasten to add that we do not draw any extensive parallel between the lifting of press licensing, with the transfer of control over intellectual property from the Crown to the authors at the turn of the 17<sup>th</sup> century in Britain, and the regulatory reform that is impending in Canada. Nor do we want to be subject to the criticism made of the Applebaum-Hébert Report, unfairly, by Paterson and Rosenbluth that it indulged in "the single-minded pursuit of the

notion that the artist should make his living by the exercise of property rights in his creations".<sup>16</sup>

Actually, Applebaum-Hébert said that copyright --17

cannot solve the social and economic problems of those authors whose works, although they may have greater aesthetic or academic value, will earn very little because they appeal to relatively small numbers of users. The value to a society of its poets, composers of classical music, writers of essays, historians, philosophers and their like must be measured and paid for through means found outside the realm of copyright.

Just as physical property rights establish the basis for exchange-value in trade, so copyright is the foundation for exchange-value in the commerce of culture, though as earlier chapters of the discussion have pointed out, it is often not a sufficient foundation to satisfy voters' preference. More than a basis for trade, copyright is, especially in the French tradition, an underpinning of a creator's moral right to prevent distortion or mutilation of his work.

Harry Chartrand sees copyright as the "unifying principle" that ties all cultural enterprises together.<sup>18</sup> He calls these enterprises the "quaternary sector" of the economy, embracing "creation, production, distribution, consumption and conservation of abstract goods and services. These include scientific and technical inventiveness, excellence in the arts, quality of life, community development, national unity, natural rights of the environment and other abstract, but highly valued aspects of contemporary life."

The notion of copyright as central to the cultural market, and to the electronic communications emporium, is supported by the studies leading to the long-awaited revision of the 1924 Copyright Act. These studies go back to the Ilsley Royal Commission Report of 1957, and include an Economic Council of Canada report of 1971, the Keyes-Brunet report of 1977 quoted at the beginning of this section, and the Task Force report nearing completion at the time of

this study. While Applebaum-Hébert calls the delay in arriving at acceptable revisions "shocking", it at least has had the advantage of providing more time to incorporate consideration of the new communications technologies.

Thus it may be expected that Canada, like the United States, will include the content of cable television in the copyright payments system. An interviewee in the Department of Communications, describing copyright as "the fundamental legal basis of the cultural industries", said of cable: "The CRTC licenses these guys and takes the line that copyright is not our bag, we're regulatory. So now we have Cancom pumping it north." He added, "The big fear is that if you're going to pay the Yankees, all the money is going to go out of the country."

New copyright legislation, or the incorporation of the copyright principle in other legislation and regulation, should protect the creator's right in everything from computer software programs to videotape recording, from book-lending by public libraries to public exhibition of privately-owned works of art. It should rid us of the notion that the artist and creator, rather than the public, should subsidize the public purpose.

It is often argued that the minuteness of payments for, say, the borrowing of a book make it administratively impractical to think in terms of copyright. But volume, intricacy, and detail are nothing to computers. While malign computer-control of the world makes better fiction, the benign use of computers to preserve individualism and individual rights and freedoms, to prevent the horror of the global village and the homogenization of human personality, makes better policy.

Copyright, identifying creators and providing for their payment and moral protection, must often be implemented collectively and brings us to the question of protecting the public from gang-ups in the cultural emporium; that is, from the artificial creation of scarcity to unduly favor the producer over the consumer.

### 3. Structural diversity

Much of our law and public attitude on cultural freedom derives from public policy on the press, which was the first of the major replicative media and, later, the first of the mass media. At the beginning, cultural freedom and property rights in the printing press were seen as much the same thing. Real freedom of expression, in terms of pushing back the interpretation of seditious libel and gaining access to parliamentary debate, were long in coming. It is only in comparatively recent times that a difference has been argued between freedom of a cultural production company and freedom of expression, a distinction between property rights and cultural rights. And it is only in recent times that it has been argued that the public interest in free enterprise may require a different approach for cultural industries than for ordinary industries under anti-trust or anti-combines legislation.

H.A. Innis was one of those who argued that constitutional freedom of the press in the United States "has provided bulwarks for monopolies which have emphasized control over space".<sup>19</sup> That is, freedom of the press had meant something very different in the days when 400 was a good circulation from modern times, when press magnates might control many millions in circulation to the exclusion of other voices. A.J. Liebling summed it up in his aphorism that freedom of the press belongs to those that own one.

In the United States, a landmark decision written by Justice Hugo Black, upholding an earlier one by Justice Learned Hand, sought to restore the cultural sense of the First Amendment. Delivering the majority opinion of the U.S. Supreme Court in the Associated Press case of 1945, Black wrote:

That Amendment rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public, that a free press is a condition of a free society. ( ... ) Freedom of the press from governmental interference under the First Amendment does not sanction repression of that freedom by private interest.

The ability of the U.S. to build on that precedent under anti-trust legislation was largely thwarted by Congress's Newspaper Preservation Act of 1970, which provided for local combines in order to save "failing" newspapers. Black's principle eventually became, however, an important one in the rules of the U.S. Federal Communications Commission, serving as the basis for preventing cross ownership of radio, television, and newspaper outlets in the same market. That principle has now been adopted, with provision for exceptions, in the Canadian Government's 1982 Direction on cross-media ownership to the CRTC,<sup>20</sup> which was an adaptation of a Kent Commission recommendation.

Another problem of concentration of ownership arises when cultural enterprises are seen to be too influenced by the other business interests of the proprietor. One approach to this problem, again in the case of newspapers, is the Government's proposal that a planned purchase of a newspaper by a "non-media corporation" be referred to the Restrictive Trade Practices Commission for inquiry and recommendation. The inquiry would be to find out if the newspaper was "likely to maintain its editorial independence" from the proprietor's other interests and, if not, whether "the non-media corporation will unduly interfere with the diversity of views being expressed and communicated publicly in Canada".<sup>21</sup>

Whatever the upshot of the two initiatives -- the Direction to the CRTC and the proposed newspaper legislation -- they are important for being based on Government recognition of the principle that "diversity of information sources is a cornerstone of democracy".<sup>22</sup> For the purposes of our discussion, it would appear quite consonant with the Constitution -- "freedom of thought, belief, opinion and expression, including freedom of the press and other media of communications" -- to broaden the sense of this principle by writing "diversity of sources of cultural expression is a cornerstone of democracy".

One of the problems of giving legislative expression to the cultural diversity principle in provisions governing industrial structure, or "institutional arrangements", is that it is confused with the economic competition principle. Economic competition, to ensure that products reach the

public at a reasonable price, may not ensure diversity of cultural expression. As Edith Cody-Rice has written, dealing with newspapers, "While maintaining competition may be of assistance in protecting the dissemination of information, the Combines Investigation Act is not designed to deal with the problem of a diversified press; as is evident from the judicial decisions, it is really designed to protect the financial interest of the public."<sup>23</sup>

How do we protect the cultural interest of the public in diversity of expression against, not only government intrusion, but also undue power of concentrated private ownership? Would it be possible to incorporate in general competition legislation provisions based on the diversity principle that would apply across the cultural emporium? If this were possible, then in conjunction with other laws of general application, such as copyright and libel, this would remove the necessity of having special tribunals, such as the CRTC, exercising a "supervisory" role over cultural content. That is, we would bring culture into the body of the economy, so to speak, rather than consigning it piecemeal to various regulatory busybodies.

While we have drawn extensively on the case of the press, the issue of diversity rather than competition is of general application. The National Film Board has noted, for example, that:<sup>24</sup>

The United States' experience indicates that the new delivery modes, subjected to the traditional pressures of a market economy which have created lowest common denominator programming, respond in much the manner of traditional delivery systems.

Where new channel choice has succeeded in fragmenting the monolithic audience of the American networks, it has not succeeded in creating specialized audiences for specialized programming. What is being offered is largely the same old programming; only the delivery methods have been changed. Diversification of delivery appears, in fact, to increase homogeneity of programming in the same manner that it increases centralization of exhibition.

Alphonse Ouimet urges that the electronic communicating arts should be based on the principle of "complementarity" so that the "various segments of the taste spectrum" would be served. But "the concept of serving all tastes is just the opposite to that of North American commercial philosophy".

With the convergence of technologies and the tendency to merger and conglomeration in industrial organization, people concerned with diversity and choice have tended to look to new criteria to secure it. Ouimet and others have stressed the basic principle of separating carriage and content: "A Carrier should not determine what it carries and it should not be in a position to compete with those who have to depend on its carriage."<sup>25</sup> The CRTC followed the recommendations of its own Therrien Committee<sup>26</sup> by providing that the distributors of pay-TV -- that is, the licensees -- should be separate as to ownership and control from both the carriers (the cable companies), and the production companies. Under anti-trust decisions in the U.S., the film distributors may not control exhibition in theatres, in the manner in which they have been allowed to in Canadian theatres; and under the FCC, networks have been limited in the number of stations on the network they may own.

In Canada, given the smallness of the French and English markets, their far-flung character, and their propinquity to U.S. cultural resources, we have also had resort to public ownership to secure diversity and choice in cultural fare.

#### 4. Public intervention

The Appelbaum-Hébert Report was critical of both the "heavy reliance of the past on federal proprietorship of a production organization (the Canadian Broadcasting Corporation)" and what it considered excessive resort to regulation to secure cultural goals. "The degree of federal intervention required may be even greater than before," it said, "but the modes must change."<sup>27</sup> That is, Appelbaum-Hébert prescribed more carrot, less stick, and looked to the CBC and



the NFB in the communicating arts, and the NAC in the creative arts, to provide part of the carrot by giving up in-house production and contracting it out to the private sector.

Since our interviewees were mostly in the public sector, it is perhaps not surprising that most of them shared the views of those in the arts community who felt that Applebaum-Hébert had advocated too sharp a shift.

An interviewee at the National Film Board agreed that the NFB had in the past been administratively top-heavy and too cut off from the private sector. Some parts of the operation he would drop, such as the still photo division. The distribution service he would pass to the private sector as part of the effort to build the Canadian film distribution industry. But he held that in order to achieve international standards of production values in feature films and documentary films for Canadians, it would continue to be important to draw on the resources of the NFB. That view was shared by interviewees in the Arts and Culture Sector, the Canadian Film Development Corporation, and the Canadian Conference of the Arts. The interviewee at the NFB suggested that "concertation" should be the principle in the future, and pointed to a multi-film deal orchestrated in concert with private production companies, the Canadian Film Development Corporation, the French and English networks of the CBC, the Institut Québécois du Film, Radio-Québec, Super Channel pay-TV, Antenne II of the French broadcasting system, and a private production company in France, the last two thanks to Canada's co-production treaty with France.

The new electronic emporium could greatly reduce the stickiness of the market for NFB films, the interviewee said. At the time of the interview, the circulation of French-language films through the private video-club network had only been under way for three weeks, but rentals of cassettes had "exceeded all expectations" -- 80 rentals of J.A. Martin, Photographe alone, at that moment, and a total of 400 rentals all told. It will be important to follow the progress of this new means of public access to NFB production in both English and French. The government film commissioner, James Domville, looks forward to the day of NFB's place in an Interactive National Electronic Film Library on a

switched cultural communications system, to which the TV channel pressed for by the NFB could be a precursor. At the same time, there is a good deal of evidence of more cooperation between the NFB and the CBC than in the past.

The interviewee said the NFB would shortly have a fully costed plan to put all its films on a rental basis. The Board's economic impact studies had so far been very crude, he said. In its research function, the Board was doing advanced applied research in animation by computer.

The CBC, of course, looms a good deal larger than the NFB as a publicly owned cultural enterprise, accounting for more than half the Government's expenditure on cultural activities, and hence was the main focus of debate following the Applebaum-Hébert Report, though recommended for somewhat less drastic reform. The Committee's recommendations (65, 66, and 67) that CBC television should quit selling ads, drop its private affiliates, and contract out all its production but news was described by CBC President Pierre Juneau as "a high-minded prescription for disaster".<sup>28</sup> The CBC, he said, planned to reduce commercial revenue but not "throw away this money for some ideological or doctrinaire reason". The cost of replacing the affiliates with just CBC transmitters would be \$150 million, he said. Reliance on independent producers would be to follow the model of the huge American market and "No other country in the world can afford to finance program development in this way." Still, CBC hoped to arrive over five years at about a 50-50 division between in-house and independent production of its programming outside the areas of news, public affairs, and sports.

The CBC's position on commercial revenue undoubtedly weakens its status as a publicly supported alternative service to commercial TV, as does its obligations to the affiliates, to which the commercial revenue question is linked. The production issue is rather different; our interviewees contended in both the case of the NFB and the CBC that, under the conditions of the Canadian English and French markets, publicly owned enterprises are really necessary if Canadians are to attempt the scale of production with which they have to compete from abroad.

In a general way, it might be observed that Applebaum-Hébert failed to recognize that public enterprise, by providing diversity, eases the pressure on the regulatory system to try to make private enterprises jump through hoops they don't want to, or simply can't. An interviewee at the Canadian Broadcasting Corporation observed of private TV, "It's highly profitable, but it does not generate the kind of money needed for Canadian production" -- that is, Canadian production of the costly type of entertainment and children's programming in which U.S. sources now predominate.

An interesting feature of CBC development in recent years has been its expansion into a cultural conglomerate through CBC Enterprises, which is designed to be self-financing, though there may be cross-subsidization within it between profitable and non-profitable products. The SM-5000 digital records, convertible to the new laser-read compact audio videodiscs, create an opportunity for Canadian classical recording. The operation was criticized by an interviewee in the Arts and Culture Sector for poor marketing strategy -- the records should be priced lower and pushed in the mainstream of record distribution. An interviewee at the CBC accepted the criticism but said the Crown company ran into strong objections from the private sector if it was seen to be horning-in on private enterprise. Possibly some form of concertation of effort could be arranged with private firms sharing the goal of promoting Canadian classical recordings. This type of activity, the interviewee said, was in the CBC tradition of seeking to build the cultural base on which broadcasting relies.

Another activity of CBC Enterprises has been the publication of books deriving from CBC activities. A cassette service -- such programs as The Nature of Things -- for schools and institutions is another, using both the CBC Enterprises and the NFB distribution networks. The interviewee said it was possible the Corporation would extend a books-on-cassettes service to blind people.

The interviewee said "There is an understanding the CBC should also contribute to the development of new technology where it is important to Canadian broadcasting." Thus CBC participation had been essential to the communications satellite system.

But the most portentous of the CBC's new initiatives, levered by a government subsidy directed through the DOC, is the experimental teletext service. It was ironic that while the Royal Commission on Newspapers was hearing a balance of opinion against, and was itself recommending against, a "print CBC", a print CBC was taking shape along the lines of the CEEFAX and ORACLE services launched by the public and commercial TV networks in Britain a decade ago, though they have only begun to attract a mass audience recently. But if British teletext was the first model, it was the sudden movement of heavy American investment into the new screenprint services that gave a certain urgency to the CBC experiment. If the Canadian market for new cultural communications services was not once more to be pre-empted by United States sources, only to be won back in part later, if at all, by under-financed, tail-end-charlie Canadian services, the CBC had to act.

Our interviewee at the CBC noted that the corporation, along with other Crown corporations, had been the subject of an industrial impact study by the Department of Supply and Services. It showed that certain parts of the electronics industry in Canada were created, or nurtured, by the CBC.

As we reach this point in the discussion, the interrelationship of the creative and communicating arts, and the role of public enterprise, is being vividly illustrated by the presentation on CBC of the National Arts Centre production of the opera Eugene Onegin.

An interviewee at the NAC felt that the major contribution of the Centre to the communicating arts was indirect, in the sense of fostering excellence in the performing arts. Through its in-house production the Centre broadened opportunities in Canada for performing-arts production to world standards; through showcasing independent companies it provided a national stage and comparative measure of performance. The possibilities of direct translation of its productions to audio-visual media were strongest in dance and opera, second strongest in orchestral productions, and "not good" in theatre.

Though our discussion and survey of the regulatory framework and of public enterprise in cultural production has been limited, a few points may be made:

1. The public-vs-private debate is often extremely sterile, doctrinaire, and unrelated to the practicalities of building a flourishing Canadian cultural realm. Public participation covers a tremendous variety of instruments: tax concessions, grants, studies and information input, regulation, and contracting private firms in the cultural industries, as well as ownership of cultural production facilities and operations.

2. The private and public sectors embrace an ill-defined voluntary sector, supported by both, which is often a distinct participant in the concertation of public and private effort to achieve some cultural objective at the national, provincial, or community level.

3. The electronic emporium is steadily providing more opportunities for direct payment in exchange for specific cultural offerings. Thus there is a new framework in which to consider the appropriate mix between: (i) subsidization out of general tax revenues, to assure a measure of cultural opportunity to all Canadians and prevent a culture-rich and culture-poor determinism in the Canadian economy; (ii) cross-subsidization between cultural enterprises in the electronic emporium, the rich aiding the poor; and (iii) direct payment by users for the product of public, private, or voluntary cultural enterprises.

4. The consideration of the payments system can be based on the same diversity principle that should inform the general regulatory framework. Dependence on advertising revenue, which in part makes an audience a consumer-product of the merchandizing system, can be lessened by consumer-pay. So can dependence on government funding, with its danger, no matter how strong the safeguards, of undue political-bureaucratic pressure on creativity. The dependence of the voluntary sector on both public and private donations gives it its particular vulnerability, but at the same time it escapes some of the inhibitions of both government and private enterprise.

5. The dangers of too much "concertation", and too much emphasis on "complementarity" have to be recognized: they could produce the kind of closed-circuit exclusiveness that regulatory rules against vertical integration are designed to prevent, and that regulatory protection of vested interests too often fosters.

Broadly speaking, public economic intervention by whatever means is part of the regulatory system itself. To this point, our discussion has been largely limited to the communicating arts. What of the creative arts and heritage in the new communications environment?

#### The creative arts and heritage

The most celebrated passage in the literature of cultural economics is the following: "The output per man-hour of the violinist playing a Schubert quartet in a standard concert hall is relatively fixed, and it is fairly difficult to reduce the number of actors necessary for a performance of Henry IV, Part II."<sup>29</sup> Appearing first in an article in the American Economic Review and later in The Performing Arts: the Economic Dilemma, by W.J. Baumol and W.G. Bowen, 1966, the argument that the live performing arts need special help, because they cannot bring down their costs through productivity gains like other parts of the economy, became a bone that economists are still chewing in the learned journals. It was argued in reply that new technology -- television, sound recording -- vastly increased the paying audience for the performing artist, thus in fact increasing his productivity. Baumol argued back that this was a once-only type of productivity gain, after which the "cost disease" -- called by some "Baumol's disease" -- would set right in again for violinist and actor. Some economists argued that there were other economies to be made, or which were being made, by cutting rehearsal time, introducing more efficient management and so on. Others pointed out that the more affluent society resulting from productivity gains in other parts of the economy might be willing to pay more for the works of the lone artists, or groups of artists, who could not increase their productivity at the creative end of the cultural continuum,

whether in the performing arts or other arts. Baumol pointed out that diffusion of centralized production reduced the demand for local live performance.

The relationship of computer-communications technology to the arts, and the economics of the arts, has become a steadily more important aspect of cultural policy discussion. Technology insinuates itself into creative production itself, with first the analog, and now the digital electronic music synthesizer, with video art, with computer graphics. The computer with audio-visual components enables the choreographer to provide, and preserve, a more ample expression of his art. It may be doubted whether the word processor, any more than the typewriter, has real relevance to the literary muse, but downstream effects are strong. The relevance of the communicating arts to the National Arts Centre has already been mentioned, though our interviewees would have us pause to make a point that the economist sometimes doesn't -- the extension of an original art through a different medium produces an art form which is different from the original; it is a different cultural experience which does not comprise all the elements of the original, just as the baseball game on the screen in the living room is not the baseball game in the park. As another interviewee put it, the magic of ballet cannot leap the gap from the theatre to the screen, the magic of the Monet on the wall cannot be transmitted to the Monet in the art book or on the videodisc.

Our discussion of new technology was chiefly with interviewees in heritage institutions, where the corresponding principle is that their chief function is to provide access to the original artefact, and not to some telecommunicated simulacrum of it. At the same time, extension of knowledge about heritage collections is central to their accessibility and here the new technology is working something of a revolution.

An interviewee at the National Museums Corporation outlined four fields of technological application, which we discussed with interviewees at the NMC, the National Library, the Public Archives, and Parks Canada:

1. The management of collections: computer indexing and access to records, basically replacing five-by-seven inch cards, provides a much faster and more versatile inventory system.
2. Public information: knowledge about the collections, at varying levels of sophistication, can be put at the fingertips of the public -- on site, at other suitable locations, and eventually in the home.
3. Research: scientists, historians, and other professional users can obtain immensely improved access to detailed information for study and analysis.
4. Administration: office automation linked to computerized collections greatly facilitates management of heritage institutions.

In the National Museums of Canada, the key to these developments is the Canadian Heritage Information Network, which is the translation into the informatics age of the older concept of a national inventory of Canada's cultural heritage, introduced by Gérard Pelletier in 1972. At present CHIN's development mandate is to provide, not only for the NMC but for museums across the country, only the first of the four functions mentioned above, collections management; but other functions can be added to the system on request of the participants, on a user-fee basis.

An interviewee at CHIN said 152 institutions throughout Canada now participate, about 40 of them through online computers linked by the Trans-Canada Telephone System's Datapac electronic mail service, the remainder through regional centres. Collection-management capability is obtained by establishing a database for each collection. "Once we have completed all the museum databases, you will be able to extract from every database common sets of information, more or less a descriptive index of what is in the system. All the individual museum bases and the national one will be created a year from now."

The system is being developed in conjunction with Control Data Corporation of Canada of Mississauga, aided by grants from the Industry, Trade and Commerce Department, and having a world product mandate from its parent company in the



United States. Our interviewee said the parent American firm conceived the idea of developing computer applications in the field of the social sciences and humanities. It turned to Canada with a proposal for the museums after a similar project with the Hermitage Museum in Leningrad had fallen through, owing to the Afghanistan war. The Canadian project could have considerable economic impact.

"Because the program is unique and experimental, as we pick up the directions in which the museums are moving in the use of the technology, Control Data Canada develops the technology," said the interviewee. "Control Data Canada is now getting a great deal of interest from abroad. There are five or six customers who will probably make some sort of 'go' decision in the next two years -- these would be countries or very large institutions. ( ... ) The one thing we have refused to do is become sales agents for Control Data. ( ... ) If another country approaches us -- that is, CHIN -- we are going to tell them the problems we are having as well as the benefits we're deriving."

The interviewee expected that a number of other federal institutions, such as Parks Canada, and private collections, would enter the CHIN system on a cost-recovery basis. One of the first such clients is the Interpol section of the Royal Canadian Mounted Police, with a database of stolen art and museum objects. "They tell me museum and art theft is the second largest dollar-value crime, after the dope trade -- a quarter million stolen objects, not computerized anywhere. We've been working with them three years to develop a database. Apparently when something is stolen, it is usually taken out of the country within 48 hours, but at present it takes six weeks to get the information out. The RCMP hopes that with the computer database they can provide immediate awareness of theft throughout the network, including border points. The RCMP wants to sell the system abroad.

"I feel very strongly the markets have to define themselves. I don't think we can go about defining artificial markets. From one thing you develop another. Starting with CHIN as a tool of collection management, you go on to find an application in crime prevention, in education, maybe eventually in the home."

The interviewee said that to the user the Canadian Heritage Information Network "is not a communications network. It's a grid, a network of art historians, conservators, archaeologists, all of whom can coexist on that grid." That is, we have again the user-concept of the electronic cultural emporium rather than the communicator-concept of channelled telecommunications. He noted that, "Exhibiting institutions are in essence information systems, they are all engaged in the interpretation of data."

But: "Public programming is outside my mandate. Research is outside. Administration use is outside. But we desperately want to avoid separate networks for each, since they're all related. We are continuing study of the technology because we know these things are coming down the road, and coming sooner rather than later. There is a gap between technology and the ability to use it; the technology is available right now."

One of the important economic policy issues which is raised again, and broadened, by the introduction of the new technology in the heritage setting is the question of the payments system. What should be paid from general revenue on behalf of the people? What should be paid by the user who obtains a particular benefit, perhaps a commercial benefit, from a special access service? As we mentioned in an earlier chapter, Lord Robbins was arguing for free entry to museums when he made his comment linking public support of culture to ultimate values rather than to scientific economics. But Robbins acknowledged the validity of charging for special exhibitions--what are now sometimes called "blockbusters"--as a rationing mechanism. Charges were also appropriate for special services not needed by the general public. Mark Blaug argues that charges are also valid as a means of determining public preference; that is, demand.<sup>30</sup>

At the National Library, where the computerized union catalogue is now entered in the German DOBIS command-language system and may be accessed from the Trans-Canada Telephone System's experimental INET, an interviewee pointed to an anomaly. "We have online data bases for providing access to indexes of periodical articles, and we charge people for access -- say, if you were looking for articles on cultural economics." (Happily the DOC library provided the

service free.) "But if we did it manually, you would not be charged, though it would be much more labor intensive. That's the kind of contradiction a lot of librarians dealing with online databases are having to deal with."

The increasing thirst for information in the information society also created difficulties with copyright and compensating authors, which appeared with photocopying and "are becoming worse with online databases". It was also difficult to distinguish between disinterested research and commercial research. But the interviewee at least felt there was no likelihood of computerizing the whole contents of the library and doing away with paper: "Someone from the Library of Congress in the U.S. said recently that people will be able to do without paper in libraries the day they're able to do without paper in washrooms."

An interviewee at the Public Archives suggested the analogy of the wholesale operation, with "retailers" like Pierre Berton keeping groups of researchers busy extracting material from the Archives. Clients also included professional historians, the broader academic community, educational systems, television and film producers, lawyers, engineers, architects, the medical profession, labor unions, advertising agencies, and so on. He said the Archives was further behind in creating online databases than it would like to be and, unlike the National Library, did not have any of its databases on any network.

"If people are reaping a personal, non-commercial benefit from the Archives, that should be free. The people you should be charging are those profiting on a commercial basis," the interviewee said. "Certainly there should be a charge for reproduction, but not for access. Access is as sacred a right as to go into the House of Commons to hear the MPs speak." He said the problem of trying to come up with an appropriate fee scale for chargeable services was "horrendous".

One interviewee at Parks Canada said the department was under strong pressure from Treasury Board and the Auditor General to increase cost recoveries from the public. But the position of Parks Canada is that the basic mission of the national parks and historic sites is properly tax supported. Only

associated special services should be paid for. Another interviewee said, "The Treasury Board does not say what level of recovery would be appropriate. The Auditor General would like us to have dime machines on the toilets, but we'd lose it all in damage from people going over the door, under the door, or bashing it in."

An interviewee connected with historic parks and sites felt charges were appropriate for special services -- "People running around in period costume and that sort of thing" -- but not in connection with the basic mission of preserving the past and providing access. The interviewee said the Canadian Heritage Information Network might be useful for "materiel management", though CHIN had been "very quiet about cost figures". But he questioned its use for research: "I would question the cost-effectiveness of putting everything into databases on the possibility that some day people will want it." Standalone computer programs could be used for particular projects; say, the measurement of 60 parameters of 1000 bottles. The national inventory of databases "might help a few curators organize exhibits, but any curator worth his salt knows what's in everyone else's collection". As to information services for the public, the interviewee felt the present system of publications giving basic information on historic heritage emplacements and collections served best. "There's not money in Canada to build up a general database to answer all questions, though we've used keyword databases for different projects," he said. Rather than set up a massive system from which the public could ask any question it wanted about Canadian history, "it would be a helluva lot cheaper to buy a Grade 13 history text".

Besides, the department had just gone over to a microfiche system a year and a half ago, and "people still complain they want hard copy".

Looking back, then, over the range of technological transition in the creative arts and heritage, there are many unanswered questions, many differences of opinion, about the applications of informatics. Where the use of informatics merges into the general issue of government-pay or user-pay, there are no clear guidelines and a fair tussle between the operating and control arms

of government. Perhaps the querulous state of debate in this area only underlines the more general difficulty of finding conceptual vantage points from which to assess the whole range of cultural enterprise in transition.

### Concepts of change in cultural enterprise

Through the Telecommission studies of ten years and more ago, the Department of Communications began with an extremely broad and well elaborated concept of the rapidly changing Instant World of communications and its socio-cultural implications. This broad vision suffered through the seventies from the pressures of day-to-day business, the difficulties of planning in a field of so many variables and unknowns, the problems of coordinating policy in the disparate parts of government, and political circumstances militating against the kind of cooperation between the federal and provincial orders of government that would be essential for effective national policy. By the time the relatively small and administratively overburdened Arts and Culture unit was transferred from the Secretary of State's department to the Department of Communications in 1980, DOC policy had become focused on some tightly strategic concepts of development.

Two strategies were particularly emphasized: communications satellites and videotex, associated respectively with two men in the Ouimet mould, Chapman and Parkhill, who in their different ways combined the qualities of personal acumen, scientific competence, and managerial imagination needed to drive forward innovative technical projects. The space program brilliantly capitalized on the Canadian reputation in terrestrial telecommunications and on cooperative possibilities in the U.S. space program. The Telidon program, with little Canadian expertise or industrial base to build upon, daringly exploited a significant, but minor and narrow, technical advance in graphics transmission and turned it into a position among the world leaders -- Britain, Japan, France, the United States -- in the new media of interactive computer communications. But such strategic concentration raised increasing problems for comprehensive communications planning, and comprehensive departmental planning, which now included focal responsibility in government for cultural policy. The new

cultural component of the department saw the scientific-industrial project of satellite communications rushing ahead with the possibility that it would serve U.S. cultural services better than Canadian. It saw cultural considerations being taken into account as an afterthought of the Telidon program, which was centred on new computer capability, new transmission capability, but old display capability and inattention to socio-cultural needs.

In order to consider some of the conceptual possibilities for redressing the balance, we turn to the international High Definition Television Colloquium of 1982 in Ottawa, which one of the leading American participants hailed as an international "milestone" on the road to new standards of production, transmission, and display.<sup>31</sup> He called Canada the "ideal test-bed for such presentation and exchanges".

A useful starting point is the quotation by a couple of American participants of a dictum from Vannevar Bush: "We always overestimate the impact of a new technology in the short term and underestimate its impact in the long term."<sup>32</sup> Carrol Bowen and Michel Guité accompanied this observation with a number of examples of the long periods that have been required to generalize the market for innovations such as FM radio and color television. We have already noted the similar experience with videodisc, first demonstrated in 1936 and only now finding its way into consumer-market applications.

But if we use Bush's advice to avoid Frye's "panic of change" in the short term, how do we avoid simply being carried along by incremental technology and spin-off to a result which we might have sought to avoid if we had tried properly to assess "impact in the long term"?

The best answer appears to come from the Japanese, whose particular genius in the new computer-communications technology has been to balance attention to what goes into systems with attention to what we eventually hope to get out of them.

The Japanese approach, better known in such fields as auto manufacture and fifth-generation computer intelligence, was illustrated at the HDTV Colloquium by Takashi Fujio of the NHK (Japanese Broadcasting System) Research Laboratories, Tokyo. Forecasting the arrival of an information society, said Fujio, "NHK started in 1970 research and development of high-definition television appropriate for the creation of future video culture, which we labelled HDTV."<sup>33</sup>

Prior to starting research and development of this TV system, extensive studies and tests were conducted regarding characteristics of the human visual system, physical requirements of the TV system needed to satisfy these characteristics, and the future television system expected and desired by viewers.

He noted that because of technological limitations, the existing television system "failed to attain the level at which the functions of the human visual system can be effectively utilized".<sup>34</sup>

This is why the existing color TV cannot be compared with movies or printing in terms of picture clarity, impact, or immediacy. It cannot thoroughly provide high-level psychological satisfaction in terms of feelings and emotions.

The Japanese made the breakthrough to the implications of "What you see is what you get." Or, as Fujio put it, "The final interface with the viewer is a display equipment. The performance of the display equipment determines the evaluation of the entire television system."

The Japanese are looking to escape from today's bulky set built around the cathode ray tube:<sup>35</sup>

We who are in charge of development of HDTV believe that the future high-definition television display will be a panel display (and hence great efforts are being made to study gas discharge panel displays) for the following reasons: panel displays do not occupy much space; there is no picture distortion; there is no out-of-focus problem, even in the highlights; a luminosity-hold-type display is available; and panel display television is attractive as a commodity.

The scope of the Japanese effort extends far beyond traditional TV into the new realm of interactive communications:36

We are now looking into the possibility of using this High-Definition Television to create all kinds of imaging systems that the future information society will require: CATV, motion picture production, videotex, transmission of minute words and pictures, tele-conferencing and other similar uses plus television broadcasting.

By contrast with the Japanese approach at the Colloquium, one is struck by the emphasis of British and American participants on limited incremental spinoff from existing plant, equipment, and military or military-related innovation such as satellites, and flat panel displays being developed for the U.S. armed services. The Colloquium may be seen as further evidence of the cultural-economic way that was opened to Japan by postwar demilitarization compared to the implications of a military-industrial-scientific complex as a driving force in society, about which Eisenhower warned in the remarkable but largely forgotten swansong of his presidency more than 20 years ago. This is not to suggest that the West is unconcerned with consumer quality, or that it should be unconcerned with suddenly rendering obsolete the half a billion television receivers in the households of the 525-line and 625-line areas of the world. But it is to suggest, as others at the Colloquium suggested, that the projection of production possibilities should be accompanied by a stronger and more objective effort to project people needs and wants. In government, this means trying to project voters' preference.

It is here, of course, that the cultural community and cultural policy should have their impact on cultural enterprise in transition, in the manner that the linking of the Arts and Culture unit to the Department of Communications was intended to facilitate.

A Canadian participant in the Colloquium, Joseph Koenig of Interactive Image Technologies, who noted that "present North American (high definition) technology is primitive, even by the standards of installed European equipment", stressed the application of high-resolution display in other applications than broadcasting, as did a number of other participants. There were applications in in-studio production, cutting production costs by up to 20 per cent, and in



displays using videotape, videodisc, or satellite distribution to movie theatres that could precede general broadcasting applications.

"High definition, perhaps combined with videodisc and certainly with computer technology, could be the basis of a highly effective training system," he said. Work on "sophisticated computer games" could be "far more lucrative than the production of exploitative feature films". HD could become important in delivering "art images". Koenig's point was that Canada could carve out areas of specialization on the industrial side of HD though it would have to rely on others to provide many of the parts of total systems. But:37

To participate effectively will require involvement of genuine teams of technical/scientific and creative or artistic people -- a combination we have not seen much of in Canada.

Too many discussions of new technology in communications do not involve 'creative' people. I'm not sure why, but I believe it is a problem that should be addressed.

A U.S. participant, Weston E. Vivian of the University of Michigan, said that "Within the next few years far more high definition displays will be sold for personal computers than for HDTV."38

The Colloquium illustrated the importance of shifting back and forth between total systems and particular services, between convergence and proliferation, in order to avoid either a too integrated or too disintegrated picture of technological possibilities. Arpad G. Toth of Bell-Northern Research, after consideration of transmission and networking problems of HDTV, with its insatiable appetite for bandwidth, said:39

Achieving a single world-wide HDTV standard that can replace conventional television standards may not be a feasible goal. This is largely due to the fact that image quality requirements vary from application to application and from user to user.

Standard setting becomes ever more complex and difficult as one weighs the advantages of commonality against the disadvantages of exclusion. The outrage of George Bain at being unable to buy "small new potatoes" in Mahone Bay because, "They're illegal. There's no grade for them," must be kept in mind.<sup>40</sup>

While introduction of high definition in Canada does not depend, as Koenig observed, on selecting a system for TV broadcasting, the transmission of HD to the home is nevertheless a question of strong cultural interest. Elmer H. Hara, noting the high bandwidth requirements, offered a view which would have tremendous implications for Canadian cultural communications policy:<sup>41</sup>

The integrated broadband service network using optical fibers offering cable TV, telephone and data services on a centrally switched basis offers a solution to this problem because the switched star network configuration allows individual connection of a subscriber to many HDTV signals at the central switching office. The compatibility problem between HDTV and conventional TV formats is resolved readily by installing interstandard converters at the central switching office.

A demand access video service can be offered if a videodisc system is located in the central switching office. The random access nature of the videodisc will permit comparatively quick response to a request any time of the day with many playback heads installed on the videodisc player. Since selection of a program is on a switched basis following the request from a subscriber, the preference of various minority groups can be catered to and what is presently known as broadcasting service can be replaced by what might be called narrowcasting service.

Collection of subscription fees is a computer software problem and both the pay-per-channel and pay-per-program approach can be used. Although the technologies are ready, realization of the fiber optic integrated broadband network to the home in Canada depends very much on the resolution of regulatory and institutional problems.

Perhaps because of the "regulatory and institutional problems", we seldom see this degree of forward projection and this level of conceptualization in the planning of cultural communications in Canada.

The Colloquium also carried into the realm of cultural enterprise in transition some of the themes touched upon earlier in this discussion. Bowen and Guité, for example, hold to the view that while consumer spending on the home information/entertainment environment will rise, it will be at the expense of other spending within the "envelope" of consumer expenditures on information and entertainment, which in the U.S. has amounted to between three and four per cent of annual personal income over the past 40 years.<sup>42</sup>

Because we project that this same upper limit of 3 or 4 per cent will continue, it means that someone else's ox has to be gored. If more money is being spent on the services we're looking at here, the money has to be reallocated out of other categories of spending. That may be from books, newspapers, theatre attendance, or from categories that we haven't yet thought of.

Similarly, we have noted the theme that high definition will bring savings in production, which in part means loss of employment. Higher productivity in the cultural industries may be good for cultural jobs, but reduce culture-related jobs. The Royal Commission on Newspapers' research showed, for example, that during a seven-year period -- 1974-through-1980 -- covering part of the industry's transition from hot metal to cold type, employment on 110 daily newspapers in the cultural component (editorial) rose from 3,509 to 4,247, while employment in the production component fell from 6,115 to 5,935.<sup>43</sup> Actually the reduction in production jobs is somewhat masked by attrition agreements under which employees are kept on till retirement. One can imagine the further job loss that would occur if newspapers were able to throw out their presses, platemaking, and distribution systems and deliver electronically to cordless reading tablets.

Concepts like the cultural spending envelope and cultural productivity gains have to be borne in mind in discussion of culture as an economic growth sector.

## Conclusions

The convergence of the media through telematics and informatics encourages a proliferation of new products and services.

Cultural activities find new foundations and new structures for their economic support; public policies have to be reviewed accordingly.

The way is opened to a greater degree of direct exchange in the economics of the cultural emporium. Cultural activities such as radio, television, and cable programming, and newspaper and magazine journalism, which have been altogether or heavily dependent for revenue on advertising sales or government subsidy, are increasingly able through narrowcasting to direct specialized content to particular audiences in response to demand, with payment on delivery.

But the tendency of technological innovation has also been to increase Canadian dependence on United States cultural resources, requiring cultural policies to protect and aggregate Canadian cultural opportunities.

Technological advance has removed frequency allocation as a valid basis of regulation except in a diminishing sector -- true broadcasting -- of cultural communications.

The cable concept introduced in the Government's recent cultural communications initiatives offers the beginnings of a system to accommodate diversity of cultural sources, interaction of receiver and sender, and a direct-exchange payments system. But retention of 'broadcasting' concepts, however compatible with the present legal framework, is incompatible with the new communications environment and is apt to distort policy making.

Copyright, the basis of value-in-exchange, needs to be speedily reformed in order to protect creator's, producer's, and performer's rights in the electronic cultural emporium and to protect against the homogenization that might be feared from convergence of media.

The diversity principle -- the public's right to a free flow of cultural expression from a diversity of sources -- could be ensconced in competition policy to prevent the narrowing of cultural choice that may result from concentration of corporate power along the lines of media convergence, and its conglomeration with non-media interests.

Public participation, including public ownership, can reduce the need for regulatory supervision by contributing to diversity and to raising Canadian production capacity to compete in the Canadian market with foreign imports. But public participation, and concertation of public participation with private, will be dangerous unless safeguarded against undue governmental influence and tendencies toward exclusionism that would restrict the very diversity being sought.

The creative and heritage arts are integrally involved in the transition of cultural enterprise, because of the interrelationship of all the arts, direct effects of new technology on creative processes, and indirect effects of informatics and telematics on the operation and extension services of institutions. The capacity for extending the creative and heritage arts into the community is greatly increased, but the issue of how the new services are to be paid for remains unresolved.

The High Definition Television Colloquium in Ottawa provided a picture of the Japanese method of casting forward to consider consumer needs against technological possibilities, by contrast with the emphasis on production-push and spin-off in other leading industrial countries.

The Colloquium indicated that social and cultural concerns would require more emphasis than hitherto on discrete, rather than mass, services, and on a higher quality of display than the primitive reproduction now available on television screens, and the crude beginnings of data and graphics display on computer and television terminals.

The Colloquium illustrated the difficulties of preserving distinct technical standards suitable to diversified services, in order to avoid homogenization, while at the same time devising umbrella standards to provide for open systems, in order to avoid monopoly and exclusivism. A telecommunications base for accommodating diversity and compatibility was described by Elmer H. Hara of the Department of Communications. It would appear to be the logical extension of the cultural and communications concept put forward in embryonic form in the Government's cultural communications initiatives.

In reviewing our discussion of cultural enterprise in transition, we note repeatedly the view that we must stand back from the means of communication and look at the social and cultural ends to be sought.

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V. CULTURAL ECONOMIC PLANNING

The cultural differential

Those in government with cultural responsibility do not appear to be paying enough attention to economics. And those with mainly economic responsibilities tend not to recognize a cultural differential affecting the economics of cultural policies and programs.

By remedying these shortcomings, the Government could give cultural affairs a firmer footing in Canadian policy. Parliament and public would have a better understanding of the extent and limitations of the federal role, and a better basis on which to consider changes in policy and new initiatives.

Federal leadership has undoubtedly been a major contributor to the greatly expanded opportunities for Canadian cultural expression and enjoyment during the past 30 years. At the same time, the bust after the boom in Canadian film production in the late seventies, the poor showing of Canadiana on the fiction and entertainment side of television, the difficulties in launching Canada into the age of interactive media, the difficulties of the Atlantic Symphony Orchestra, the cancellation of the NAC's 1984 opera season, the threatened closing of the Glenbow Institute's archives -- all these events indicate the precariousness of the economics of culture in Canada.

Lively controversy and debate must always be the hallmark of cultural policy, since we are speaking of the things that fire the imagination, stir conflicting tastes, light the paths of curiosity and thought, create mass

movements of opinion. But an underlying commitment to a free and flourishing cultural life in Canada can be one of the community's great unifying themes.

In this vein, we would suggest that by incorporating the cultural differential into general policies, Canada could avoid hiving off culture into special supervisory cubbyholes that are antithetical to the very ideas of freedom and diversity in culture. The reform of copyright and competition legislation to provide full recognition of the cultural differential in economics, based on the notions of intellectual property and the diversity principle, could lead to the obsolescence of the Canadian Radio-television and Telecommunications Commission in its cultural "supervisory" role, an end to licensing cultural enterprises. Industrial policy must recognize the cultural differential under which we seek for Canada a complete spectrum of cultural enterprise but are more specialized in the general realm of industry. Within government, cultural activities may be subject to no less rigorous evaluation and accounting than other programs, but the particularity of cultural objectives must be recognized if accountability is not to distort those objectives. Within the Department of Communications, the differential between cultural imperatives and communications technique have to be taken into account; and here we again have recourse to the little book of lectures by Northrop Frye from which we have quoted from time to time in this discussion:<sup>1</sup>

If certain tendencies within our civilization were to proceed unchecked, they would rapidly take us towards a society which, like that of a prison, would be both completely introverted and completely without privacy. The last stand of privacy has always been, traditionally, the inner mind. It is quite possible however for communications media, especially the newer electronic ones, to break down the associative structures of the inner mind and replace them by the prefabricated structures of the media. A society entirely controlled by their slogans and exhortations would be introverted, because nobody would be saying anything: there would only be echo, and Echo was the mistress of Narcissus. It would also be without privacy, because it would frustrate the effort of the healthy mind to develop a view of the world which is private but not introverted, accommodating itself to opposing views. The triumph of communication is the death of communication: where communication forms a total environment, there is nothing to be communicated.

How may cultural economics and the cultural differential be better incorporated into national policy? We start with the view that the parts of Government responsible for cultural activities must make the running. That means the concertation of the cultural agencies and departments with cultural responsibilities, for which the DOC is the focal point, and for which the Arts and Culture Sector within the DOC has a special research, informational, planning, and policy-advisory role. We will suggest a number of priorities under the headings: (1) Cultural-economic database planning; (2) Cultural-technical planning; and (3) Cultural regulatory planning.

### Aspects of cultural economic planning

#### 1. Cultural-economic database planning

##### (i) Policy objectives and voters' preference

Socio-economic planning has to begin with a clear account of demand in terms of public policy and voters' preference. This is a prerequisite to the strategic planning and strategic overview required under the Policy and Expenditure Management System (PEMS). Without a fundamental ordering of policy guidelines, policy will tend to be derived from the Multi-Year Operational Plans, and these MYOPs can indeed be myopic owing to their short-term (five years) nature and their concentration, in fact, on the year immediately ahead. DOC strategic overviews have tended to be more punditry than policy, designed of necessity to secure the immediate financial needs of the department in competition with other departments. Cultural and communications concerns have been coupled indiscriminately to support one another. A policy manual on cultural affairs, placing them in their constitutional and intergovernmental framework, and setting out the demand factors that should be taken into account, is needed.

(ii) Cultural accounts

The extent and character of cultural economic activities in the general economy should be measured on an agreed basis bearing in mind the uses of the cultural accounts in determining:

1. The scale of cultural enterprise, including both cultural and culture-associated components, in national income and expenditure;
2. The employment opportunities associated with cultural enterprise;
3. The economic relationship of cultural and other enterprises;
4. The relationship between public expenditure, including tax expenditure, by all orders of government, and private expenditure in support of cultural enterprise;
5. The economic impact of cultural activities in relation to the public support of them;
6. The situation of Canadian cultural enterprise in the balance of payments with other countries;
7. The economic impact of cultural-economic foreign policy on cultural enterprise in Canada;
8. The appropriate payments system for cultural activities.

(iii) Evaluation and accountability

With a clear picture of objectives and economic realities, we will be in a much better position to evaluate existing policies and programs and to incorporate the cultural differential into the accountability required by the control arms of government.

On the evaluation side, each agency now does its own, and DOC provides for the evaluation of the several programs administered by the Arts and Culture Sector. While each evaluation may touch on other related cultural activities as part of the environment in which a particular activity is carried out -- the different programs affecting book publishing, for example -- we find little comprehensive evaluation. One might expect the Arts and Culture Sector to be fulfilling this role, relieved of most program administrative duties itself and given the responsibility instead of general evaluations of related cultural policies and programs. A complaint heard in the agencies was that, instead of paying such a role, Arts and Culture tends to join the game of second-guessing the decision-making that is properly the responsibility of the agencies under the autonomy they have been assured to prevent undue interference in cultural matters.

On issues running the gamut from user-pay to opportunity-cost, economic-impact to administrative responsibility, the divergence between the cultural and control arms of government is striking, amounting to a breakdown of the PEM systems.

## 2. Cultural-technical planning

Bearing in mind Frye's reminder that "we may be, if we survive, the primitives of an unknown culture, the cave men of a new mental era,"<sup>2</sup> the planner has to have a particular eye on the technological transition through which much of cultural enterprise is passing.

### (i) The point of exchange

The proof of the book is in the reading, of the play in the attending, of the television program in the viewing, of the sound recording in the listening. The point-of-cultural-exchange between creator and audience -- Fujio's "interface with the viewer" in the case of HDTV -- is the point of departure

for cultural economic planning. What is the technical quality of display and exhibition to which the audience has access? Is the audience receiving the full scope and variety of cultural fare that the technology makes possible? Or are technical limitations placing undue inhibitions on the freedom of expression and freedom of access that are basic to cultural policy? How can technological costs be distributed to give the best-affordable, essential cultural services at the point of exchange? The view of the communications planner must be tested against the view of the cultural planner, and vice versa.

(ii) The Canadian cultural communications network

To an increasing extent, the point of exchange between creator and audience is the point of outlet-intake that the audience occupies on a telecommunications network incorporating coaxial and optical fibre cable, microwave terrestrial relays, satellite relays, traditional airwave broadcasting, and traditional telephone copper wire links. The cultural economic planner has to understand the rapid transformation that is taking place in telematics in order to accommodate its import for culture and Lyman's "metamorphosis of the marketplace". For example, the proposal of Ouimet and others for a cable-based cultural network has to be remembered for its objective of multiplying viewer choice of Canadian cultural fare, rather than for its designation of "cable", which combines particular technological and institutional ideas, as the carrier. The concept of a culture-specific cable network has been obsoleted by the superior capability and diminishing costs of the type of full-service, cross-connecting, switched star network put forward by Hara at the HDTV Colloquium. Here, cultural interests may be combined with others to avoid a repetition in communications of the wasteful folly in transportation at the turn of the century when public policy fostered heavy overbuilding of railway lines. The madness of scrambling and descrambling cultural transmissions, in the manner of military secrets, would also be avoided. Cultural economic planning could play an important role in helping Canada avoid the traditional lure to overinvest in plant, underinvest in intelligence. Reduced to cliché, it is a question of putting mind over matter.

(iii) The Canadian cultural production base.

A wide range of problems are connected with the place of technology in the cultural production base. Enthusiasm for new technology, new industry, has to be balanced against the objective of assuring access to original works of art, to artefacts, to live performance -- to "the real thing", where the point of cultural exchange is the closest to the point of creation. The cultural differential will mean a different bias in industrial policy, with a tendency toward being more protectionist in specifically creative industries, but less protectionist in the realm of industries that support creativity. For example, while communications industrial policy may be aimed at developing Canadian manufacturing input to the Telidon system of videotex, cultural policy may find foreign inputs to be a better contribution to the versatility and quality of the system at the point of cultural exchange. But unless the cultural economic planners are thoroughly versed in Canadian capabilities and potentials, they may tend to sell Canada short in their views on cultural industrial policy and strategies.

The more general problem of the planner concerned with the cultural production base is the Canadian preoccupation with material gigantism, with mega-projects. Simply reading the papers from year to year and learning about the big industrial busts into which public money has been invested -- from heavy water plants to certain atomic energy plants, from aircraft to hydroplanes, from certain tarsands projects to continental trucking firms -- one has the impression that the annual public expenditure on industrial failure by far exceeds the annual public expenditure on cultural production, that cultural production is still regarded as something of a frill -- the more culturally demanding the activity, the greater the frilliness -- rather than as something central to the working of the economy.

3. Regulatory and institutional planning

One knows that when a public authority seriously discusses rules for something known as "non-programming" it has entered an Orwellian world of regulatory gobbledygook beyond the public ken and against the public interest.



Cultural economic planning must make its contribution to the efforts, which have been under way for some years, to reform the cultural regulatory framework in Canada and end the enveloping movement of the Canadian Radio-television and Telecommunications Commission under its politically, socially, culturally, technologically, and economically obsolete mandate. We start from the notion that our system is truest to itself when it operates under general laws leaving people, individually or in association, free to do and say what they want to the greatest socially acceptable extent. Here are some suggestions:

(i) Ending CRTC cultural regulation and supervision

Provision for CRTC cultural controls should be phased out. They alienate the people's rights in Parliament. They make the CRTC an ineffectual busybody to the extent they cannot be enforced, and an encumbrance on free cultural enterprise to the extent they can. The single system with which a communications regulatory body should be concerned is the universal, open-access, full-service, common carriage facility mentioned in the previous section. This is not to suggest the communications network should be a monolithic enterprise rather than the mixed enterprise it is now. But it is to suggest that the telecommunication side of the cable business should be assimilated to the common carrier network, while the cultural production and distribution side of "cable" should be separate and, like other private cultural enterprises, unsupervised by the state. The phasing out of the CRTC's cultural intervention role could occur as the new technological and regulatory framework is put in place. Rate setting to help assure adequate Canadian content on the system, and Canadian access to it, would doubtless be part of national policy for the new regulatory system. The leverage of the common carriage system would lie in the huge carrying-capacity advantage it would have over any specialized mode, such as direct satellite broadcasting or through-the-air broadcasting, owing to the new optical fibre component, inclusion of existing coaxial components, switching capability, and security of transmission.

(ii) Rules of the game

We should move from technology-specific rules to general rules, to the rule of law, since, as has often been said, the capacity of new technology is itself "the great de-regulator". Reform of copyright law, the incorporation of copyright principles in other laws, and the incorporation of the diversity principle in competition laws will accommodate the transition. The collaboration of cultural planners with the Consumer and Corporate Affairs Department will be important in this area, as it has already proven to be in drawing up proposals for copyright reform; the CCA's orientation toward traditional concepts of economic competition needs to be tempered by the cultural differential that applies in matters of intellectual property and diversity of sources.

(iii) Public intervention

Since enterprise in the communicating arts will be in steady transition owing to new and innovative technology over the next 30 years, one imagines that policy instruments in support of it will also have to be under fairly constant review. The appropriate ways of raising money with cultural objectives in mind are changing, as illustrated by the new cable-service sales tax and the new opportunities for user-pay. Similarly, appropriate ways of spending money to achieve cultural objectives will change. Our interviewees held the view that in Canada public agencies producing cultural content would continue to have an important role in order to assure variety, meet voters' preference and national cultural policy objectives, and complement the production of the private and voluntary sectors.

The view that publicly owned agencies should provide a true alternative would be served by the Applebaum-Hébert recommendation that the Canadian Broadcasting Corporation sever its ties to commercial programming and commercial, affiliated stations. It is hard to see how it would be served at all by the recommendation that all but news programming should be contracted-out to private producers under CBC program-content control. That kind of

recommendation would appear to be based more on the idea of giving work to private production companies than on the idea of satisfying consumer demand for variety of programming from a diversity of sources.

An alternative might be to consider the British example of the public, autonomous program-contracting agency. The agency's objective would be to promote the private-sector contribution to Canadian cultural programming. The aim here would be to provide the opportunities for "aggregation" to which Audley and Lyman refer, plus a certain amount of subsidy, to enable the contracted commercial programmers to overcome the commercial disadvantages they face in competition with United States cultural enterprise. Policy instruments to aid Canadian cultural programming could be centred on the Canadian Film Development Corporation in the case of film; indeed the program-contracting agency could be a unit of a broadened CFDC. While the program-contracting agency would, like the CFDC and the film certification unit in DOC, have some guidelines, predominant control of program content would be in the hands of the private contractors. By contrast, the transfer of production envisaged by Applebaum-Hébert would leave content control in the hands of the public corporation, the CBC.

Owing to Canadian institutional weakness in the mass communicating arts, it is difficult to see the rationale for abandoning a production institution of world repute such as the National Film Board, as recommended by Applebaum-Hébert. At the same time, forward planning will doubtless envisage institutional changes in both the NFB and CBC as we leave old concepts of networks, frequencies, and channels behind and think of an emporium of program bases and databases with which audiences can interact.

#### Conclusion:

#### Canadian themes in cultural economic planning

Policies affecting the allocation of resources to cultural enterprise will always be strongly affected by the Canadian concept of the Neighborhood in which it lives with the United States. One of the assumptions of this discussion has

been that Canadians want their country to be a presence, a "somebody", in the words of the muffler ad, across the full cultural spectrum in this Neighborhood. The yawning gap in this concept, despite the efforts of recent years, is the most popular medium of entertainment of this century, film. First in cinemas, then on television as well, Canada marched up to the challenge of entertainment film then matched back down the hill again. For more than a generation, an inglorious parade of ministers and senior bureaucrats has trekked to Hollywood to be snubbed by the cinema moguls and learn once more the lesson, recently expressed by William Johnson, that "The majors saw no more reason for a feature film industry in Canada than in Texas."<sup>3</sup> Or, as the executive director of the Canadian Motion Picture Distributors Association, Millard Roth, put it: "There is only one distribution system in the world, and that is the distribution system of the majors."<sup>4</sup> For this reason, "Among Canadian film-makers a consensus has emerged that their industry will only flourish when Canadians can at least share control of the film distribution sector dominated by Americans."<sup>5</sup> Having virtually abandoned theatrical feature film to foreign, chiefly Hollywood, production and distribution before the days of television, Canada found it tremendously difficult after the advent of television to reverse the trend in either cinema or television.

But a growing awareness of the problem, and determination to do something about it, have been evident in the creation of the CFDC, the enactment of the Capital Cost Allowance, the new Broadcast Program Development Fund, and the current formulation of a film policy. It might be suggested, however, that Canada will have to accompany particular policy measures of this kind with a greater effort to deal with the United States in terms of a general Neighborhood concept that recognizes Canada's right and responsibility to encourage development of a comprehensive Canadian cultural sector in Canada. While particular entrepreneurs and corporations in the United States cannot be expected to espouse this objective as part of their business policy, the American people can as part of their public policy. Canada is not the United States' Poland, Czechoslovakia, or East Germany, and Americans don't want it to be. As a country of freedom and pluralism, the United States should not be willing to condone in the Neighborhood practices it would not permit under

its own anti-trust laws. If the neighbors shared their principles more, their materialism less, the opportunities for a genuine free cultural flow between them, rather than a rigged one-way flow, would be greatly improved.

Within Canada, problems of burdensome majorities are more susceptible to remedial action through public policy. But the themes of French-English partnership, regionalism, aboriginal rights, multiculturalism, and accommodation to constitutional provisions for divided jurisdictions have to be constantly present in the guidelines and conduct of cultural economic planning. Often the economic sub-sets relating to a particular cultural community will be more relevant to the planner than Canada-wide facts and figures on cultural activities. As Frye has pointed out, there is no expression of national unity that is not dependent on local and individual cultural identity and expression.

When Frye said that "complete immersion in the international style is a primary cultural requirement",<sup>6</sup> he did not mean that one should become nothing but an immersee, any more than one would immerse oneself in American culture to become an American, or in English or French to trade one's identity for the other's. He said, rather, "The Canada to which we really do owe loyalty is the Canada we have failed to create."<sup>7</sup>

NOTES

V. Cultural Economic Planning

1. Frye, Northrop, The Modern Century: The Whidden Lectures 1967 (Toronto: Oxford University Press, 1967), p. 38.
2. Ibid., p. 96.
3. "A crunch in the movie market," by William Johnson, The Globe and Mail, Toronto, November 10, 1982, p. 7.
4. Ibid.
5. Ibid.
6. Supra, n. 1, at p. 57.
7. Ibid., p. 122.

